IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

IMPORTANT: You must read the following disclaimer before continuing.

The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be located in the United States. The attached Information Memorandum is being sent at your request and by accepting the e-mail and accessing the attached Information Memorandum, you shall be deemed to have represented to us (1) that you are not and the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and, to the extent you purchase the securities described in the attached Information Memorandum, you will be doing so pursuant to Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and (2) that you consent to delivery of the attached Information Memorandum and any amendments or supplements thereto by electronic transmission. By accepting this document, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") under Section 274 of the SFA, a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or a person to whom an offer is being made pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, and (B) agree to be bound by the limitations and restrictions described therein. Any reference to the "SFA" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

MIFID II product governance / target market — The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person offering, selling or recommending the Notes (a "**distributor**") should take into consideration such target market; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

IMPORTANT — EEA and UK RETAIL INVESTORS — If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Singapore Airlines Limited (the "**Company**"), Citigroup Global Markets Singapore Pte. Ltd. ("**Citigroup**") and DBS Bank Ltd. ("**DBS**", and together with Citigroup, the "**Arrangers**"), any of the Dealers (as defined herein) or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. **We will provide a hard copy version to you upon request.**

Restrictions: The attached document is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES WHICH ARE IN BEARER FORM ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE SECURITIES MAY NOT BE OFFERED, SOLD OR (IN THE CASE OF NOTES IN BEARER FORM) DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT, AND IN CERTAIN CASES, ONLY TO NON-U.S. PERSONS.

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 or the Arrangers and Dealers 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).

The attached Information Memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Company in such jurisdiction. The attached Information Memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached Information Memorandum on the basis that you are a person into whose possession this Information Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

SINGAPORE AIRLINES

SINGAPORE AIRLINES LIMITED

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

S$10,000,000,000
Multi-currency Medium Term Note Programme
(the "Programme")

On 19 August 2003, Singapore Airlines Limited (the "**Company**", the "**Issuer**" or "**Singapore Airlines**") established a multi-currency medium term note programme (the "**Programme**", as amended, supplemented or restated) and prepared an information memorandum dated 3 April 2017 and a supplemental information memorandum dated 16 October 2018. This information memorandum (the "**Information Memorandum**") further updates the Programme and supersedes any previous information memorandum describing the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Information Memorandum are issued subject to the provisions described herein. This does not affect any Notes issued before the date of this Information Memorandum.

Under the Programme described in this Information Memorandum, the Company, subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "**Notes**") denominated in any currency agreed between the Company and the relevant Dealer(s) (as defined herein). The Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed S$10,000,000,000 (or its equivalent in other currencies). The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" or any additional Dealer appointed under the Programme from time to time by the Company (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Information Memorandum to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**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 Programme or such Notes. The 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.

Investors are advised to read and understand the contents of this document before investing. If in doubt, the investors should consult his or her adviser.

The Notes of each Series (as defined herein) issued in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Note**") or a permanent global note in bearer form (each a "**Permanent Global Note**" and together with the Temporary Global Note, the "**Global Notes**" and each a "**Global Note**"). Notes in registered form ("**Registered Notes**") will be represented by a global note in registered form (a "**Global Certificate**"), one Global Certificate being issued in respect of each Noteholder's entire holding of Notes in registered form of one Series. Global Notes or Global Certificates may be deposited on the relevant issue date with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**"). Global Notes and Global Certificates may also be deposited with The Central Depository (Pte) Ltd (the "**CDP**"). The provisions governing the exchange of interests in a Global Note or Global Certificates for other Global Notes and Definitive Notes (as defined herein) or Certificates (as defined herein) are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. Registered Notes are subject to certain restrictions on transfer. See "*Subscription and Sale*".

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) 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 or securities-based derivatives contracts (each term as defined in Section 2(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 as defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises, or to any person arising from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in 275(1A) or 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 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme or other Tranches of Notes. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Information Memorandum and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors should also have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with the Notes. The principal risk factors that may affect the abilities of the Company to fulfil its obligations in respect of the Notes are discussed under "*Risk Factors*".

Arrangers

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The date of this Information Memorandum is 16 November 2020.

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NOTICE

The Arrangers have been authorised by the Company to act as Arrangers in respect of the Programme. Under the 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. Each Series of Notes will be issued on the terms set out under "*Terms and Conditions of the Notes*" in this Information Memorandum, as amended and/or supplemented by the pricing supplement specific to such Series (the "**Pricing Supplement**"). This Information Memorandum must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to the Notes, must be read and construed together with the relevant Pricing Supplement.

This Information Memorandum, any Pricing Supplement or any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Notes 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 or the Arrangers or any of the Dealers (as defined in this Information Memorandum) to subscribe for or purchase, 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, the Pricing Supplement 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, the Pricing Supplement or any such other document or information or into whose possession this Information Memorandum, the Pricing Supplement 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*".

No person is authorised to give any information or to make any representation not contained in this Information Memorandum, the relevant Pricing Supplement 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 and the Dealers. The delivery of this Information Memorandum and the relevant Pricing Supplement at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

To the fullest extent permitted by law, none of the Arrangers or the Dealers accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arrangers or any Dealer or on its behalf in connection with the Company, or the issue and offering of the Notes. Each of the Arrangers and Dealers accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or of any other jurisdiction. The Bearer Notes are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The Notes are being offered and sold outside the United States in reliance of Regulation S.

This Information Memorandum, the relevant Pricing Supplement 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 issue, offering and sale of the Notes to be issued from time to time under the Programme. This Information Memorandum, the relevant Pricing Supplement 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 Arrangers and Dealers or for any other purpose. Recipients of this Information Memorandum and the relevant Pricing Supplement shall not reissue, circulate or distribute this Information Memorandum and the relevant Pricing Supplement (or any part thereof) in any manner whatsoever.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Company in such jurisdiction.

Neither the delivery of this Information Memorandum and the relevant Pricing Supplement (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 and the relevant Pricing Supplement has been most recently amended or supplemented.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over allot the Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date of the Notes. However, there is no obligation on such Stabilisation Manager(s) to do this. Such stabilisation, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.

None of the Company, the Arrangers, the Dealers, the Trustee, the Principal Issuing and Paying Agent, the Singapore Issuing and Paying Agent, the Principal Agent Bank, the Singapore Agent Bank, the Principal Registrar, the Singapore Registrar, the Principal Transfer Agent, the Singapore Transfer Agent and 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, the Arrangers and Dealers, the Trustee, the Principal Issuing and Paying Agent, the Singapore Issuing and Paying Agent, the Principal Agent Bank, the Singapore Agent Bank, the Principal Registrar, the Singapore Registrar, the Principal Transfer Agent, the Singapore Transfer Agent or their respective subsidiaries or associated companies. Further, none of the Arrangers and 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 and the relevant Pricing Supplement nor do they accept any responsibility therefor.

None of the Arrangers, the Dealers, the Trustee, the Principal Issuing and Paying Agent, the Singapore Issuing and Paying Agent, the Principal Agent Bank, the Singapore Agent Bank, the Principal Registrar, the Singapore Registrar, the Principal Transfer Agent and the Singapore Transfer Agent has separately verified the information contained in this Information Memorandum. Neither this Information Memorandum, the relevant Pricing Supplement nor any other document or information (or any part thereof) delivered or supplied under or in connection with the Programme or the issue of any Notes under the Programme is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company, the Arrangers, the Dealers, the Trustee, the Principal Issuing and Paying Agent, the Singapore Issuing and Paying Agent, the Principal Agent Bank, the Singapore Agent Bank, the Principal Registrar, the Singapore Registrar, the Principal Transfer Agent or the Singapore Transfer Agent that any recipient of this Information Memorandum, the relevant Pricing Supplement 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, the Arrangers, the Dealers, the Trustee, the Principal Issuing and Paying Agent, the Singapore Issuing and Paying Agent, the Principal Agent Bank, the Singapore Agent Bank, the Principal Registrar, the Singapore Registrar, the Principal Transfer Agent, the Singapore Transfer Agent 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. The relevant Pricing Supplement 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, the relevant Pricing Supplement 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 Notes by a recipient of this Information Memorandum, the relevant Pricing Supplement 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) and the relevant Pricing Supplement, the issue of the Notes by the Company 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, the Arrangers or the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Company 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 Programme or the Notes shall be deemed to constitute an offer of, or an invitation by or on behalf of the Company, the Arrangers, the Dealers, the Trustee, the Principal Issuing and Paying Agent, the Singapore Issuing and Paying Agent, the Principal Agent Bank, the Singapore Agent Bank, the Principal Registrar, the Singapore Registrar, the Principal Transfer Agent or the Singapore Transfer Agent to subscribe for or purchase any Notes.

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

Notification under Section 309B of the SFA — Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

MIFID II product governance / target market — The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person offering, selling or recommending the Notes (a "**distributor**") should take into consideration such target market; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

IMPORTANT — EEA and UK RETAIL INVESTORS — If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point

(11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

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*" in this Information Memorandum.

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 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. None of the Company, the Arrangers or the Dealers represents or warrants 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 published or issued from time to time after the date hereof.

Copies of the documents referred to in sub-paragraphs (1), (2) and (3) of the preceding paragraph are available on the SGX-ST website at www.sgx.com and 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.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER DATA

Presentation of Financial Information

The Group adopted International Financial Reporting Standards ("**IFRS**") with effect from 1 April 2018. In adopting the new framework, the Group applied the specific transition requirements in IFRS 1 First-time Adoption of IFRS in the preparation of the opening IFRS statement of financial position at 1 April 2017 (the Group's date of transition).

Certain financial information included in this Information Memorandum for the six months ended 30 September 2020 have not been audited, reviewed or subjected to any other procedures by the auditors of the Company. There can be no assurance that if such financial statements had been audited or reviewed that there would be no change in the financial statements and that such changes would not be material or that such financial information has been prepared and presented on a basis consistent with the accounting policies normally adopted by the Company and applied in preparing the consolidated financial statements as at and for the years ended 31 March 2018, 2019 and 2020. Consequently, such statements may not provide the same quality of information associated with financial information that has been subject to an audit or a full review. Potential investors must therefore exercise caution when using such data to evaluate the Company's financial condition, results of operations and results.

As of the date of this Information Memorandum, the consolidated financial statements as at and for the year ended 31 March 2020 are the latest available audited or reviewed financial statements of the Company. Further, and for the foregoing reasons, such unaudited and unreviewed financial information may not be meaningful and are not a reliable indication of the future financial performance of the Company.

DEFINITIONS

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

"1H"	:	The first half of
"Agency Agreement"	:	The amended and restated agency agreement dated 16 November 2020 between (1) the Company, as issuer, (2) The Bank of New York Mellon, London Branch, as principal issuing and paying agent and principal agent bank, (3) The Bank of New York Mellon SA/NV, Luxembourg Branch, as principal registrar and principal transfer agent, (4) DBS, as the Singapore issuing and paying agent, Singapore agent bank, Singapore registrar and Singapore transfer agent, and (5) the Trustee, as amended, varied or supplemented from time to time
"Agent Bank"	:	In relation to Notes cleared through a clearing system other than CDP, the Principal Agent Bank, and in relation to Notes cleared through CDP, the Singapore Agent Bank
"ANZ"	:	Australia and New Zealand Banking Group Limited
"Arrangers"	:	Citigroup and DBS
"AUD"	:	Australian Dollars
"Bearer Notes"	:	Notes in bearer form
"CDP"	:	The Central Depository (Pte) Limited
"Certificate"	:	A registered certificate representing one or more Registered Notes of the same Series, being substantially in the form set out in Part II of Schedule 1 to the Singapore Law Trust Deed or, as the case may be, Part II of Schedule 1 to the English Law Trust Deed and, save as provided in the Conditions, comprising the entire holding by a holder of Registered Notes of that Series.
"CHF"	:	Swiss Franc
"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 III of Schedule 1 of the Singapore Law Trust Deed or, as the case may be, Part III of Schedule 1 of the English Law Trust Deed, as modified, with respect to any Notes represented by a Global Note (as defined in the Singapore Law Trust Deed or, as the case may be, the English Law Trust Deed) or a Global Certificate (as defined in the Singapore Law Trust Deed or, as the case may be, the English Law Trust Deed), by the provisions of such Global Note or, as the case

		may be, such Global Certificate, 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 Singapore Law Trust Deed or, as the case may be, the English Law Trust Deed) or, as the case may be, individual Certificates (as defined in the Singapore Law Trust Deed or, as the case may be, the English Law 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 Singapore Law Trust Deed or, as the case may be, Part II of Schedule 1 of the English Law Deed, and any reference to a particularly numbered Condition shall be construed accordingly
"DBS"	:	DBS Bank Ltd.
"Dealers"	:	Persons appointed as dealers under the Programme
"Definitive Note"	:	A definitive Bearer Note, being substantially in the form set out in Part I of Schedule 1 to the Singapore Law Trust Deed or, as the case may be, Part I of Schedule 1 to the English Law Trust Deed and having, where appropriate, Coupons and/or a Talon attached on issue
"Depository Agreement"	:	The depository agreement dated 19 August 2003 made between (1) the Company, as issuer, and (2) CDP, as depository, as supplemented by a letter dated 16 November 2020 made between the Company and CDP
"Directors"	:	The directors of the Company as at the date of this Information Memorandum
"English Law Trust Deed"	:	The amended and restated English law trust deed dated 16 November 2020 made between (1) the Company, as issuer, and (2) the Trustee, as amended, varied or supplemented from time to time, pursuant to which any Notes denominated in a currency other than Singapore Dollars will be constituted and issued
"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
"Global Certificate"	:	A global Certificate representing Registered Notes of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of (i) the Common Depositary, (ii) the Depository and/or (iii) any other clearing system
"Global Note"	:	A global Note representing Bearer Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons or a Talon
"HSBC"	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
"IATA"	:	The International Air Transport Association

"INR"	:	Indian Rupees
"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
"JPY"	:	Japanese Yen
"km"	:	Kilometres
"Latest Practicable Date"	:	6 November 2020
"LIBOR"	:	The meaning ascribed to such term in the Conditions
"MAS"	:	The Monetary Authority of Singapore
"n.m."	:	Not meaningful
"NokScoot"	:	NokScoot Airlines Co., Ltd
"Notes"	:	The notes to be issued by the Company under the Programme
"OCBC"	:	Oversea-Chinese Banking Corporation Limited
"Paying Agents"	:	The Issuing and Paying Agents and such further or other Paying Agent or Paying Agents as may be appointed from time to time under the Agency Agreement
"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 Agent Bank"	:	The Bank of New York Mellon, London Branch
"Principal Issuing and Paying Agent"	:	The Bank of New York Mellon, London Branch
"Principal Registrar"	:	The Bank of New York Mellon SA/NV, Luxembourg Branch
"Principal Transfer Agent"	:	The Bank of New York Mellon SA/NV, Luxembourg Branch
"Programme"	:	The S$10,000,000,000 Multi-currency Medium Term Note Programme of the Company as described in this Information Memorandum
"Programme Agreement"	:	The amended and restated programme agreement dated 16 November 2020 made between (1) the Company, as issuer, (2) Citigroup and DBS, as arrangers, and (3) ANZ, Citigroup, DBS, HSBC, OCBC, Standard Chartered, UBS and UOB, as dealers, as amended, varied or supplemented from time to time
"Registered Notes"	:	Notes in registered form
"Registrar"	:	In relation to Notes cleared through a clearing system other than CDP, the Principal Registrar, and in relation to Notes cleared through CDP, the Singapore Registrar
"S$", "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 Agent Bank"	:	DBS
"Singapore Issuing and Paying Agent"	:	DBS
"Singapore Law Trust Deed"	:	The amended and restated Singapore Law trust deed dated 16 November 2020 made between (1) the Company, as issuer, and (2) the Trustee, as trustee, as amended, varied or supplemented from time to time
"Singapore Registrar"	:	DBS
"Singapore Transfer Agent"	:	DBS
"Standard Chartered"	:	Standard Chartered Bank (Singapore) Limited
"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)
"Transfer Agent"	:	In relation to Notes cleared through a clearing system other than CDP, the Non-CDP Transfer Agent, and in relation to Notes cleared through CDP, the Singapore Transfer Agent
"Trust Deed"	:	In relation to Notes specified to be governed by Singapore law in the applicable Pricing Supplement, the Singapore Law Trust Deed, and in relation to Notes specified to be governed by English law in the applicable Pricing Supplement, the English Law Trust Deed

"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 Mr Cheong Sae Peng Mr David John Gledhill Ms Goh Swee Chen Mr Dominic Ho Chiu Fai Mr Hsieh Tsun-yan Mr Lee Kim Shin
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	:	Citigroup Global Markets Singapore Pte. Ltd. 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
PRINCIPAL REGISTRAR AND PRINCIPAL TRANSFER AGENT	:	The Bank of New York Mellon SA/NV, Luxembourg Branch Vertigo Building - Polaris – 2-4 rue Eugène Ruppert - L-2453 Luxembourg
SINGAPORE ISSUING AND PAYING AGENT, SINGAPORE AGENT BANK, SINGAPORE REGISTRAR AND SINGAPORE TRANSFER AGENT	:	DBS Bank Ltd. 10 Toh Guan Road Level 04-11 (4B) Jurong Gateway Singapore 608838
TRUSTEE	:	HSBC Institutional Trust Services (Singapore) Limited 10 Marina Boulevard Marina Bay Financial Centre Tower 2, #45-01 Singapore 018983

LEGAL ADVISERS TO THE ARRANGERS AND DEALERS	:	Clifford Chance Pte. Ltd. Marina Bay Financial Centre 25th Floor, Tower 3 Singapore 018982
LEGAL ADVISERS TO THE COMPANY	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989

SUMMARY OF THE 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. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this summary.

Company	:	Singapore Airlines Limited
Arrangers	:	Citigroup and DBS
Principal Issuing and Paying Agent	:	The Bank of New York Mellon, London Branch
Principal Registrar and Principal Transfer Agent	:	The Bank of New York Mellon SA/NV, Luxembourg Branch
Singapore Issuing and Paying Agent, Singapore Registrar and Singapore Transfer Agent	:	DBS
Dealers	:	ANZ, Citigroup, DBS, HSBC, OCBC, Standard Chartered, UBS and UOB
Description	:	S$10,000,000,000 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$10,000,000,000 (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 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 or registered 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 Singapore Law Trust Deed or the English Law 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 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 (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 (excluding right-of-use assets) securing such indebtedness shall not at any one time exceed an amount equal to 50 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 (excluding right-of-use assets), 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 the avoidance of doubt, neither the Company nor any other person shall be required to pay any additional amounts or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code as amended or otherwise imposed

		pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement) For further details, see the section on "Taxation—Singapore Taxation" 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 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 Bearer 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. See "Form of the Notes".
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited
Governing Law	:	Notes issued pursuant to the Singapore Law Trust Deed shall be governed by, and construed in accordance with, the laws of Singapore. Notes issued pursuant to the English Law Trust Deed shall be governed by, and construed in accordance with, the laws 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.

RISKS RELATING TO THE GROUP'S BUSINESS

The COVID-19 pandemic has had a material adverse impact on the Group's business, operating results, financial condition and liquidity, and the duration and spread of the pandemic could result in additional adverse impacts. The outbreak of other epidemics, pandemics, natural or other calamities and terrorism could also have an adverse effect on the Group's business, operating results, financial condition and liquidity

The COVID-19 pandemic has led to a global collapse in the demand for air travel and resulted in a significant decline in the Group's passenger revenues from February 2020. Without a domestic segment, the airlines operated by the Group are significantly more vulnerable when governments restrict the free movement of people across national borders, or ban air travel altogether. The significant decline in passenger revenue has materially and adversely affected the Group's financial position and the Group recorded a net loss of S$212 million for FY2020, a reversal of S$895 million from the S$683 million in net profit for FY2019. In 1H FY2021, the Group airlines' passenger carriage (measured in revenue passenger-kilometres) fell by 98.9% and the Group recorded a net loss of S$3.5 billion, including significant non-cash impairment charges. Please refer to the section titled "Financial Review" for additional details on the impact of COVID-19 on the Group's financial status.

To address the collapse in demand for air travel, the Group has scaled back operations and the Group's projected passenger capacity by the end of January 2021 is approximately 16% of its capacity in January 2020 (before the onset of the COVID-19 outbreak).

The Group's fleet currently consists of 222 passenger and cargo aircraft, including the 26 aircraft deemed surplus to requirements and the seven aircraft previously operated by NokScoot. The passenger network is supported by about 39 aircraft. All seven freighters are fully utilised, and around 33 passenger aircraft are deployed on cargo-only services. 114 aircraft are parked at Singapore Changi Airport while 29 aircraft are stored in Alice Springs.

In September 2020, the Group's passenger carriage (measured in revenue passenger-kilometres) fell by 98.1 per cent., compared to the same period in 2019. In addition, the Group has been actively taking steps to conserve cash, such as deferring non-essential capital expenditure, working with suppliers and partners to push for cost reductions and payment rescheduling as well as cuts in staff salaries, directors fees and implementing no-pay leave for staff (see the risk factor "The Group depends on its personnel, especially senior professional managers, key management staff and flight crew" below). While such passenger capacity cuts and cost management measures have helped to reduce expenditure, many costs are unavoidable regardless of the number of flights mounted. Accordingly, such measures will not fully offset the contraction in passenger revenue. In addition, the scale of passenger capacity cuts means the Group is now in an over-hedged position with respect to expected fuel consumption in FY2021 and FY2022. As at 31 March 2020 and 30 September 2020, the Group recorded substantial marked-to-market losses on ineffective fuel hedges of S$710 million and S$564 million respectively as surplus hedges have been classified as ineffective under applicable financial reporting standards. There is no assurance that further marked to market losses will not be experienced for the rest of FY2021.

It is unclear when the Group can begin to resume normal services, given the uncertainty as to when the stringent border controls of destination countries will be lifted. The duration of the border controls, travel and movement restrictions and the longer-term effects of the COVID-19 pandemic on the Group's business are uncertain. The COVID-19 outbreak could even become more severe, which may in turn result in protracted volatility in international markets and/or result in a prolonged global recession as a consequence of widespread disruptions to travel and retail segments, tourism and manufacturing supply chains, imposition of quarantines and prolonged closures of workplaces. Notwithstanding that the Singapore government has made arrangements with some countries to lift travel restrictions and allow business travellers with prior approval to travel between such countries, passenger travel has so far remained limited. Even when restrictions are lifted, there might be a period of significantly reduced economic activity, potential increased unemployment and reduced consumer spending.

There is also no assurance as to how long it would take or if travel will rebound to pre-outbreak levels and it is expected that the short to medium-term future performance of the Group will be significantly different from the past performance of the Group.

Apart from airlines operated by the Group, airlines operated by the Company's joint ventures and associated companies have similarly been affected in a material and adverse manner. In particular, on 21 April 2020, Virgin Australia Holdings Limited, the Company's 20% associated company, announced that it had entered into voluntary administration to recapitalise the business and help ensure it emerges in a stronger financial position on the other side of the COVID-19 crisis. As at the Latest Practicable Date, the Company has no requirement or obligation to provide capital for Virgin Australia Holdings Limited. In addition, the equity investment in Virgin Australia Holdings Limited has been fully provided for in the financial statements of the Company and the Company has no outstanding loans to Virgin Australia Holdings Limited. The Company has been equity accounting its share of losses in Virgin Australia Holdings Limited and, as at 31 March 2020, its carrying value is zero and the Company has no exposure to further losses incurred by Virgin Australia Holdings Limited. In addition, on 26 June 2020, NokScoot Airlines Co., Ltd., a 49% owned associated company of Scoot, announced that the board of directors of NokScoot had passed a resolution to liquidate NokScoot and, in 1H FY2021, the Group recorded a liquidation cost of S$127 million, mainly due to the impairment of the Company's book value of seven Boeing 777-200 aircraft which had been leased to NokScoot and provisions by Scoot to cover its share of liquidation and related costs. The carrying value of the Company's investment in NokScoot has been fully written down in previous financial periods. There is no assurance that the Company's other joint ventures or associated companies will not request any further injection of capital from the Company (in which event the Company may experience a dilution in its shareholding interest if it does not participate in a capital injection by way of equity), or that the Company will not be required to write-down the value of its investments in certain of its joint ventures or associated companies.

In addition, the COVID-19 outbreak has caused stock markets worldwide to lose significant value and impacted economic activity in Asia and worldwide. Uncertainty about the effects of COVID-19 has resulted in significant disruption to capital and securities markets, which, if it continues, may affect the Group's ability to raise new capital and refinance its existing debt.

A number of governments revised gross domestic product growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession, which may have a material adverse effect on the Group's financial condition and results of operations. On 11 August 2020, the Ministry of Trade and Industry revised Singapore's gross domestic product growth forecast for 2020 downwards to "-7.0% to -5.0%". While governments (including the Singapore government) have introduced and may introduce further support and relief measures in response to the COVID-19 pandemic, there is no assurance that such support packages will be effective in improving the state of the local and global economy.

In addition, the outbreak of another contagious disease with human-to-human airborne or contact propagation effects (e.g. mutation of COVID-19, Avian Flu H5N1, Severe Acute Respiratory Syndrome ("**SARS**"), Ebola, Middle East respiratory syndrome coronavirus, etc.) that escalates into a regional or global epidemic or pandemic may have an adverse impact on all airlines, including Singapore Airlines which may operate to or from such affected areas/regions. The demand for air travel may be severely reduced as international and national response plans, which may include tightening of border controls and closure or restriction of access to airspace or airports around the world, are put in place to address such contagion. In addition, natural calamities such as earthquakes, floods, volcanic eruptions or tsunamis may devastate destinations and significantly reduce travel to the affected 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 and the general accessibility of destinations, its business and operations could also be adversely affected by the occurrence of any such events.

Inadequate liquidity could negatively impact the business and financial position of the Group

As at 30 September 2020, the Group had at its disposal, cash and cash equivalents amounting to S$7.1 billion. In addition to this Programme, the Company also has a Medium Term Bond Programme under which it may issue notes and bonds to meet liquidity requirements. As at the date of this Information Memorandum, S$6,870.0 million of this Programme and S$1,250.0 million of the Medium Term Bond Programme were unutilised. Under each of this Programme and the Medium Term Bond Programme, debt issued by the Company may have varying maturities as agreed with the relevant financial institutions. On 8 June 2020, the Company raised S$8.8 billion through the completion of a rights issue comprising shares and mandatory convertible bonds, offered to all existing shareholders. For the period up to July 2021, the Company also retains the option to raise up to a further S$6.2 billion in additional mandatory convertible bonds to provide the Company with additional liquidity if needed. Since the commencement of FY2021, the Company had also raised an additional S$2.0 billion through long term loans secured on some of its Airbus A350-900 and Boeing 787-10 aircraft and S$0.5 billion from new committed lines of credit and short-term unsecured loan, and all existing committed lines of credit had been renewed until 2021 or later.

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. The Company's short term liquidity requirements have also increased as a result of the Company's obligations to refund its customers for forward tickets on flights that have been cancelled due to the Group scaling back its operations, with the Group's passenger capacity by the end of January 2021 projected to be approximately 16% of its capacity in January 2020 (before the onset of the COVID-19 outbreak). In addition, due to the volatile global economic climate and the general deterioration in the capital markets, there is no assurance that the Group will be able to raise financing on acceptable terms or at all, to mitigate liquidity and cash flow issues. While the Group intends to continue to explore traditional funding channels such as secured financing, sale-and-leaseback transactions and debt capital markets, the opportunities remain limited in the current climate and there is no assurance that the Group will be able to raise financing through such funding channels on acceptable terms or at all.

The refund of outstanding forward tickets to customers may have an impact on the short-term liquidity position of the Group

As at the Latest Practicable Date, the Group has scaled back operations and the Group's projected passenger capacity by the end of January 2021 is approximately 16% compared to the capacity in January 2020 (before the onset of the COVID-19 outbreak). In this regard, the Company is obligated to refund its customers for any forward tickets on flights that have been cancelled by the Company, and the payment of such refunds may have an impact on the short-term liquidity position of the Group.

Fluctuations in jet fuel prices may affect the Group's earnings and the Group recorded substantial losses on fuel hedges in 1H FY2021

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 Company's 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 FY2020, a change in price of one US Dollar per barrel of jet fuel would have affected the Group's annual fuel costs by S$58.9 million. This is on the assumption that uplifted fuel volume remains constant and the effects of hedging are excluded.

In addition, the scale of reduced flights due to the COVID-19 pandemic means that the Group is in an over-hedged position with respect to expected fuel consumption in FY2021 and FY2022. Accordingly, surplus hedges will need to be classified as ineffective under applicable financial reporting standards. The Group recorded substantial marked-to-market losses of S$710 million on these surplus hedges as at 31 March 2020 and S$564 million as at 30 September 2020. and there is no assurance that the Group will not recognise further marked-to-market losses in the profit and loss statement for the rest of FY2021.

The Group is exposed to the risk of impairment in the value of its fleet and review of the Group's fleet and route network over the long-term may give rise to further material impairments on carrying fleet value

When acquiring a new aircraft, the Group generally enters into an agreement with the manufacturer to purchase the aircraft. As the financing decision is typically taken prior to the expected delivery of the aircraft, the Group can therefore be exposed to fluctuations in the secondary market for aircraft. When used for impairment testing, the market value of the Group's aircraft may be adversely affected by fluctuations in the exchange rate between the Singapore Dollar and the US Dollar, as the quoted aircraft market values are mainly denominated in US Dollars but the aircraft on the Group's balance sheet are accounted for and recognised in Singapore Dollars. In addition, a large number of similar aircraft brought on the market for sale within a short period of time may result in a significant downward pressure on market prices for those aircraft, as the supply becomes disproportionate to the existing demand. The impact of the COVID-19 pandemic has resulted in a significant slowdown in aircraft acquisitions, and demand for aircraft is likely to remain subdued as long as the COVID-19 pandemic persists. The financial distress caused to commercial airlines by the pandemic also creates an elevated risk that many airlines or leasing operators would simultaneously attempt to sell parts of their fleet, either to boost their liquidity or attempt to better match supply with demand. In addition, there could be attempts to liquidate aircraft fleets following airline bankruptcies, further pushing down prices in the secondary aircraft market. A decrease in the secondary market prices is likely to involve material risks for the Group, especially to the extent that the Group wishes or needs to rely on the sales proceeds of aircraft to discharge debts relating to the financing of aircraft.

Any decrease in the value of the aircraft could also have an adverse effect on the Group's financial position, should the carrying value of the aircraft need to be impaired due to the difference in the carrying value and the recoverable amount of such aircraft. In accordance with Singapore Financial Reporting Standards (International), the carrying value of the fixed assets is subject to periodic depreciation and is reviewed for impairment whenever there is an indication that their carrying values could exceed their recoverable amount. As a result of such tests, the Group is likely to be required to recognise an impairment loss in its income statement should the carrying value of the assets be in excess of their recoverable amount. Factors that could trigger an impairment of assets include, but are not limited to, changes in the market valuation of used aircraft, possible future underperformance of the Group's business relative to projected future operating results and cash flows, negative industry or macroeconomic developments as well as changes in discount rates or applicable tax rate. The recognition of any impairment losses will generally have a material adverse effect on its business, results of operations and financial condition.

The Group has recently completed a review of its fleet and longer-term route network. Given the impact of the COVID-19 pandemic on the Group's business and operations, the Group recognised an impairment of S$1,333 million on the carrying values of older generation aircraft, with 26 aircraft deemed surplus to fleet requirements. These comprise seven A380s, four 777-200/200ERs, four 777-300s, nine A320s and two A319s. The impairment loss has had a material adverse effect on the Group's business, results of operations and financial condition. There is also no assurance that a further material impairment loss will not occur in a future period, whether arising from fluctuations in exchange rates, a large supply of aircraft resulting in downward pressure on aircraft prices, an inability to generate cashflows, changes in the market valuation of used aircraft or other factors.

Geo-political events may affect demand for air travel

The Group's 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 Group from delivering its services. For example, instability in global trade policies may contribute to periods of increased global economic uncertainty. In 2018, the U.S. administration called for substantial changes to trade agreements and imposed significant increases in tariffs on goods imported into the U.S., including from China, in response to which China imposed tariffs of similar value on goods imported into China from the U.S. These measures remain in effect at present. Uncertain and unfavourable economic conditions and, in particular, future political and economic factors which have the effect of reducing expenditure for air travel and freight services, may materially and adversely affect the Group's business, financial condition and results of operations or prospects.

The airline industry tends to experience adverse financial performance during general economic downturns

International air transportation is intimately linked and correlated with economic growth. The 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 discounts in certain markets to stimulate demand.

The Group's business depends substantially on 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.

The international aviation market is highly competitive

The Group's hub location in Changi Airport, 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 Airport. A decline in traffic may be experienced by the Group should international air traffic patterns shift to other airports and by-pass Changi Airport.

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 continue to pose 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.

The airline industry is a highly regulated industry that may require significant costs to be incurred in meeting existing and new regulations and policies

Safety, environmental and similar regulations impose significant requirements and compliance costs on the Group's business. For the Group's airlines to maintain their air operator certificates, they have 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. In light of the COVID-19 pandemic, there is no assurance that governments will not impose additional regulations on airlines to address public health management concerns. In some instances, governments may also adopt restrictive policies with respect to the issuance of certain permits and approvals. Changes in such regulations and policies, or the administration of such regulations and policies, could have an adverse impact on the Group's business by increasing costs, impeding normal service, restricting market access and benefiting its competitors. In addition, such laws and regulations and policies may be ambiguous and their interpretations and applications may potentially be detrimental to the Group. In the event that the Group does not fully comply with such laws and regulations and policies in the conduct of its business or operations, there can be no assurance that any such non-compliance would not have a material and adverse effect on the Group's business, operational results, financial position, performance or prospects.

The Group may face an increase in airport services related costs which represent a significant part of the Group's operating costs

Air traffic control, airport, transit and take-off and landing fees, as well as security charges represent a significant part of the Group's operating costs. There is no assurance that such costs will not continue to increase or that the Group will not incur new costs in Singapore or elsewhere. The Group may also be required to incur such costs even when capacity is significantly reduced. New costs could arise if, for example, airport, noise or landing charges and fees were to be levied based on environmental criteria such as aircraft noise or emission levels, or if airlines were forced to assume additional security responsibilities. Furthermore, it is possible that security regulations worldwide could be further tightened, particularly if terrorist attacks occur, and that security charges or other costs arising from security measures at airports around the world, could increase further.

If the Group is unable to pass any increases in charges, fees or other costs on to its customers, these increases could have a material and adverse effect on the Group's business, operational results, financial position, performance or prospects.

The Group's operations are dependent on its aircraft, equipment, information technology systems and other assets, which are subject to failure risks

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 frequency of or time required for such repairs and maintenance exceeds the scheduled period, 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 Group's aircraft may also not be available for use or deployment in the event that there is a regulatory suspension of operation of certain aircraft. For example, the Group had in March 2019 temporarily withdrawn its Boeing 737 MAX 8 fleet (comprising six aircraft) from service pending further notice in connection with the temporary suspension of operation of all variants of the Boeing 737 MAX aircraft into and out of Singapore by the Civil Aviation Authority of Singapore. The Group's outstanding order for another 31 Boeing 737 MAX aircraft is also on hold until further notice. 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 materially and 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 may face disruption in its information technology systems or internet networks

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 (including personal 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.

The Group depends on its personnel, especially senior professional managers, key management staff and flight crew

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 talent in critical positions may materially and adversely affect the Group's business and operations, including growth prospects.

The Company has implemented measures to address the impact of the COVID-19 pandemic on the Group. These include Directors taking a reduction in their fees, staff and management taking pay cuts, voluntary and compulsory no-pay leave schemes for pilots, executives and associates, a leave of absence for staff on re-employment contracts, and allowing staff to have time off for training or to volunteer in the community. Notwithstanding the foregoing, 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. The Group competes against all other airlines for these highly skilled personnel. If the Group is unable to hire, train and retain qualified employees, the Group's business and operations may be materially and 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 strategies and objectives are met. Labour disputes may potentially cause adverse effects on its business, operational results, financial position, performance or prospects.

The Group may enter into joint ventures to establish strategic alliances which expose the Group to certain risks

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 (a) have economic or business interests or goals that are not aligned with those of the Group; (b) take actions contrary to the Group's instructions, requests, policies or objectives; (c) be unable or unwilling to fulfil their obligations; (d) have financial difficulties; (e) have disputes with the Group as to the scope of their responsibilities and obligations; or (f) be involved in incidents of non-compliance with regulatory requirements, resulting in an adverse impact to the reputation of the joint venture.

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. In the event that a joint venture's performance is materially and adversely affected, there is no assurance that the Group will not be required to write-down the value of its investments in such joint venture.

In addition, a joint venture may also request further injection of capital from the Group and its joint venture partners. In the event that the Company does not participate in such capital injection by way of equity, the Company may experience a dilution in its shareholding interest.

The Group may not be successful in implementing its future plans

The Group's future plans involve numerous uncertainties and risks. These include but are not limited to, (a) the Group successfully entering into and developing new businesses which may be complementary, or which may add value to the Group's business; or (b) the Group's fleet renewal programme involving the investment in new-generation aircraft (both as a replacement for the existing fleet and for growth) to provide an enhanced travel experience to customers and which will provide better operating efficiency and lower emissions. Such plans may require substantial capital expenditure, the incurrence of working capital requirements and additional financial resources and commitments.

There is no assurance that these plans will achieve the expected results or outcome such as an increase in revenue that will be commensurate with the Group's investment costs, or the ability to generate any cost savings, operational efficiencies and/or productivity improvements to its operations.

Since FY2018, the Group's capital expenditure has exceeded its internally generated cash flow as it continued to invest in more new-generation aircraft, both as a replacement for the existing fleet and for growth. To support this period, the Group had been tapping the unsecured and secured debt financing markets. As per the Group's fleet renewal programme prior to the COVID-19 outbreak, capital expenditure was expected to peak in FY2021 and to fall gradually thereafter. The Group had expected to fund such capital expenditure through internally generated cash flow and funds raised from traditional channels such as secured financing, sale-and-leaseback transactions and debt capital markets. Following the COVID-19 outbreak, these opportunities are limited and the Group has sought to address this through the rights issue that was completed in June 2020 which raised S$8.8 billion through shares and mandatory convertible bonds. The entire capital raised from the rights issue can be treated as equity, which will strengthen the Company's balance sheet to support raising debt financing in the future. The Company also retains the option to raise up to a further S$6.2 billion through a rights issue of additional mandatory convertible bonds to provide the Company with additional liquidity if needed. Nevertheless, there is no guarantee that the traditional funding channels will reopen and recover sufficiently for the Group to eventually utilise such channels for future funding requirements.

As at 31 March 2020, the Group had firm orders for 150 aircraft, with options and/or purchase rights for a further 37 aircraft. These aircraft purchases are intended to enable the Group to proceed with its adoption of new-generation aircraft. These are expected to not only provide an enhanced travel experience to the Group's customers, thereby enabling Singapore Airlines to maintain its leading industry position as one of the most awarded airlines globally, but also to provide better operating efficiencies and lower emissions. However, the Group's commitments in these binding aircraft orders could also prove less profitable than expected at the time of placement of the orders. If there are delays in the deliveries or if the investment in these additional aircraft does not generate the expected levels of returns, either because of a weaker revenue environment, or if certain aircraft in their operations exceed the planned operating costs or fail to meet anticipated technical performance levels, the Group's business, operating results, financial position, performance, ability to carry out its fleet renewal programme or other future plans, or prospects could be adversely affected. In the event that the operations of the Group's aircraft do not generate the cashflows as expected, the value of the aircraft to the Group would be lower and may require impairments to be recognised by the Group.

If (a) the results or outcome of the Group's plans do not meet its expectations, (b) the Group fails to achieve a sufficient level of revenue or (c) the Group fails to manage its costs efficiently, the Group will not be able to recover its investment and its future financial performance, business operations and/or financial condition would be adversely affected. Following the COVID-19 outbreak, the Group has engaged aircraft manufacturers to negotiate adjustments to the delivery stream of existing aircraft orders and the schedule of progress payments to reduce near-term cash outflows. The Group has reached an agreement with Airbus on some of these matters and discussions with Boeing are ongoing. This will help to moderate fleet growth in the near term.

The Group is subject to risks of litigation

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, but there is no assurance that all such liabilities are covered or adequately covered by insurance.

Singapore Airlines' reputation, brand image or brand name may be damaged

Singapore Airlines' brand and those brand names with which it is associated (including SilkAir and Scoot) 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 and adverse effect on Singapore Airlines' ability to market its services and attract and retain customers.

Fluctuations in foreign exchange rates may have an impact on the financial performance of the Group

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. For FY2020, these accounted for 65.7% of total revenue and 53.4% of total operating expenses. The Group's largest currency exposures are to US Dollar, Euro, Pound Sterling, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Renminbi and Indonesian Rupiah. For FY2020, 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 which are 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 Dollars and Singapore Dollars. The Group also uses foreign currency forward contracts and option contracts to hedge a portion of its future foreign exchange exposure.

Fluctuations in interest rates may have an impact on the financial performance of the Group

The Group's earnings are also affected by changes in interest rates due to the impact that 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 Company's Board Executive Committee or boards of directors of the subsidiary companies of the Group.

The investments of the Group are subject to market price risk

As at 31 March 2020, the Group owned investments of S$488.7 million, out of which S$328.6 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.

The Group is exposed to 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 from counterparties of cash and bank balances and derivative instruments, where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

The sale of passenger and cargo transportation is largely achieved through IATA accredited sales agents. The credit risk of such sales agents is relatively small owing to broad diversification. 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 leads to a reduction in the risk of default.

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.

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 Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore ("**ITA**"), subject to the fulfilment of certain conditions more particularly described in the "Taxation – Singapore Taxation" 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 Agents, the Agent Banks, the Registrars and/or the Transfer Agents 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 fulfil 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 are redeemable in the event of certain withholding taxes being applicable

No assurances are made by the Company as to whether or not payments on the Notes may be made without withholding taxes or deductions applying from the date of issue of the first Tranche of Notes for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any political subdivision therein, territory, possession thereof or authority therein or thereof having power to tax.

Although, pursuant to the Terms and Conditions of the Notes, the Company is required to gross up payments on account of any such withholding taxes or deductions, the Company also has the right to redeem the Notes at any time subject to certain specified exceptions in the event that it has or will become obliged to pay additional amounts on account of any existing or future 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 political subdivision, territory, possession thereof or any authority therein having power to tax as a result of any change in, or amendment to, the laws of Singapore or any regulations or rulings promulgated thereunder, or any change in the application or official interpretation of such laws, rulings or regulations (including a holding by a court of competent jurisdiction), which change or amendment is made public on or after the Issue Date of any Notes or any other date specified in the Pricing Supplement.

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 or any Pricing Supplement;

(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.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk based capital or similar rules.

Application of Singapore insolvency and related laws to the Company may result in a material adverse effect on the Noteholders

There can be no assurance that the Company will not become bankrupt, unable to pay its debts or insolvent or be the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the Company, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on Noteholders. Without being exhaustive, below are some matters that could have a material adverse effect on Noteholders.

Where the Company is insolvent or close to insolvent and the Company undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Company. It may also be possible that if a company related to the Company proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Company may also seek a moratorium even if the Company is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, with the consent of the judicial manager or with court permission. Accordingly, if for instance there is any need for the Trustee to bring an action against the Company, the need to obtain court permission or the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Noteholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Noteholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 (Act 40 of 2018) (the "**IRD Act**") was passed in Parliament of Singapore on 1 October 2018 and came into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with, the Notes. However, it may apply to related contracts that are not found to be directly connected with the Notes.

Noteholders are subject to event of default provisions under the Terms and Conditions of the Notes, which include a carveout for the cessation of business or operations of the Company due to a COVID-19 Aviation Sector Disruption

The Terms and Conditions of the Notes provide that an Event of Default occurs if the Company ceases or makes a decision to cease to carry on all of a material part of its business or operations. However, this Event of Default is subject to a carveout for a cessation of business or operations arising as a result of a COVID-19 Aviation Sector Disruption. Accordingly, if the Company ceases or makes a decision to cease to carry on all or a material part of its business or operations as a result of a cessation of business or operations arising as a result of the disruption and other business stoppages affecting the Company and its subsidiaries as a consequence of the COVID-19 pandemic, an Event of Default will not have occurred under the Terms and Conditions of the Notes. Under such circumstances, Noteholders holding in aggregate at least 25 per cent. and at least S$50,000,000 of the principal amount of the Notes then outstanding will not be entitled to request in writing, nor will Noteholders pursuant to an Extraordinary Resolution be entitled to direct, the Trustee to give notice to the Company that the Notes are immediately due and payable at their principal amount, together with accrued interest, as provided in the Trust Deed.

In addition, the phrase "all or a material part" as used in the Terms and Conditions of the Notes varies according to the facts and circumstances of the subject transaction, has no clearly established meaning under English or Singapore law (as the case may be), which governs the Terms and Conditions and the Trust Deed, and is subject to judicial interpretation. In certain circumstances, there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or a material part" of the Company's business or operations, and therefore, it may be unclear as to whether an Event of Default has occurred.

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.

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

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes or Global Certificates 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 or Global Certificate, investors will not be entitled to receive Definitive Notes or Certificates. The relevant Clearing System will maintain records of their accountholders in relation to the Global Notes and Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, 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 or Global Certificates, the Company 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 or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The Company bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes and Global Certificates 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.

Noteholders should be aware that Definitive Notes and Certificates which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade

Notes may be issued with a minimum denomination. The Pricing Supplement of a Tranche of Notes may provide that, for so long as the Notes are represented by a Global Note or a Global Certificate and the relevant Clearing System(s) so permit, the Notes will be tradable in nominal amounts (a) equal to, or integral multiples of, the minimum denomination, and (b) the minimum denomination plus integral multiples of an amount lower than the minimum denomination.

Definitive Notes or Certificates will only be issued if the relevant Clearing System(s) is/are closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business. The Pricing Supplement may provide that, if Definitive Notes or Certificates are issued, such Notes will be issued in respect of all holdings of Notes equal to or greater than the minimum denomination. However, Noteholders should be aware that Definitive Notes or Certificates that have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade. Definitive Notes and Certificates will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and holders will have no rights against the Company (including rights to receive principal or interest or to vote) in respect of such Notes.

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 Company pursuant to Condition 10 of the Notes and the taking of enforcement steps pursuant to Condition 11 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 Company 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.

RISKS RELATING TO A PARTICULAR ISSUE OF NOTES

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features.

Changes in market interest rates may adversely affect the value of Fixed Rate Notes

The Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the 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.

The market price of Variable Rate Notes with a multiplier or other leverage factor may be volatile

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.

Notes which are subject to optional redemption by the Company may have a lower market value than Notes that cannot be redeemed

The Notes may be redeemed at the option of the Company pursuant to the Conditions. 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 regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices such as the London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed to be or used as "benchmarks", are the subject of recent national, international regulatory and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and will apply from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the European Union. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Company) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to a rate or index deemed to be a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international, national, or other proposals, for reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of the LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. The United Kingdom Financial Conduct Authority has through a series of announcements indicated that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

As the SOR methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after end-2021 will impact the future sustainability of SOR. On 30 August 2019, the MAS announced that it has established a steering committee ("**SC-STS**") to oversee an industry-wide interest rate benchmark transition from the SOR to the Singapore Overnight Rate Average ("**SORA**"). On 5 August 2020, MAS announced several initiatives to support the adoption of SORA, including prescribing SORA as a financial benchmark under the SFA. The initiatives aim to catalyse greater activity in SORA markets, safeguard the benchmark's integrity and enhance market confidence in SORA. The Association of Banks in Singapore has also proposed to discontinue certain tenors for SIBOR and to amend the methodology for determining SIBOR. On 27 October 2020, the SC-STS announced industry timelines to support a coordinated shift away from the use of SOR in financial products, and to concurrently accelerate usage of SORA. SOR is set to be discontinued alongside LIBOR discontinuation after end-2021 and more specifically, all lenders and borrowers are to cease the issuance of SOR-linked loans and securities that mature after end-2021.

It is not possible to predict with certainty whether, and to what extent, LIBOR, SIBOR or SOR will continue to be supported going forwards. This may cause LIBOR, SIBOR or SOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. The potential elimination of any benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Terms and Conditions of the Notes or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

The value of, and return on, Floating Rate Notes linked to or referencing LIBOR or other similar indices may be adversely affected in the event of a permanent discontinuation of LIBOR or other similar indices

Where Screen Rate Determination is specified as the manner in which the Rate of Interest (as defined in the Terms and Conditions of the Notes) in respect of Floating Rate Notes is to be determined, and LIBOR (or other similar indices) has been selected as the Reference Rate, the Terms and Conditions of the Notes provide that the Rate of Interest shall be determined by reference to the relevant Screen Page (as defined in the Terms and Conditions of the Notes) (or its successor or replacement). In circumstances where LIBOR (or other similar indices) is discontinued, neither the relevant Screen Page, nor any successor or replacement may be available.

Where the relevant Screen Page is not available, and no successor or replacement for the relevant Screen Page is available, the Terms and Conditions of the Notes provide for the Rate of Interest to be determined by the Agent Bank by reference to quotations from banks communicated to the Agent Bank. Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of LIBOR (or other similar indices)), the Rate of Interest may revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before LIBOR (or other similar indices) was discontinued, and if LIBOR (or other similar indices) is discontinued permanently, the same Rate of Interest will continue to be the Rate of Interest for each successive Interest Period until the maturity of the Floating Rate Notes, so that the Floating Rate Notes will, in effect, become fixed rate notes utilising the last available LIBOR (or other similar indices) rate. In the event that a published LIBOR (or other similar indices) rate is unavailable after 2021 and banks are unwilling to provide quotations for the calculation of LIBOR (or other similar indices), the rate of interest on the Notes will become fixed and the value of the Notes may be adversely affected.

Uncertainty as to the continuation of LIBOR (or other similar indices), the availability of quotes from reference banks, and the rate that would be applicable if LIBOR (or other similar indices) is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons ("**Coupons**") attached or registered form, without coupons attached. The Notes (whether in bearer or registered form) will be issued outside the United States and to non-U.S. persons in reliance on Regulation S.

Notes to be listed on the SGX-ST may be accepted for clearance through Euroclear and Clearstream and may also be accepted for clearance through the CDP and/or any other clearing system as specified in the applicable Pricing Supplement.

Bearer Notes

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Pricing Supplement. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**"), CDP and/or any other relevant clearing system.

In the case of each Tranche of Bearer Notes, the relevant Pricing Supplement will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Company shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and

(ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the

Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Company shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes, free of charge to the Noteholder:

(a) if the Permanent Global Note is held by or on behalf of CDP, and:

  (i) an event of default, enforcement event or analogous event entitling the Trustee to declare the Notes to be due and payable as provided in the Conditions has occurred and is continuing;

  (ii) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise);

  (iii) CDP has announced an intention to permanently cease business and no alternative clearing system is available; or

  (iv) CDP has notified the Company that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the Depository Agreement and no alternative clearing system is available; or

(b) on the occurrence of any one of the following events if the Permanent Global Note is held by or on behalf of Euroclear or Clearstream:

  (i) an event of default (as defined in the Conditions) has occurred and is continuing;

  (ii) Euroclear or Clearstream has closed for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or

  (iii) Euroclear or Clearstream has announced an intention to permanently cease business.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Pricing Supplement which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

> "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code*."

Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986, as amended, generally provide that U.S. beneficial owners, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts, interest coupons or talons thereon and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes, receipts, interest coupons or talons thereon.

Registered Notes

Each Tranche of Notes in registered form ("**Registered Notes**") will be represented by either:

(i) Certificates in registered form ("**Certificates**"); or

(ii) one or more unrestricted global certificates ("**Global Certificate(s)**"), as specified in the relevant Pricing Supplement.

Each Note represented by a Global Certificate will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common depositary and/or the CDP.

If the relevant Pricing Supplement specifies the form of Notes as being "Certificates", then the Notes will at all times be represented by Certificates issued to each Noteholder in respect of their respective holdings.

Global Certificate exchangeable for Certificates

If the relevant Pricing Supplement specifies the form of Notes as being "Global Certificate exchangeable for Certificates", then the Notes will initially be represented by one or more Global Certificates each of which will be exchangeable in whole, but not in part, for Certificates:

(i) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or

(ii) at any time, if so specified in the relevant Pricing Supplement; or

(iii) if the relevant Pricing Supplement specifies "in the limited circumstances described in the Global Certificate", then:

    (a) in the case of any Global Certificate held by or on behalf of Euroclear, Clearstream or any other relevant clearing system, (i) if Euroclear, Clearstream or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business; and (ii) in any case, if any of the circumstances described in Condition 10 (*Events of Default*) occurs; or

    (b) if the Notes represented by the Global Certificate are held by or on behalf of the CDP and (i) an event of default, enforcement event or analogous event entitling the Trustee to declare the Notes to be due and payable as provided in the Conditions has occurred and is continuing, (ii) the CDP is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (iii) the CDP has announced an intention to permanently cease business and no alternative clearing system is available or (iv) the CDP has notified the Company that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the Depository Agreement and no alternative clearing system is available.

Whenever a Global Certificate is to be exchanged for Certificates, each person having an interest in a Global Certificate must provide the Registrar (through the relevant clearing system) with such information as the Company and the Registrar may require to complete and deliver Certificates (including the name and address of each person in which the Notes represented by the Certificates are to be registered and the principal amount of each such person's holding).

Whenever a Global Certificate is to be exchanged for Certificates, the Company shall procure that Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Certificate to the Registrar of such information as is required to complete and deliver such Certificates against the surrender of the Global Certificate at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Certificate will be endorsed on that Certificate and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below and the provisions of the relevant Pricing Supplement which complete those terms and conditions.

The terms and conditions applicable to any Global Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

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) or Global Certificate(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 or on the Certificates relating to such Registered 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 an amended and restated Singapore law trust deed 16 November 2020 ("**Singapore Law Trust Deed**") made between (1) the Company, as issuer, 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 Singapore Law Trust Deed and the English Law Trust Deed), or, as the case may be, by an English law trust deed dated 16 November 2020 ("**English Law Trust Deed**") 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, as supplemented by a supplemental deed of covenant dated 16 November 2020 and as further amended, varied or supplemented from time to time. The Company has entered into an amended and restated agency agreement (the "**Agency Agreement**") dated 16 November 2020 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**"), principal agent bank (in such capacity, the "**Principal Agent Bank**"), (3) The Bank of New York Mellon SA/NV, Luxembourg Branch, as principal registrar (in such capacity, the "**Principal Registrar**") and principal transfer agent (in such capacity, the "**Principal Transfer Agent**"), (4) DBS Bank Ltd., as Singapore issuing and paying agent (in such capacity, the "**Singapore Issuing and Paying Agent**" and together with the Principal Issuing and Paying Agent and any other paying agents that may be appointed, the "**Issuing and Paying Agents**"), Singapore agent bank (in such capacity, the "**Singapore Agent Bank**"), Singapore registrar (in such capacity, the "**Singapore Registrar**" and together with the Principal Registrar, the "**Registrars**") and Singapore transfer agent (in such capacity, the "**Singapore Transfer Agent**" and together with the Principal Transfer Agent, the "**Transfer Agents**"), and (5) the Trustee, 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 Singapore Law Trust Deed, the English Law Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Singapore Law Trust Deed, the English Law 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 mean (a) if the Notes are specified to be governed by Singapore law in the applicable Pricing Supplement, the Singapore law Trust Deed, or (b) if the Notes are specified to be governed by English law in the applicable Pricing Supplement, the English Law Trust Deed.

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 ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Denomination Amount shown hereon. Subject to applicable laws, in the case of Registered Notes, such Notes are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.

(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) Bearer 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.

(iv) Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

(i) Subject as set out below, title to the Bearer Notes and the Coupons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Company shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(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 or, as the case may be, Global Certificate 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, the Registrar, the other Transfer Agents 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 or, as the case may be, the person whose name is shown on the Register shall be treated by the Company, the Issuing and Paying Agents, the Agent Banks, the Registrar, the other Transfer Agents, 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 or, as the case may be, the Global Certificate (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 or, as the case may be, the Global Certificate 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, "**Global Certificate**" means the relevant Global Certificate representing each

Series that is registered in the name of, or in the name of a nominee of, (1) a common depositary for Euroclear and/or Clearstream, (2) the Depository and/or (3) any other clearing system, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note or Coupon) means the bearer of any Bearer Note or Coupon or the person in whose name a Registered Note is registered (as the case may be), "**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. NO EXCHANGE OF NOTES AND TRANSFER OF REGISTERED NOTES

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Company) duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Company, with the prior written approval of the Registrar and the Trustee and (in the case of any change proposed by the Registrar) with the prior written approval of the Company and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption or Purchase in respect of Registered Notes

In the case of an exercise of a Company's or Noteholder's option in respect of, or a partial redemption of or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against the surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five (5) business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday or Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Company, the Registrar or the Transfer Agent, but upon payment of any tax or governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of fifteen (15) days prior to any date on which Notes may be called for redemption by the Company at its option pursuant to Condition 7(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven (7) days ending on (and including) any Record Date (as defined in Condition 6(a)(ii)).

3. 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 Singapore Law Trust Deed or the English Law Trust Deed) and equally with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company.

4. 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 (excluding right-of-use assets) securing such indebtedness shall not at any one time exceed an amount equal to 50 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 4:

(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 (excluding right-of-use assets), all as shown in the latest balance sheet of the Company made available to its members (whether audited or unaudited).

5. INTEREST

5(I). INTEREST ON FIXED RATE NOTES

(a) Interest Rate and Accrual

Subject to Condition 5(I)(b) below, each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 5(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 5(I) to the Relevant Date (as defined in Condition 8).

(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.

5(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 5(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 5(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 5(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 Company 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:

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

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

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 Company 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:

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

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 Company will:

(aa) request the principal London office of each of four major banks as selected by the Company 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 Company, 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 5(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 5(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.

5(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 5(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 5(III) to the Relevant Date.

(iv) The provisions of Condition 5(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.

5(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 13 (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 10, 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 5(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:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" 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;

"**Calculation Amount**" 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;

"**Interest Commencement Date**" 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 5(II)(b)(ii)(3);

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Company 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.

6. PAYMENTS

(a) Principal and Interest

(i) **Principal and interest in respect of Bearer Notes**: Payments of the Redemption Amount and interest in respect of the Bearer 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.

(ii) **Principal and interest in respect of Registered Notes**:

(i) Payments of principal in respect of Registered Notes will subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of the Transfer Agent or of the Registrar and in the manner provided in Condition 6(b)(ii).

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or the first named of the joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre of that currency.

(b) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. 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, Agent Bank, Registrar and Transfer 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, Registrar, Transfer 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, (ii) a Transfer Agent in relation to Registered Notes, (iii) a Registrar in relation to Registered Notes, and (iv) 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 13.

The Agency Agreement may be amended by the Company and the Trustee, without the consent of any Issuing and Paying Agent, the Registrar, the Transfer 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) Bearer Notes which comprise 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 9.

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Note comprising a 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 Bearer Note comprising 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 Bearer Note or Certificate.

(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.

7. 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 10, 11 and 15.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered 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 (in the case of Bearer Notes) 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, or (in the case of Registered Note) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates representing such 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 or Certificates representing such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. 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 10, 11 and 15.

(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 (in the case of Bearer Notes) 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, or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar or any Transfer Agent (as applicable) 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, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons) to the Issuing and Paying Agent, and in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. 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 10, 11 and 15.

(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 Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered 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 (in the case of Bearer Note) such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer 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 or Certificate 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 8, 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 7(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, in the case of Bearer Notes, the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar 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, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar, and in each case, 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 or Certificates so surrendered for cancellation may not be reissued or resold.

8. 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.

For the avoidance of doubt, neither the Company nor any other person shall be required to pay any additional amounts or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code as amended or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

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 13 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 8 or pursuant to any undertaking given by the Company in addition to or substitution for it under the Trust Deed.

9. 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.

10. 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 (other than a cessation of business or operations arising as a result of the COVID-19 Aviation Sector Disruption), 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) 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$100,000,000 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.

In this Condition 10, "**COVID-19 Aviation Sector Disruption**" means the disruption and other business stoppages affecting the Company and its subsidiaries as a consequence of the COVID-19 pandemic.

11. 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.

12. REPLACEMENT OF NOTES, CERTIFICATES AND COUPONS

Should any Note, Certificate 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 (in the case of Bearer Notes) and of the Registrar (in the case of Certificates), (or at the specified office of such other person as may from time to time be designated by the Issuing and Paying Agent or, as the case may be, Transfer Agent for the purpose and notice of whose designation is given to the Noteholders in accordance with Condition 13 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, Certificate 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, Certificate or Coupon) and otherwise as the Company may require. Mutilated or defaced Notes, Certificates or Coupons must be surrendered before replacements will be issued.

13. 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) or Global Certificate(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 (in the case of Bearer Notes) or the Registrar (in the case of Certificates).

(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.

14. 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.

15. 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 7 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 13.

16. 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.

17. CONSENT TO USE OF PERSONAL DATA

Personal data or information provided to the Company, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent or the Trustee or their agents (whether directly from a person acquiring an interest in the Notes or a Noteholder or indirectly through their agents or otherwise, and whether or not pursuant to a request from the Company, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent or the Trustee or their agents), and personal data or information relating to (if any) employees, officers, shareholders or beneficial owners of any such person acquiring an interest in the Notes or the Noteholder provided by such person or the Noteholder or otherwise collected by or on behalf of the

Company, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent or the Trustee in connection with such acquisition or any other matter in relation to the Notes (collectively the "**Data**") may be held by or on behalf of the Company, the Issuing and Paying Agent, the Agent Bank, the Registrar, the Transfer Agent, the Trustee, their respective agents (each a "**Recipient**") and/or any third party engaged by the Recipient to provide administrative, computer or other services or products. Each of the foregoing persons may collect, use, disclose, process and transfer such Data so as to enable each of the aforesaid persons to: (i) carry out their respective duties and obligations, or to enforce their respective rights and remedies, in connection with any matter in relation to the Notes or any local or foreign order, rule, regulation or law applicable to the respective parties; (ii) implement any corporate action related to the Notes; (iii) administer Noteholders' holdings of Notes, (iv) carry out internal analysis; (v) carry out any investor relations communication; (vi) comply with requests from any local or foreign regulator or authority; and (vii) for such other purposes as specified in the Trust Deed or the Agency Agreement. By acceptance of an interest in a Note, each such person and each Noteholder consents to all such use and warrants that it has obtained legally valid consents from all relevant individuals to allow the Recipients and those third parties to collect, use, disclose, process and/or transfer Data as described above (including, for the avoidance of doubt, all purposes as specified in the Trust Deed or the Agency Agreement), and also agrees to provide written evidence of such consents upon reasonable request from a Recipient.

18. 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).

19. GOVERNING LAW

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

20. SUBMISSION TO JURISDICTION

In relation to Notes which are issued pursuant to the Singapore Law 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 English Law 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.

FORM OF PRICING SUPPLEMENT

Pricing Supplement

[LOGO, if document is printed]

SINGAPORE AIRLINES LIMITED
(Incorporated with limited liability in Singapore)

S$10,000,000,000
Multi-currency Medium Term Note Programme

SERIES NO:
TRANCHE NO:
[Brief Description and Amount of Notes]
Issue Price: [ ] per cent.

ISIN NO:
COMMON CODE:

[Publicity Name(s) of Dealer(s)]

[Principal Issuing and Paying Agent
The Bank of New York Mellon, London Branch
Singapore Issuing and Paying Agent
DBS Bank Ltd.]

The date of this Pricing Supplement is [ ].

[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.]

[MIFID II product governance / Professional investors and ECPs only target market – [*appropriate target market legend to be included*]]

[**Singapore Securities and Futures Act Product Classification –** The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Pricing Supplement relates to the Tranche of Notes referred to above.

This Pricing Supplement, under which the Notes described herein (the "**Notes**") are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum dated 16 November 2020 (as revised, supplemented, amended, updated or replaced from time to time, the "**Information Memorandum**") issued in relation to the S$10,000,000,000 Multicurrency Medium Term Note Programme of Singapore Airlines Limited (the "**Company**"). Terms defined in the Information

Memorandum have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Information Memorandum. This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore, and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities under the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

The terms of the Notes and additional provisions relating to their issue are as follows:

[*Include whichever of the following apply*]

1.	Series No.:		[●]
2.	Tranche No.:		[●]
3.	Relevant Currency:		[●]
4.	Principal Amount of Series:		[●]
5.	Principal Amount of Tranche:		[●]
6.	Denomination Amount:		[●]
7.	Calculation Amount (if different from Denomination Amount):		[●]
8.	Issue Date:		[●]
9.	Redemption Amount (including early redemption):		[Denomination Amount/ [others]]
10.	Interest Basis:		[Fixed Rate/Floating Rate/ Variable Rate]
11.	Interest Commencement Date:		[●]
12.	**Fixed Rate Note**		[●]
	(a)	Maturity Date:	[●]
	(b)	Fixed Rate Day Basis:	[360/365]
	(c)	Reference Date(s):	[●]
	(d)	Initial Broken Amount:	[●]
	(e)	Final Broken Amount	[●]
	(f)	Interest Rate:	[●] per cent. per annum
13.	**Floating Rate Notes**		
	(a)	Redemption Month:	[●]
	(b)	Interest Determination Date:	[●]
	(c)	FRN Day Basis:	[360/365]
	(d)	Interest Period:	[●]
	(e)	Benchmark:	[SIBOR, Swap Rate, LIBOR or other benchmark]
	(f)	Primary Source:	[*Specify relevant screen page or "Reference Banks"*]

(g)	Reference Banks:	[*Specify three*]
(h)	Spread:	[●] per cent. per annum
(i)	Relevant Time:	[●]
(j)	Relevant Financial Centre:	[●]

14. **Variable Rate Note**

(a)	Redemption Month:	[●]
(b)	Interest Determination Date:	[●]
(c)	VRN Day Basis:	[360/365]
(d)	Interest Period:	[●]
(e)	Benchmark:	[SIBOR, Swap Rate, LIBOR or other benchmark]
(f)	Primary Source:	[*Specify relevant screen page or "Reference Banks"*]
(g)	Reference Banks:	[*Specify three*]
(h)	Spread:	[ ] per cent. per annum
(i)	Relevant Time:	[●]
(j)	Relevant Financial Centre:	[●]

15. **Hybrid Note**

(a)	Fixed Rate Note:	[●]
(b)	Floating Rate Note:	[●]
(c)	Maturity Date:	[●]
(d)	Redemption Month:	[month and year]
(e)	Interest Determination Date:	[●]
(f)	Fixed Rate Day Basis:	[360/365]
(g)	FRN Day Basis:	[360/365]
(h)	Reference Date(s):	[●]
(i)	Initial Broken Amount:	[●]
(j)	Final Broken Amount:	[●]
(k)	Interest Rate:	[●] per cent. per annum
(l)	interest Period:	[●]
(m)	Benchmark:	[SIBOR, Swap Rate, LIBOR or other benchmark]
(n)	Primary Source:	[*Specify relevant screen page or "Reference Banks"*]
(o)	Reference Banks:	[*Specify three*]
(p)	Spread:	[ ] per cent. per annum
(q)	Relevant Time:	[●]
(r)	Relevant Financial Centre:	[●]

16. **Zero Coupon Note**

(a)	Maturity Date:	[●]
(b)	Reference Price:	[●]
(c)	Accrual Yield:	[●] per cent. per annum
(d)	Day Count Fraction:	$\left[\frac{\text{Actual}/}{\text{Actual}}\ \frac{\text{Actual}}{365}\ \frac{\text{Actual}}{360}\right]$
(e)	Any other formula/basis of determining amount payable:	[●]

17.	Company's Redemption Option: Company's Redemption Option Period (Condition 7(d)):	[Yes/No] [*Specify maximum and minimum number of days for notice period*] [*Specify Dates*]
18.	Noteholder's Redemption Option: Noteholder's Redemption Option Period (Condition 7(e)):	[Yes/No] [*Specify maximum and minimum number of days for notice period*] [*Specify Dates*]
19.	Company's Purchase Option: Company's Purchase Option Period (Condition 7(b)):	[Yes/No] [*Specify maximum and minimum number of days for notice period*] [*Specify Dates*]
20.	Noteholders' VRN Purchase Option: Noteholders' VRN Purchase Option Period (Condition 7(c)(i):	[Yes/No] [*Specify maximum and minimum number of days for notice period*] [*Specify Dates*]
21.	Noteholders' Purchase Option: Noteholders' Purchase Option Period (Condition 7(c)(ii)):	[Yes/No] [*Specify maximum and minimum number of days for notice period*] [*Specify Dates*]
22.	Redemption for Taxation Reasons:	Yes [on [*insert other dates of redemption not on interest payment dates*]]
23.	Form of Notes:	[Bearer Notes/Registered Notes]
24.	Notes to be represented on issue by:	[Temporary Global Note/ Permanent Global Note.] [Global Certificate/Temporary Global Note/ Permanent Global Note. If nothing is specified and this Pricing Supplement does not specify that the TEFRA C Rules apply, Notes will be represented initially by a Temporary Global Note]
25.	Temporary Global Note exchangeable for Definitive Notes:	[Yes/No]
26.	Temporary Global Note exchangeable for Permanent Global Note:	[Yes/No]
27.	Listing:	[●]
28.	Clearing System:	[●]
29.	Method of issue of Notes:	[Individual Dealer/ Syndicated Issue]
30.	The following Dealers) [is/are] subscribing for the Notes:	[*insert legal name(s) of Dealer(s)*]
31.	The aggregate principal amount of Notes issued has been translated in Singapore Dollars at the rate of [●] producing a sum of (for Notes not denominated in Singapore Dollars):	S$[●]
32.	Governing Law:	[●]
33.	Issuing and Paying Agent:	[●]
34.	Agent Bank:	[*Specify*/*State "**None**"*]
35.	U.S.Selling Restrictions:	Reg S Compliance Category [1/2]; (*in the case of Bearer Notes*) – [TEFRA C/TEFRA D/TEFRA not applicable]

36.	Prohibition of Sales to EEA and UK Retail Investors:	[Applicable/Not Applicable]
	(a) Details of any additions or variations to terms and conditions of the Notes as set out in the Information Memorandum:	[●]
	(b) Any additions or variations to the selling restrictions:	[●]

Signed:________________________________

Duly Authorised Signatory

CAPITALISATION

The following table sets out the capitalisation of the Group as at 30 September 2020, based on the unaudited consolidated financial statements of the Group as at 30 September 2020.

	Unaudited As at 30 September 2020
	(S$ million)
Share capital of Singapore Airlines - issued and fully paid[1]	7,180.2
Mandatory convertible bonds	3,496.1
General reserves	6,395.5
Treasury Shares	(133.2)
Foreign currency translation reserve	(29.5)
Share-based compensation reserve	13.0
Fair value reserve	(1,551.9)
Capital reserve	(118.7)
Equity holders' funds	15,251.5
Short-term liabilities	
Lease liabilities	427.8
Borrowings	1,005.1
Long-term liabilities	
Lease liabilities	1,229.6
Borrowings	8,486.6
Total Indebtedness	11,149.1
Total Capitalisation	26,400.6

(1) As at 30 September 2020, 2,977,543,504 ordinary shares and 1 special share had been issued. The number of treasury shares as at 30 September 2020 was 12,570,529.

On 13 November 2020, the Company priced the issuance of S$850,000,000 in principal amount of convertible bonds convertible into new ordinary shares in the capital of the Company. The convertible bonds will bear interest at the rate of 1.625 per cent. per annum, payable semi-annually in arrear and unless previously redeemed, converted or purchased and cancelled, the convertible bonds will have a tenor of five years. Subject to the fulfilment of certain conditions precedent, settlement and payment for the convertible bonds is expected to take place on or about 3 December 2020. The number of new shares to be allotted and issued by the Company, pursuant to the full conversion of the convertible bonds, is 148,006,268 (based on the conversion price of S$5.743 and assuming no adjustments to the conversion price), representing approximately 5.0 per cent. of the existing issued shares (excluding treasury shares).

Save as disclosed above, there has been no material change to the capitalisation and indebtedness of the Group since 30 September 2020.

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$10.29 billion[1] as at 30 September 2020. The substantial shareholder (as shown in the Register of Substantial Shareholders) of Singapore Airlines, Temasek, holds approximately 55.75% of the total share capital of Singapore Airlines. Temasek is wholly-owned by the government of Singapore.

Singapore Airlines provides commercial airline services to destinations in Asia, America, Europe, Middle East, Africa, Australia and New Zealand from its hub at Singapore's Changi Airport. In FY2020, Singapore Airlines alone carried almost 21 million passengers. The three Singapore-based airlines in the Group, namely Singapore Airlines, SilkAir and Scoot, together carried more than 35 million passengers during FY2020.

However, the unprecedented and rapid spread of the COVID-19 pandemic, which resulted in global travel restrictions and border controls in many major markets, have led to a collapse in travel demand. The International Air Transport Association has estimated a passenger revenue decrease of US$314 billion due to the impact of COVID-19[2]. In response to these global border closures and international travel bans imposed by key markets, the Company and SilkAir announced in late-March 2020 the cutting of 96 per cent. of the cumulative capacity that had been originally scheduled up to end-June 2020. The Group's low-cost carrier Scoot has also suspended most of its network, resulting in the grounding of 47 of its fleet of 49 aircraft. The Group has been severely affected by these measures, resulting in its passenger carriage (measured in revenue-passenger-kilometres) experiencing an average decline of 99.5 per cent. Since then, Singapore Airlines and SilkAir have gradually increased the frequency of selected services in the passenger network.

The Group registered a net loss of S$212 million for FY2020, a reversal of S$895 million from the S$683 million in net profit for FY2019. This was mainly attributable to a collapse in the demand for air travel during the last quarter of FY2020 as a result of the COVID-19 pandemic. The deterioration in operating performance in the last quarter of FY2020 eroded the improvements made in the first nine months of FY2020, contributing to the full year net loss. In 1H FY2021, the Group continued to experience further losses, reporting a net loss of S$3,467 million, a deterioration of S$3,673 million against the equivalent period in FY2020. These losses were primarily driven by the weaker operating performance of the Group as well as non-cash impairment charges, the liquidation of NokScoot and goodwill written off.

The Group announced the reduction of about 4,300 positions across the three airlines on 10 September 2020. Steps have been taken to reduce the number of staff that would be impacted by involuntary release, including salary cuts, a recruitment freeze, open vacancies left unfilled, an early retirement scheme and a voluntary staff release scheme. These measures reduced the number of staff impacted by the manpower rationalisation exercise to around 2,000. The Group incurred a cost of $42 million in the exercise.

Further, as the Group's passenger traffic and revenue have been heavily affected and a portion of its fleet has been grounded, the Group's older generation aircraft will be materially impaired. The Group recognised an impairment of S$1,333 million on the carrying values of older generation aircraft, with 26 aircraft deemed surplus to fleet requirements. This will facilitate a flexible and agile network recovery plan and position the Group to emerge stronger post-COVID-19.

The Group remains focused on maintaining its leadership position in target markets, with a focus on long-term profitability. Notwithstanding the impact of the COVID-19 pandemic on the aviation industry, the Group is positioning itself to address near-term challenges and opportunities following the crisis and to capture the future travel demand recovery in time.

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1 Based on closing price of S$3.47 as at 30 September 2020.

2 IATA Economics' Chart of the Week dated 27 March 2020, further adapted based on IATA's press release, "COVID-19 Puts Over Half of 2020 Passenger Revenues at Risk" dated 14 April 2020.

At the date of this Information Memorandum, it is uncertain when the Group is able to resume normal services, given its dependency on when stringent border controls will be lifted. While the impact on the Group's business will be severe in the immediate future, the Group intends to continue operating in the long term and has actively taken measures to build up its liquidity to meet its near-term cash needs.

As at 31 March 2020, the major subsidiaries of the Group were SIAEC, SilkAir and Budget Aviation (Scoot). SIAEC is listed on the SGX-ST. The operating results of the main companies in the Group for FY2020 are as follows:

Operating Profit	**FY2020 (S$ million)**	**FY2019 (S$ million)**
Singapore Airlines	294.2	990.5
SIAEC	67.7	56.8
SilkAir	(112.3)	15.2
Budget Aviation (Scoot)	(197.7)	(15.4)

Singapore Airlines is one of the most awarded airlines globally. A comprehensive list of the awards won by the Group are set out on pages 62 to 63 of its Annual Report for FY2020. 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, among others. In 2020, Singapore Airlines is one of the Top 50 World's Most Admired Companies (ranked 28) and is the highest ranked non-United States company in the list[3].

PRINCIPAL ACTIVITIES OF SINGAPORE AIRLINES

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.

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.

THE TABLE BELOW SHOWS THE CONTRIBUTION OF VARIOUS BUSINESS UNITS TO THE GROUP'S REVENUE AND OVERALL RESULTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2020 AND 2019.

	Revenue		**Profit / (Loss)**	
	FY2020 (S$ million)	**FY2019 (S$ million)**	**FY2020 (S$ million)**	**FY2019 (S$ million)**
Singapore Airlines	13,012.7	13,144.2	(22.2)	635.6
SilkAir	906.0	1,030.9	(103.8)	(52.3)
Budget Aviation (Scoot)	1,680.6	1,780.1	(252.1)	(59.2)
SIAEC	994.1	1,020.9	190.5	161.0
Others	198.0	152.1	9.2	13.2
	16,791.4	17,128.2	(178.4)	698.3
Inter-segment transactions	(815.5)	(805.0)	9.0	23.3
Total	15,975.9	16,323.2	(169.4)	721.6

Source: Annual Report of the Group for FY2020.

[3] Based on Fortune's List of World's Most Admired Companies.

PASSENGER SEGMENT

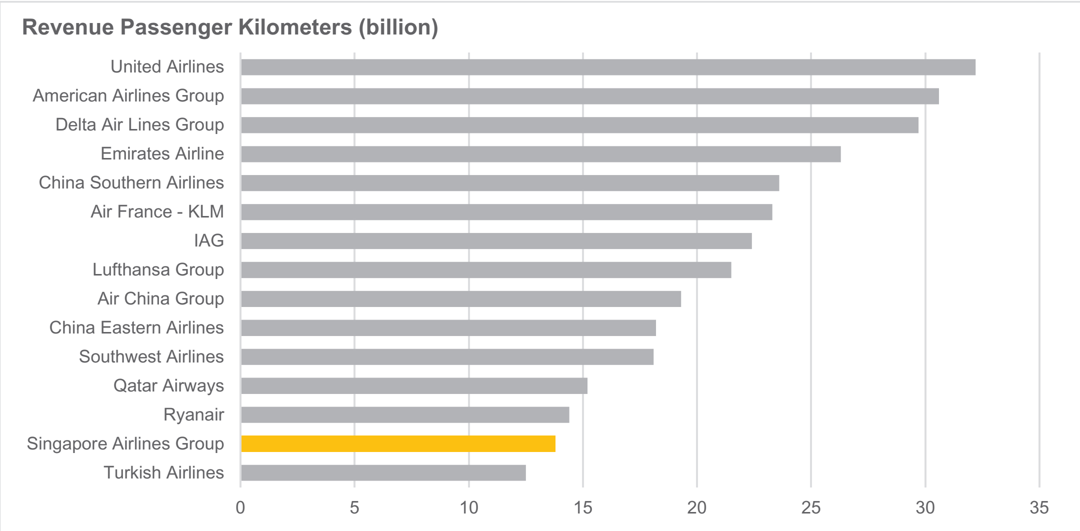
The table below summarises certain key indicators of Singapore Airlines' passenger segment for FY2020, FY2019, FY2018, FY2017 and FY2016:

	FY2020	FY2019	FY2018	FY2017	FY2016
Passengers carried (thousand)	20,906	20,738	19,505	18,990	19,029
Revenue passenger-km (million)	104,134.6	102,571.9	95,855.0	92,913.8	94,267.4
Available seat-km (million)	127,165.8	123,486.2	118,126.7	117,662.3	118,366.5
Passenger load factor (%)	81.9	83.1	81.1	79.0	79.6

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 Reports of the Group for FY2020, FY2019, FY2018 and FY2017.

Singapore Airlines Group is one of the world's largest airline groups. It was ranked 14th largest in terms of revenue passenger kilometres ("**RPKs**") in February 2020, prior to the collapse in global passenger traffic due to the COVID-19 pandemic.



Source: International Civil Aviation Organization, Air Transport Monthly Monitor February 2020

Singapore Airlines has a geographically diversified revenue base from passenger operations. For FY2020 and FY2019, Singapore Airlines derived 67.9 per cent. and 67.2 per cent., respectively, of its passenger revenue (by route region) from routes to destinations outside of East Asia. This diversification has allowed it to tap on the international connectivity from its hub in Singapore, reduce its reliance on any particular country or region outside its base, and enable the airline to reallocate capacity when required, thus enhancing the stability of Singapore Airlines' revenue stream.

SINGAPORE AIRLINES PASSENGER REVENUE BY ROUTE REGION[4,5]

	FY2020		FY2019	
	(S$ million)	%	(S$ million)	%
East Asia	3,330.5	32.1	3,404.1	32.8
Americas	1,654.6	15.9	1,548.2	14.9
Europe	2,318.4	22.3	2,425.4	23.4
South West Pacific	2,039.3	19.6	2,050.7	19.7
West Asia and Africa	1,049.5	10.1	955.9	9.2
Systemwide	10,392.3	100.0	10,384.3	100.0

Source: Annual Report of the Group for FY2020.

4 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, the Singapore-Hong Kong-San Francisco-Hong Kong-Singapore route is classified under Americas region.

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

SINGAPORE AIRLINES PASSENGER REVENUE BY AREA OF ORIGINAL SALE[6]

	FY2020 (S$ million)	%	FY2019 (S$ million)	%
East Asia	5,356.7	51.6	5,483.5	52.8
Americas	844.5	8.1	748.7	7.2
Europe	1,716.0	16.5	1,774.4	17.1
South West Pacific	1,716.8	16.5	1,711.2	16.5
West Asia and Africa	758.3	7.3	666.5	6.4
Passenger Revenue	10,392.3	100.0	10,384.3	100.0

Source: Annual Report of the Group for FY2020.

CARGO SEGMENT

The table below summarises certain key indicators of Singapore Airlines' cargo segment for FY2020 and FY2019:

	FY2020	FY2019	% Change
Cargo and mail carried (million kg)	1,205.0	1,298.3	-7.2
Cargo load tonne-km (million)	6,389.2	7,006.5	-8.8
Cargo capacity tonne-km (million) - gross	10,778.2	11,210.4	-3.9
Cargo load factor (%)	59.3	62.5	-3.2 points
Cargo yield (¢/ load tonne-km)	30.5	31.7	-3.8
Cargo unit costs (¢/ load tonne-km)	16.4	16.5	-0.6

Cargo load tonne-km	=	Cargo and mail load carried (in tonnes) x distance flown (in km)
Cargo gross capacity tonne-km	=	Cargo capacity production (in tonnes) x distance flown (in km)
Cargo load factor	=	Cargo and mail load (in tonne-km) expressed as a percentage of gross capacity (in tonne-km)

Source: Annual Report of the Group for FY2020.

Cargo demand was adversely impacted by several global events over the course of the year, mainly the international trade tensions, export manufacturing slowdown in key economies, and industry overcapacity on several key trade lanes. In addition, the intensification of the COVID-19 outbreak in China over the Chinese New Year period triggered an extended factory shutdown and reduced cargo loads significantly. Consequently, loads carried in FY2020 fell by 8.8 per cent., outpacing the decrease in cargo capacity of 3.9 per cent., resulting in cargo load factor declining 3.2 percentage points year-on-year.

The softer overall cargo demand and dampened outlook placed downward pressure on yields for most of FY2020, causing cargo yield to fall 3.8 per cent. as compared with FY2019. Combined with the 8.8 per cent. decrease in loads carried, this resulted in a S$195.7 million fall in cargo and mail revenue in FY2020, as compared with FY2019.

The Group has undertaken several measures to maintain approximately 40 per cent. of its pre-COVID cargo capacity. These include maximising use of the freighter fleet, scheduling cargo-only passenger flight networks, and arranging ad-hoc charter flights where opportunities exist. Regulatory approval has been obtained for the carriage of cargo in the passenger cabins of the Group's airlines. Such cargo-only passenger flights provide incremental cargo capacity and network reach to ensure the continuous flow of essential goods and caters to the needs of global supply chains.

6 Each area of original sale comprises countries and territories within a region from which the sale is made.

The tables below set out Singapore Airlines cargo revenue for FY2019 and FY2020, by route region and area of original sale:

SINGAPORE AIRLINES CARGO REVENUE BY ROUTE REGION

	FY2020 (S$ million)	%	FY2019 (S$ million)	%
East Asia	608.5	31.2	622.5	28.0
Americas	281.6	14.4	386.5	17.5
Europe	449.9	23.1	540.4	24.3
South West Pacific	397.9	20.4	445.0	20.0
West Asia and Africa	213.5	10.9	226.1	10.2
Systemwide	1,951.4	100.0	2,220.5	100.0

Source: Annual Report of the Group for FY2020.

SINGAPORE AIRLINES CARGO REVENUE BY AREA OF ORIGINAL SALE[7]

	FY2020 (S$ million)	%	FY2019 (S$ million)	%
East Asia	1,227.0	62.9	1,386.0	62.4
Americas	83.4	4.3	102.3	4.6
Europe	337.2	17.3	403.2	18.2
South West Pacific	162.7	8.3	174.1	7.8
West Asia and Africa	141.1	7.2	154.9	7.0
Systemwide	1,951.4	100.0	2,220.5	100.0

Source: Annual Report of the Group for FY2020.

OTHER BUSINESS ACTIVITIES

Apart from airline operations, the 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: "Singapore Airlines is a global company dedicated to providing air transportation services of the highest quality and to maximising returns for the benefit of its shareholders and employees".

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;
- 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;
- enhance digital capabilities to tap new revenue generation opportunities, upskill employees and raise operational efficiency;
- improve and upgrade customers' travel experience on the ground and in the air, through continual product and service improvements and fleet renewal;
- 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 streamlining business processes and investing in airline-related services.

7 Each area of original sale comprises countries and territories within a region from which the sale is made.

Portfolio of Airlines

The Group is committed to its portfolio strategy, to cater to both the full-service premium segment with Singapore Airlines and SilkAir, and the low-fare segment with Scoot, with the ability to offer the right products to match the demand. The Group optimises aircraft deployment to the right markets depending on the route best served by its airlines.

In July 2017, Scoot and Tiger Airways completed their merger as a single airline under a common Air Operator Certificate and a single Scoot brand. This provides Scoot with greater flexibility to optimise capacity for a combined network by adjusting capacity and aircraft deployment based on route demand and seasonal fluctuations. Scoot is also able to cover an even larger network and sustain long-haul operations through greater regional passenger feed while providing improved connectivity for passengers.

SilkAir's integration into Singapore Airlines remains on track, with the commercial integration completed and the transition of SilkAir narrow-body operations to Singapore Airlines to commence in 2021. This will enable greater economies of scale for the Group, allowing it to deploy the right aircraft to meet the demand for air travel as it recovers.

SIA Cargo, which operated as a subsidiary of the Group prior to 1 April 2018, was reintegrated into Singapore Airlines on 1 April 2018 to improve efficiency and strengthen the support for the cargo business through greater synergy with Singapore Airlines.

Multi-Hub Strategy

The Group's portfolio of airlines is also part of the Group's multi-hub strategy which provides access to new markets and allows the Group to tap into new traffic flows.

The Group is at the heart of Singapore's aviation ecosystem and anchors Singapore's air hub status. Singapore Airlines carried a total of 35.8 million passengers in FY2020, and accounts for more than half of all passenger transits at Singapore Changi Airport[8].

Beyond Singapore, the Group's multi-hub strategy complements its efforts to strengthen and grow the Singapore aviation hub. By investing in airlines outside Singapore, the Group is able to set up new hubs in growing markets, extending its reach and tapping on new traffic flows. Singapore Airlines holds a 49.0 per cent. stake in Vistara, a joint venture airline with Tata Sons Limited in India. The investment in Vistara enables the Group to have a presence in India's fast-growing airline market. In 2019, Vistara launched its first international flights and expanded its codeshare agreement with Singapore Airlines and SilkAir on international flights. In March 2020, Vistara inducted its first 787-9 aircraft and in August 2020, Vistara launched its first European service between Delhi and London.

The Group's joint ventures in the aviation value chain also enhances Singapore's position as a leading aviation hub. Examples of such joint ventures include SIAEC's joint venture with Rolls-Royce Overseas Holdings, and Singapore Airlines' pilot training centres with Airbus and CAE Inc.

Strategic alliances and partnerships

Singapore Airlines also works with its strategic partners to promote tourism and increase visitor arrivals. In April 2019, it expanded its code-sharing agreement with Garuda Indonesia and in January 2020, it entered into a wide-ranging partnership agreement with All Nippon Airways. In FY2020, Singapore Airlines also entered into agreements with tourism agencies from Japan, Western Australia and the Maldives.

In April 2019, Singapore Airlines and SATS inked a five-year commitment to strengthen hub competitiveness with the renewal of a suite of aviation services contracts. The partnership encompassed in-flight catering and cabin handling, passenger and ramp handling, cargo handling, aircraft interior cleaning, aviation security and laundry services. Early initiatives have focused on enhancing the boarding experience, improving premium passenger handling services and proactive management of passengers with mishandled baggage.

8 For the 2019 calendar year.

Digitalisation Efforts

Enhancing digital capabilities to tap new revenue streams

Singapore Airlines has key stakes in airline-related services in order to maintain high quality and safety standards and these related businesses provide alternative sources of income and allows the Group to streamline its business processes.

In December 2018, Singapore Airlines announced the acquisition of a minority stake in Australia-founded Data Republic Pte. Ltd. ("**Data Republic**"), in a move to further enhance its digital capabilities. Singapore Airlines currently works with Data Republic and its partners to provide organisations with a practical means to collaborate and innovate at speed using Data Republic's unique secure data sharing technology.

In 2019, Singapore Airlines unveiled its new digital innovation lab, KrisLab, as part of the Group's significant investment programme to become the world's leading digital airline. KrisLab seeks to support Singapore's open innovation ecosystem to develop digital ideas and solutions through collaboration with start-ups, small- and medium-sized enterprises, as well as industry partners.

In FY2020, KrisShop was revamped from an airline sales catalogue to an omni-channel lifestyle e-commerce platform for all customers. Multiple new initiatives were launched, enabling convenient payment, pre-order and delivery services for customers, along with a revamp of the KrisShop.com website. KrisShop also launched new concept stores, each with their own unique identity. With the increase in variety and options, KrisShop aims to provide personalised experiences to suit the different lifestyles of consumers.

Digital Tools to Elevate the Customer Experience

Singapore Airlines continues to focus on providing an enhanced customer experience, delivered consistently at every touchpoint.

To provide a more seamless and enhanced travel experience for customers, Singapore Airlines continues to deliver new initiatives via its Singaporeair.com website and the SingaporeAir mobile application. These initiatives included the proactive push of contextual and relevant information, as well as more self-service functionalities, for instance, boarding gate details, weather at the destination and baggage belt information.

In September 2019, Singapore Airlines also expanded its KrisConnect Programme, leveraging new distribution technology to introduce improved content and functionality through partner platforms. The new KrisConnect Programme provides a wider range of fares and personalised content to its travel trade partners, which will allow them to offer customised products to customers, such as bundled packages and negotiated fare deals. This, in turn, elevates the booking experience for customers through increased levels of personalisation and recognition of KrisFlyer status.

Singapore Airlines has a dedicated Customer Experience Department (CExD) which envisions the end-to-end customer journey and develops strategies to enhance the Singapore Airlines' customer experience. The Company leverages on digitalisation to achieve customer loyalty and increase revenue by delivering value to its customers and creating memorable experiences.

Digitalisation has also enabled the airline to perform customisation on a larger and wider scale than before. To increase customer satisfaction and exceed their expectations for in-flight personalisation, the BEST app was created for cabin crew to note customer preferences in premium cabins. On the Singapore Airlines website, added features such as fare deals, destination recommendations, ancillary service offers, and flight timing recommendations target customers at an individual level.

Under the Transformation Programme, policies and processes were rigorously reviewed and have been simplified with a stronger focus on customer centricity. As a result, more than 12 million hours' worth of customer effort was saved since the start of the three-year programme. The use of tools and data analytics has improved the processing time of work operations. In addition, staff are more empowered to make decisions, resulting in a faster resolution of cases.

Digital Initiatives to upskill employees and raise operational efficiencies

As part of digital initiatives under the Transformation Programme since 2017, Singapore Airlines has fully transformed all of its IT delivery models to adopt Agile methodologies, significantly improving the speed of application development and time to market of products by about 40 per cent. Its core technical infrastructure has also been refreshed to allow for all these collaborations to take place in a fast and secured environment. Singapore Airlines also built capabilities by hiring the right talents in the areas of agile methodology, software engineering, cloud, data and artificial intelligence. Intensive digital training curriculum was also conducted company-wide and almost all of the ground staff are now trained in areas of agile methodologies, data analytics or design thinking.

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 debt markets through its multi-currency Medium Term Note Programme, Medium Term Bond Programme, secured and unsecured bank loans and any other cost-effective financing structures. The majority of aircraft on Singapore Airlines' balance sheet are unencumbered.

Singapore Airlines' operations carry certain financial and commodity risks, including the effects of changes in passenger demand, 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.

With the significant decline in passenger revenue due to the COVID-19 pandemic, the Group has taken active steps to build up its liquidity. Since April 2020, the Group has raised approximately S$11.3 billion in fresh liquidity. The Company raised S$8.8 billion in June 2020 through the completion of a rights issue comprising shares and mandatory convertible bonds, offered to all existing shareholders. S$2.0 billion was raised through long term loans secured on some of its Airbus A350-900 and Boeing 787-10 aircraft and the Company has secured an additional S$0.5 billion from new unsecured committed lines of credit and a short-term unsecured loan. All committed lines of credit (amounting to S$2.1 billion in total) are in place until 2021 or later, ensuring continued access to committed liquidity.

On 13 November 2020, the Company priced the issuance of S$850,000,000 in principal amount of convertible bonds convertible into new ordinary shares in the capital of the Company. Subject to the fulfilment of certain conditions precedent, settlement and payment for the convertible bonds is expected to take place on or about 3 December 2020.

For the period up to July 2021, the Company also retains the option to raise up to a further S$6.2 billion in additional mandatory convertible bonds supported by Temasek Holdings' irrevocable undertaking. This will help the Group to capitalise on any opportunities that may arise following the abatement of the COVID-19 pandemic from a position of strength, and position the Company for growth as soon as the ongoing crisis resolves.

The Group continues to explore other sources of funding (including the sale and leaseback of aircraft) to further strengthen its liquidity position to enable the Group to address its cashflow requirements for near-term operations and provide financial flexibility to capture medium to long term growth beyond the COVID-19 situation while ensuring ongoing fleet renewal and improving future operating efficiencies. This is expected to boost the Group's competitive advantages post COVID-19.

The Group has also implemented preventive measures to conserve cash and reduce costs. The Group has made decisive capacity cuts network-wide, deferred non-essential capital expenditure and tightened discretionary operating expenditure. The Group has concluded negotiations with Airbus on a revised aircraft delivery schedule incorporating deferrals for part of the aircraft on order, and is at an advanced stage of negotiations with Boeing. These outcomes will help to moderate the aircraft delivery stream in the near term and help reduce near-term cash outflows. The Group also worked with suppliers and partners to reduce costs and reschedule payments. To alleviate manpower costs, there has been a Group-wide recruitment freeze, with reductions in Director fees, Management and staff salaries and no pay leave for staff. Early retirement schemes for staff who meet certain criteria have also been introduced.

In addition to the Group's own efforts, the Singapore Government also announced support measures to mitigate the impact of COVID-19 on the aviation sector and have voiced support for the Group to see through this crisis in good shape. A package of more than S$1 billion was pledged to aid the aviation sector, including S$530 million set aside to fund measures such as rebates on landing and parking charges, rental relief for airlines, ground handlers and cargo agents. A 50% wage offset for every local worker employed in the aviation sector was also enacted, lasting until March 2021.

CUSTOMER EXPERIENCE

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 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.

As part of its commitment to continual product and service enhancements and focus on personalised service for passengers, Singapore Airlines is the world's first airline to launch a network-wide pre-ordering meal service for Suites, First Class and Business Class passengers in December 2018. This service was extended to Premium Economy class passengers in May 2019.

In 2019, Singapore Airlines further collaborated with a portfolio of well-known chefs and brands to create local favourites at the destinations it flies to in 2019. These collaborations complement the Airline's International Culinary Panel (ICP) by continuously bringing new creations and products from the latest on-trend chefs and food businesses. Collaborations in 2019 included awarded chefs and restaurants in Germany, Copenhagen and Taipei, as well as brands such as Old Chang Kee and Keisuke Ramen. In the same year, Singapore Airlines also partnered AeroFarms, a vertical indoor farming company based in Newark, the United States, to use their freshly harvested leafy greens and vegetables for appetisers served on flights departing from Newark. This collaboration is part of Singapore Airlines' "From Farm To Plane" programme, which was launched in 2017 to promote environmental sustainability and support local agriculture while reducing its carbon footprint.

On the airport front, the S$50 million redevelopment of the SilverKris and KrisFlyer Gold Lounges in Changi Airport Terminal 3 commenced in July 2019. In addition to a 30 per cent. increase in space and total customer capacity, the new lounges will feature more open spaces, new and upgraded facilities, as well as a wider range of food and beverage selections. The upgrade is expected to be completed in 2021.

COVID-19 RESPONSE AND RECOVERY

The COVID-19 pandemic has had an unprecedented impact on the aviation industry, with the airline sector facing the greatest crisis in its history. As countries around the world imposed border controls and travel restrictions to prevent the spread of the virus, airlines faced a sudden and precipitous fall in the demand for air travel. In response, the Group had to significantly reduce capacity to cut operating costs and ground a large part of its fleet. The impact on the Group has been exacerbated by the absence of a domestic market to fall back on.

Supporting customers

Due to the unprecedented volume of calls, messages and emails received by the customer contact teams when travel restrictions and border closures were implemented, Singapore Airlines launched a

COVID-19 assistance request form on its website to enable its customer contact teams to respond promptly. A COVID-19 information hub was subsequently added to the website to provide customers with easy access to the latest flight schedules, travel advisories and frequently asked questions.

The Group has introduced proactive measures to provide customers with the reassurance that they have full flexibility in adjusting their travel plans during this period. The Group revised its global waiver policy to offer bonus flight credits for customers who choose to keep the value of their bookings for future travel. Customers were given the option to book their new flights when they are ready and have more clarity on their plans, and their travel only needs to be completed by 31 December 2021. For customers who prefer to cancel their tickets, the Group remains committed to supporting them and will offer full refunds.

In appreciation of the support of KrisFlyer members over the years, Singapore Airlines also renewed all PPS Club and KrisFlyer Elite membership statuses by one year, with a renewal cycle between March 2020 and February 2021, and extended the validity of expiring KrisFlyer miles, Elite Gold Rewards and PPS Rewards. For the renewal cycle between March 2021 and February 2022, members will be provided with support for 50 per cent. of the renewal requirement, and will only need to earn the balance of the requirement during the membership year to retain their membership statuses.

Precautionary in-flight measures

With the well-being of its crew and passengers as its priority, Singapore Airlines has enhanced its cleaning procedures and implemented precautionary measures to keep them safe. In compliance with regulatory requirements, from May 2020, all passengers have to wear masks throughout the duration of their flight. Before every flight, cabin crew and pilots are required to have their temperatures taken and the crew is provided with Personal Protective Equipment (PPE) like eye goggles, masks and gloves which they wear while operating flights. In addition, every aircraft undergoes a thorough cleaning process and if necessary, rigorous deep cleaning procedures are activated including fogging the entire cabin with strong disinfectant.

Safeguarding and Upskilling Employees

The Group has implemented measures such as divisional staff segregation, safe distancing protocols, work-from-home arrangements, enhanced office cleaning measures and temperature screening to safeguard the safety of its employees. The Group also introduced a series of support measures for employees such as waiving the exclusive service requirement to enable staff to temporarily take up jobs outside of Singapore Airlines and providing resources on alternative job placement opportunities and financial relief measures from banks and government agencies.

Due to the reduced level of activity, the Group implemented a shorter work month for all ground staff from May 2020 to July 2020. It was critical for the Group to continue upskilling its workforce during this time to ensure staff remained competitive. With support from additional government grants and unions, Singapore-based staff had the opportunity to participate in training courses related to Leadership & People, Professional Development and Digital competencies. Staff worldwide could also pursue e-learning courses to boost their skill competencies.

Prepare for the New World

The next phase of Singapore Airlines' transformation will see the Group taking a fundamental relook at its current business operating model with a post-COVID-19 lens to strengthen its operational resilience and financial capabilities.

An internal task force was created in May 2020 with four workgroups – Government and Health, Travel Experience, License, Certification and Manpower and Supply Chain, to review all key operation aspects as the Group prepares for the travel demand recovery. This includes thinking about what will be needed in the new normal, as well as necessary modifications to its in-flight products and end-to-end service delivery to provide additional health and safety assurances to customers and crew.

The Group remains steadfast and agile during this period of uncertainty and will continue to act nimbly in responding to evolving market conditions. Its portfolio strategy, with a presence in both the full-service premium and low-fare segments, gives Singapore Airlines the ability to offer the right products to match the demand when it recovers.

The Group is reviewing the potential shape and size of its network to provide clarity on the fleet size and mix that the Group will need to facilitate a flexible and agile network recovery plan and position the Group to emerge stronger post COVID-19.

To capitalise on increased cargo demand in the current operating environment, the Group has also implemented measures to increase cargo capacity by maximising the use of the freighter fleet and operating cargo-only passenger flights to ensure the continuous flow of essential goods to cater to global supply chain needs. This has allowed the Group to benefit from revenue driven by stronger cargo demand to partially offset the decline in passenger revenue.

Since June 2020, transit through Singapore has been progressively restored with more country pairs. As of October 2020, reciprocal arrangements to allow certain types of travel have been put in place or announced with China, Malaysia, Brunei, South Korea, Germany, Indonesia, Japan and Hong Kong. In addition, general travel to and from Australia, New Zealand and Vietnam has also been allowed unilaterally by Singapore. A new framework for relaxing Singapore's border restrictions was announced in August 2020 with three categories established based on country of origin. Singapore is also having continued discussions with various countries and regions to develop bilateral arrangements for safe travel. These measures have resulted in approximately 43,000 passengers travelling via the Group's airlines in September 2020, an increase from approximately 11,000 in April 2020. The Group, however, expects passenger capacity by the end of FY2021 to be less than 50 per cent. of that of pre-COVID levels.

Singapore Airlines' global footprint, its talented and committed employee base, its strong and trusted brands and its loyal customer base, will enable it to be competitive in the post-COVID-19 landscape.

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 March 2020, the Group's operating fleet consisted of 203 aircraft comprising 196 passenger aircraft and seven freighters.

The Group has reviewed its fleet and longer-term route network due to the impact of COVID-19 on its business and operations. The Group recognised an impairment of S$1,333 million on the carrying values of older generation aircraft, with 26 aircraft deemed surplus to fleet requirements.

The table below sets out certain key details on the Group's operating fleets:

Aircraft Type	Owned	Leased	Number of Aircraft	Average Age in Years (y) and Months (m)	On firm order	On Option / Purchase Rights
Singapore Airlines:						
777-300	5		5	16 y 4 m		
777-300ER	24	3	27	10 y 6 m		
A380-800	15	4	19	7 y 4 m		
A330-300		8	8	5 y 10 m		
A350-900 XWB	48		48	1 y 10 m	19	
787-10	15		15	1 y 4 m	29	6
777-9					20	6
Sub-total	**107**	**15**	**122**[R1]	**5 y 5 m**	**68**	**12**
Singapore Airlines (Freighters):						
747-400F	7		7	16 y 4 m		
SilkAir:						
A319		2	2	10 y 0 m		
A320		6	6	8 y 2 m		
737-800	8	9	17	5 y 1 m		
737 Max 8[R2]					31	14[R3]
Sub-total	**8**	**17**	**25**	**6 y 2 m**	**31**	**14**
Scoot:						
787-8	10		10	3 y 8 m	3	
787-9	10		10	3 y 5 m	2	
A320	4	22	26	7 y 10 m		
A320neo	1	2	3	1 y 0 m	30	11
A321neo					16	
Sub-total	**25**	**24**	**49**[R4]	**5 y 8 m**	**51**	**11**
Total	**147**	**56**	**203**	**5 y 11 m**	**150**	**37**

R1 This excludes five 777-200As and two 777-200Rs on lease to other carriers.
R2 Six 737 MAX 8s were temporarily withdrawn from service on 12 March 2019 till further notice.
R3 These are purchase rights for Boeing model 737 MAX aircraft including 737 MAX 7, 737 MAX 8 or 737 MAX 9.
R4 This excludes aircraft on lease to other carriers.

New aircraft will be added to the fleet in the coming years. As at 31 March 2020, Singapore Airlines had firm orders for 68 aircraft, with options and/or purchase rights for a further 12 aircraft. The contractual aircraft delivery schedule, as at 31 March 2020, was as follows:

- 19 A350-900XWB - Deliveries scheduled between 2020 and 2024.
- 29 Boeing 787-10 - Deliveries scheduled between 2020 and 2025.
- 20 Boeing 777-9 - Deliveries starting from 2022.

In addition, as at 31 March 2020, SilkAir had firm orders for 31 Boeing 737 Max 8 aircraft plus purchase rights for a further 14 such aircraft, Scoot had firm orders for 3 Boeing 787-8 aircraft, 2 Boeing 787-9 aircraft, 30 Airbus A320neos plus options for a further 11 such aircraft, and 16 Airbus A321neos.

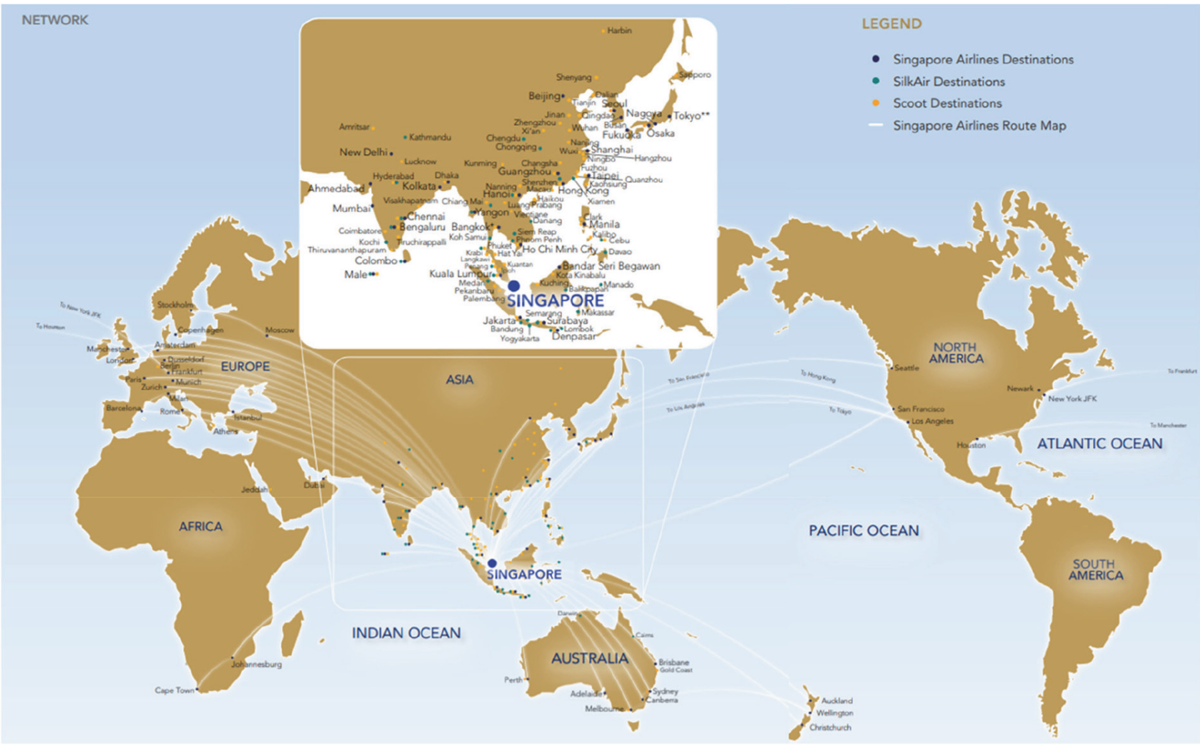
The new aircraft will replace older aircraft, to ensure that the Group maintains a modern and fuel-efficient fleet of aircraft, and to provide the airline with additional expansion opportunities to ensure that Singapore Airlines retains its industry-leading position.

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 March 2020, 56 aircraft in the Group's operating fleet were on operating leases, of which 15 were leased by the Company.

ROUTE NETWORK

Singapore Airlines' network growth strategy is premised on pursuing sustainable, profitable growth across a well-diversified network. With support from the Singapore Government, Singapore Airlines has developed Singapore's importance as an air hub, ferrying substantial hub traffic between key markets capitalising on Singapore's strategic geographical location to feed traffic into other parts of Asia and the Southwest Pacific. 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.

Before the impact of COVID-19 on global aviation, Singapore Airlines operated an extensive and well-connected international route network. As at 31 March 2020, Singapore Airlines' route network, including SilkAir and Scoot covered 136 passenger destinations in 37 countries and territories, including Singapore[9].



SIA CARGO

SIA Cargo, which operated as a subsidiary of the Group prior to 1 April 2018, was reintegrated into Singapore Airlines on 1 April 2018 to improve efficiency and strengthen the support for the cargo business through greater synergy with Singapore Airlines. It operated a fleet of seven Boeing 747-400 freighters as at 31 March 2020. It also manages and markets the bellyhold capacity of all airlines within the Group, namely Singapore Airlines, SilkAir and Scoot.

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

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

9 Figures include destinations that the Group has temporarily stopped flying due to the COVID-19 pandemic.

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

- an extensive global network, achieved with the Group's airlines, offering greater choice and flexibility for customers worldwide;

- continuous enhancement of information technology applications to improve staff productivity and enhance customer experience;

- professional and safe handling of time and temperature sensitive pharmaceutical shipments via THRUCOOL, a dedicated pharmaceutical service, which taps on its CEIV Pharma certified network and Coolport at its Singapore hub; and

- short transit times due to convenient flight connections at its hub in Singapore ensure shipments across the world in good time.

To meet the growing demand for cross-border e-commerce deliveries, SIA Cargo developed a logistics platform named "Parxl", that taps on the Group's extensive flight network. The service offers e-retailers a comprehensive shipping solution through an Application Programming Interface (API)-ready merchant platform, complete with end-to-end parcel tracking using blockchain, to their customers' doorsteps. Parxl is expected to be launched commercially by March 2021.

In line with Singapore Airlines' digital transformation, SIA Cargo has also been driving productivity and efficiency improvements through various initiatives. These include the development of the Cargo Digital Knowledge Base to enhance knowledge access, transfer and retention amongst SIA Cargo staff. This platform also allows staff to access trending cargo topics and essential job-related information in real time.

In January 2020, SIA Cargo was re-certified by the International Air Transport Association (IATA) under the Centre of Excellence for Independent Validators in Pharmaceutical Logistics (CEIV-Pharma) programme. This reaffirmed SIA Cargo's pharmaceutical handling capabilities. Following the successful launch of its first THRUCOOL pharmaceutical 'quality corridor' on the Zurich-Singapore-Sydney route in September 2018, five new cities (Amsterdam, Copenhagen, Ho Chi Minh City, Osaka and Stockholm) were inducted in FY2020. This provides added assurance to customers transporting temperature-sensitive pharmaceutical shipments to and from these cities via Singapore. More key pharmaceutical lanes will be progressively incorporated into the 'quality corridor' network as part of the expansion plan.

SIA Cargo is working on securing IATA's Centre of Excellence for Independent Validators for Perishable Logistics (CEIV Fresh) certification in FY2021 as part of the Singapore air cargo community's efforts. The community, which includes partners such as Changi Airport Group and DNATA, will be the first in South East Asia to undergo the CEIV Fresh certification. Securing this accreditation will give shippers greater confidence in Singapore as a preferred hub for their time and temperature-sensitive perishables shipments.

As part of its efforts to pursue higher operational quality and standards, SIA Cargo was the first airline to join IATA's Smart Facility Operational Capacity (SFOC) programme in December 2019. The programme aims to raise global standards in cargo handling operations by reducing audit complexity and duplication for cargo handling facilities. The SFOC certification sharpens the focus of SIA Cargo's audits of handling agents, allowing it to zoom in on SIA-specific procedures and enable even greater emphasis on safety and security. The combination of both the SFOC and SIA Cargo provide a more comprehensive picture of the service partners' capabilities and operational quality, while improving audit efficiency.

SIA Cargo was named "Air Cargo Carrier of the Year" at the Supply Chain Asia Awards 2019.

As the COVID-19 pandemic developed, SIA Cargo endeavoured to maintain an effective airfreight network despite the substantial reduction in passenger flights across the globe. Besides maximising the utilisation of its freighter fleet, it also operated cargo charter flights with Singapore Airlines and Scoot passenger aircraft, and introduced a scheduled cargo-only passenger flight network, to alleviate the cargo capacity constraints.

As at 31 March 2020, SIA Cargo served a total of 19 destinations via its Boeing 747-400 freighter network.

MAJOR SUBSIDIARIES

Singapore Airlines conducts its other principal business activities through the subsidiaries described below:

SIAEC GROUP

The following table sets out certain key financial information for SIAEC for the periods indicated:

	FY2020 (S$ million)	FY2019 (S$ million)	Change %
Total revenue	994.1	1,020.9	- 2.6
Total expenditure	926.4	964.1	- 3.9
Operating profit	67.7	56.8	+ 19.2
Profit attributable to equity holders of the company	193.8	160.9	+ 20.4

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 airline carriers and aerospace equipment manufacturers. It provides line maintenance services at over 30 airports around the world, as well as airframe and component services on some of the most advanced and widely used commercial aircraft. At its one-stop maintenance facility in Singapore, its 56,000 square-metre facility comprises six hangars, including a purpose-built hangar to accommodate the Airbus A380. 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 30 June 2020 was S$2,207 million[10] Singapore Airlines held 77.7% of the total share capital of SIAEC as at 30 June 2020.

A key business strategy of SIAEC is to extend its ability to provide a broad range of MRO services to its customers through alliances and partnerships. As at 31 March 2020, SIAEC had 29 subsidiary, joint venture and associated companies, 23 of which were established in partnerships with well-established aerospace companies and other and strategic partners, which enabled it to increase the depth and breadth of SIAEC's service offerings. One such partnership is the joint venture with GE Aviation, named GE Aviation, Overhaul Services – Singapore which will provide a full range of engine MRO services for GE90 and GE9X engines, utilising digital solutions and data analytics to enhance productivity.

In line with its focus on innovation and transformation, SIAEC has also developed an Operations and Technology Capability Roadmap to sharpen its focus in its innovation drive, to achieve a digitally enabled workforce while enhancing productivity, quality and safety. In support of this, it has developed the Smart MX App, a comprehensive one-stop application that provides access to maintenance manuals and various work-related information. Productivity improvements were also achieved through automated solutions for processes in workshops to reduce delivery time; and the use of Virtual Reality driving simulators to enhance the quality of training.

The COVID-19 pandemic has led to an unprecedented adverse impact on the global aviation industry and consequently on the MRO business without clear visibility on the timing of its recovery. Due to border controls imposed by countries worldwide, there was an immediate impact on SIAEC's transit handling business at its Singapore base and overseas line maintenance stations.

In light of this, SIAEC proactively implemented measures to mitigate the impact of COVID-19. Such measures included aligning with the pandemic response plan of Singapore Airlines to protect the safety and health of their staff, activating and reviewing business continuity plans to protect and minimise disruptions to operations as well as the introduction of various cost reduction measures. SIAEC will continue to review its portfolio of investments and to balance the need for cash conservation and taking advantage of strategic investment and partnership opportunities to emerge stronger as a trusted partner in the global MRO industry.

[10] Based on closing price of S$1.97 as at 30 June 2020.

SIAEC has also stepped up measures to mitigate the severe impact arising from the massive flight cuts by airline customers, such as pay cuts for SIAEC's directors and senior management and voluntary and compulsory no-pay leave for staff. SIAEC is deferring non-essential operating costs, non-essential capital expenditure and timing of certain payments, and taking measures to maintain adequate liquidity over the uncertain duration of the COVID-19 pandemic and severe disruption.

SILKAIR

The following table sets out certain key financial information for SilkAir for the periods indicated:

	FY2020 (S$ million)	FY2019 (S$ million)	Change %
Total revenue	906.0	1,030.9	- 12.1
Total expenditure	1,018.3	1,015.7	+ 0.3
Operating (loss)/profit	(112.3)	15.2	n.m.
Loss after taxation	(103.8)	(52.3)	-98.5

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 737-800 aircraft.

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 continues to be recognised for its excellence in product and service quality in the region, with awards including a Five Star Regional Airline Award for 2019 and a Four Star Major Airline Rating in 2020 from the Airline Passenger Experience Association.

SilkAir is currently undergoing a multi-year initiative that will ultimately see it merged into Singapore Airlines. At the same time, SilkAir continues to be committed in providing service excellence in the regions ahead of the eventual integration into Singapore Airlines.

Due to global travel restrictions resulting from the COVID-19 pandemic, SilkAir has made temporary reductions across its network from February 2020.

SCOOT

The following table sets out certain key financial information for Scoot for the periods indicated:

	FY2020 (S$ million)	FY2019 (S$ million)	Change %
Total revenue	1,680.6	1,780.1	- 5.6
Total expenditure	1,878.3	1,795.5	+ 4.6
Operating loss	(197.7)	(15.4)	n.m.
Loss after taxation	(251.9)	(40.8)	n.m.

Scoot was launched as a Singapore-based medium and long-haul low-cost carrier ("**LCC**") in 2012. As at 31 March 2020, Scoot's network encompasses 68 destinations, with more services scheduled to be transferred from SilkAir to Scoot.

Scoot regularly refreshes its fleet to enhance the flight experience. In July 2019, Scoot announced plans to progressively introduce 16 new Airbus A321neo aircraft into its fleet. Featuring brand-new cabin interiors, the A321neos will enable the airline's growth plans, and will be deployed on routes within six hours. The Airbus A321neo will be fitted with 236 seats, 50 more than that of the Airbus A320neo.

Scoot operates a fleet of 20 state-of-the-art, widebody Boeing 787 Dreamliners and 29 young and modern Airbus A320 family aircraft, with three Boeing 787-8s, two Boeing 787-9s, 30 Airbus A320neos and 16 Airbus A321neo aircraft on order.

Scoot's relentless drive for innovation was rewarded with a number of accolades. AirlineRatings.com ranked Scoot the best LCC in Asia Pacific for four consecutive years, from 2015 to 2018, while Skytrax considered Scoot one of the world's top 10 best LCCs in 2015 and 2018. It was also awarded "Best Low-Cost Carrier" at both the 30th Annual TTG Travel Awards 2019 and Travel Weekly Asia 2019 Readers' Choice Awards.

During the COVID-19 pandemic, Scoot mounted flights to China, India and Malaysia to ferry citizens back to their home countries and deliver humanitarian assistance from Singapore, as part of a special arrangement with the Singapore Authorities. Since the onset of the COVID-19 crisis, in support of its customers and to alleviate their stress and uncertainty over their travel plans, Scoot also mobilised a team to create a self-service portal for eligible customers to submit their requests online at their convenience.

RECENT DEVELOPMENT

On 13 November 2020, the Company priced the issuance of S$850,000,000 in principal amount of convertible bonds convertible into new ordinary shares in the capital of the Company. The convertible bonds will bear interest at the rate of 1.625 per cent. per annum, payable semi-annually in arrear and unless previously redeemed, converted or purchased and cancelled, the convertible bonds will have a tenor of five years. Subject to the fulfilment of certain conditions precedent, settlement and payment for the convertible bonds is expected to take place on or about 3 December 2020. The number of new shares to be allotted and issued by the Company, pursuant to the full conversion of the convertible bonds, is 148,006,268 (based on the conversion price of S$5.743 and assuming no adjustments to the conversion price), representing approximately 5.0 per cent. of the existing issued shares (excluding treasury shares).

SELECTED FINANCIAL INFORMATION

The following tables present selected financial information for the Group and the Company for FY2020, FY2019, and FY2018. Selected financial information for the Group and the Company for 1H FY2021 and 1H FY2020 can be found in the section titled "Financial Review – 1H FY2021 compared with 1H FY2020".

GROUP

Profit and Loss Statement:

	FY2020 (S$ million)	FY2019 (S$ million)	FY2018 (S$ million)
Total revenue	15,975.9	16,323.2	15,806.1
Total expenditure	15,916.8	15,256.1	14,257.3
Operating profit	59.1	1,067.1	1,548.8
(Loss)/Profit before Taxation	(220.2)	868.6	1,593.2
(Loss)/Profit attributable to the owners of the Company	(212.0)	682.7	1,301.6

Balance Sheet:

	FY2020 (S$ million)	FY2019 (S$ million)	FY2018 (S$ million)
Cash and Bank Balances	2,685.3	2,944.0	2,568.3
Total Assets	33,712.8	30,505.2	25,892.5
Total Liabilities	23,980.1	16,822.0	12,664.1
Equity Attributable to Owners of the Company	9,314.1	13,286.8	12,860.3

Cash Flow Statement:

	FY2020 (S$ million)	FY2019 (S$ million)	FY2018 (S$ million)
(Loss)/Profit before Taxation	(220.2)	868.6	1,593.2
Net cash provided by operating activities	2,731.9	2,801.1	2,610.9
Net cash used in investing activities	(4,964.8)	(5,362.4)	(4,581.3)
Net cash provided by financing activities	1,935.6	2,931.7	1,187.9
Net cash (outflow) / inflow	(297.3)	370.4	(782.5)
Cash and cash equivalents at the beginning of the year	2,944.0	2,568.3	3,380.5
Effect of exchange rate changes	38.6	5.3	(29.7)
Cash and cash equivalents at the end of the year	2,685.3	2,944.0	2,568.3

COMPANY

Profit and Loss Statement:

	FY2020 (S$ million)	FY2019 (S$ million)	FY2018 (S$ million)
Revenue	13,012.7	13,144.2	12,807.5
Expenditure	12,718.5	12,153.7	11,469.4
Operating Profit	294.2	990.5	1,338.1
(Loss)/Profit Before Taxation	(290.3)	938.8	1,529.0
(Loss)/Profit After Taxation	(283.5)	779.1	1,324.6

Balance Sheet

	FY2020 (S$ million)	FY2019 (S$ million)	FY2018 (S$ million)
Cash and Bank Balances	2,521.9	2,716.0	2,144.6
Total Assets	30,711.5	27,264.1	24,127.5
Total Liabilities	21,848.8	15,490.7	11,896.3
Equity Attributable to Owners of the Company	8,862.7	11,773.4	12,231.2

FINANCIAL REVIEW

The following sets out a financial review for each of FY2020, FY2019, FY2018, 1H FY2021 and 1H FY2020.

FY2020 COMPARED WITH FY2019

COMPANY

	FY2020 (S$ million)	FY2019 (S$ million)	Change %
Revenue	13,012.7	13,144.2	- 1.0
Expenditure	12,718.5	12,153.7	+ 4.6
Operating Profit	294.2	990.5	- 70.3
Non-operating items	(584.5)	(51.7)	n.m.
(Loss)/Profit before taxation	(290.3)	938.8	n.m.
Taxation	6.8	(159.7)	n.m.
Profit after taxation	(283.5)	779.1	n.m.

Company Revenue

The Company's revenue fell 1.0 per cent. from S$13,144 million to S$13,013 million in FY2020, predominantly due to lower cargo and mail revenue. This was partly offset by higher other revenue, mainly attributable to compensation received from suppliers in relation to various operational issues, higher revenue from lease of aircraft and recognition of a partnership bonus.

Company Expenditure

The Company's expenditure increased 4.6 per cent from S$12,154 million to S$12,719 million in FY2020.

Fuel expenditure before hedging decreased by 9.3 per cent. from S$4,095 million to S$3,715 million largely due to a 9.3 per cent. decrease in weighted average fuel price in FY2020, a 0.6 per cent. decrease in volume uplifted, and a stronger US dollar as compared against the Singapore dollar. Fuel hedging ineffectiveness of S$587 million in FY2020 was attributable to marked-to-market losses on surplus hedges arising from the expected capacity cuts in FY2021, which led to lower forecast fuel consumption requirements than under planned normal operating conditions.

Staff costs decreased by S$211 million (-10.7 per cent.) from S$1,968 million in FY2019 to S$1,757 million in FY2020, largely attributable to government grants received under the Singapore Budget 2020 to aid businesses affected by the COVID-19 outbreak.

Depreciation increased by S$608 million (+55.2 per cent.) from S$1,102 million in FY2019 to S$1,711 million in FY2020, mainly due to addition of new aircraft and the adoption of IFRS 16, under which depreciation of right-of-use ("**ROU**") assets was recognised in place of lease rental expense.

Rentals on leased aircraft decreased by S$368 million (-82.8 per cent.) from S$445 million in FY2019 to S$77 million in FY2020, largely due to fewer aircraft on operating lease and the aforementioned adoption of IFRS 16.

Aircraft maintenance and overhaul costs decreased by S$99 million (-13.7 per cent.) from S$724 million in FY2019 to S$625 million in FY2020 primarily due to lower provision for redelivery check costs from the expiry of aircraft leases.

Company Operating Profit

The Company's operating profit decreased 70.3 per cent. from S$991 million in FY2019 to S$294 million in FY2020.

GROUP

	FY2020 (S$ million)	FY2019 (S$ million)	Change %
Revenue	15,975.9	16,323.2	- 2.1
Expenditure	15,916.8	15,256.1	+ 4.3
Operating Profit	59.1	1,067.1	- 94.5
Non-operating items	(279.3)	(198.5)	+40.7
(Loss)/Profit before taxation	(220.2)	868.6	n.m.
Taxation	50.8	(147.0)	n.m.
(Loss)/Profit after taxation	(169.4)	721.6	n.m.
(Loss)/Profit attributable to equity holders	(212.0)	682.7	n.m.

Group Earnings

Group operating profit for FY2020 declined S$1,008 million (-94.5 per cent.) against FY2019 to S$59 million, predominantly attributable to the impact of the COVID-19 pandemic on the aviation industry in the fourth quarter of FY2020. The Group entered the fourth quarter of FY2020 on the back of a strong performance for the first nine months, driven by robust passenger traffic numbers. However, the market conditions deteriorated abruptly in February 2020 as the COVID-19 outbreak started to spread globally. Fears about the spread of the virus, as well as global travel restrictions and border controls, led to a collapse in the demand for air travel, severely impacting the financial results of the three airlines in the Group. The three airlines in the Group were significantly impacted by the COVID-19 pandemic and recorded weaker operating performance over last year, while SIA Engineering's 19.2 per cent. better operating results slightly cushioned the decline. The Company earned an operating profit of S$294 million in FY2020, a S$697 million reduction compared to FY2019. SilkAir recorded an operating loss of S$112 million in FY2020, a reversal from the operating profit of S$15 million it recorded in FY2019. Scoot's operating loss widened a further S$183 million from FY2019.

Group revenue fell S$347 million (-2.1 per cent.) from S$16,323 million in FY2019 to S$15,976 million in FY2020, largely contributed by the Company, SilkAir and Scoot.

The Company's fall in revenue was mainly due to a decline in cargo revenue, as both loads (-8.8 per cent.) and yields (-3.8 per cent.) came in lower amidst a challenging trading landscape posed by international trade tensions and export manufacturing slowdown in key economies. The passenger segment registered a marginal improvement as revenue gains from growth in traffic (+1.5 per cent.). The West Asia & Africa and Americas route regions benefited from stronger overall demand, and the introduction of new non-stop services. These were offset by traffic declines induced by the pandemic in the fourth quarter of FY2020 and weaker yields (-1.0 per cent.).

The revenue reductions from SilkAir and Scoot were attributable to lower passenger flown revenue from respective declines in capacity (-9.7 per cent., -2.7 per cent.), brought about by flight cancellations following the outbreak of COVID-19, traffic (-8.3 per cent., -2.2 per cent.) and yields (both -1.8 per cent.). In addition, the grounding of the 737 MAX 8 fleet and progressive transfer of routes to Scoot also caused a reduction in SilkAir's capacity.

Group expenditure increased by S$661 million (+4.3 per cent.) from S$15,256 million in FY2019 to S$15,917 million in FY2020, including marked-to-market losses of S$710 million on ineffective fuel hedges for FY2021, attributable to a plunge in fuel prices and expected capacity cuts.

Fuel prices plummeted towards the end of the financial year, triggered by a slump in demand for oil due to the COVID-19 pandemic amid an unexpected price war and a consequent supply glut, resulting in fuel hedging losses upon contracts maturity. In addition, the expected capacity cuts in FY2021 will lead to lower fuel consumption than previously anticipated based on normal operating conditions, causing the Group to be in an over-hedged position. Consequently, the Group recorded the substantial marked-to-market losses of S$710 million on these surplus hedges in FY2020.

Fuel cost after hedging rose by S$49 million (+1.1 per cent.) from S$4,587 million in FY2019 to S$4,637 million in FY2020, largely due to fuel hedging losses against gains last year (+S$543 million) and a stronger US dollar against the Singapore dollar (+S$29 million), partially offset by a 9.1 per cent. decrease in average jet fuel prices (-S$447 million) and decrease in volume uplifted (-S$76 million).

Non-fuel costs decreased S$98 million (-0.9 per cent.) from FY2019 to FY2020, mainly attributable to government grants received to help businesses tide over the COVID-19 crisis and cost management measures.

The Group registered a net loss of S$212 million, a reversal of S$895 million from the net profit of S$683 million recorded in FY2019. This was mainly driven by the weaker operating performance (-S$1,008 million) as well as an increase in net finance charges (-S$105 million) due to the recognition of interest expense arising from lease liabilities, with the adoption of IFRS 16 Leases, and additional financing for capital expenditure. The swing from tax expense to tax credit (+S$198 million) and lower provision for SilkAir's re-fleeting costs and restructuring costs in preparation for the carrier's integration into the Company (+S$53 million) partly offset the losses.

Financial Position

From 1 April 2019, the Group adopted IFRS 16, a single, on-balance sheet lease accounting model for lessees. A lessee recognises an ROU asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Group applied the modified retrospective approach which allows for an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The effect of IFRS 16 on the Group's financial position is being included in the following analysis.

Equity attributable to owners of the Company decreased by S$3,973 million (-29.9 per cent.) to S$9,314 million as at 31 March 2020, largely due to fair value movement on cash flow hedges (-S$2,611 million), adoption of IFRS 16 (-S$847 million), payment of dividends (-S$356 million) and net loss for FY2020 (-S$212 million). The fair value movement on cash flow hedges of S$2,611 million was primarily attributable to the swing from gains to losses in the fair values of outstanding fuel hedges driven by the slump in average forward prices.

Total Group assets increased S$3,208 million (+10.5 per cent.) to S$33,713 million. The increase was mainly due to an increase in property, plant and equipment (+S$3,310 million) and ROU assets arising from adoption of IFRS 16 (+S$1,478 million), partially offset by a decrease in trade debtors (-S$707 million), derivative assets (-S$549 million) and cash and bank balances (-S$259 million). Property, plant and equipment increased largely due to asset acquisitions with the delivery of aircraft during the year. The decline in trade debtors was mainly due to lower sales stemming from flight cancellations following the COVID-19 outbreak. The decrease in derivative assets was largely attributable to a swing from fair value gains to fair value losses on fuel hedges. Cash balances fell primarily due to capital expenditure (-S$5,104 million), repayment of borrowings (-S$878 million), repayment of lease liabilities (-S$574 million) and payment of dividends (-S$356 million), partially offset by proceeds from borrowings, net of transactions costs (+S$3,981 million) and cash generated from operations (+S$2,732 million).

Total Group liabilities increased by S$7,158 million (+42.6 per cent.) to S$23,980 million as at 31 March 2020, primarily due to an increase in derivative liabilities (+S$3,260 million), borrowings (+S$3,170 million) and lease liabilities from adoption of IFRS 16 (+S$1,961 million). These were partially offset by lower deferred taxation (-S$705 million) and sales in advance of carriage (-S$674 million).

The Group's net debt[11] rose to S$8,676 million as at 31 March 2020, S$5,082 million higher than at 31 March 2019, primarily attributable to an increase in total debt[12] from loans drawn down by the Group (+S$3,169 million) and lease liabilities (+S$1,961 million) following the adoption of IFRS 16. Total debt to equity ratio[13] increased from 0.50 times to 1.27 times as at 31 March 2020.

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11 Net debt is defined as lease liabilities, loans and bonds issued, net of the sum of cash and bank balances and short-term investments.

12 Total debt is defined as the sum of borrowings, borrowings (current), long-term lease liabilities and lease liabilities (current) as at the end of the relevant financial year

13 Total debt to equity ratio is defined as total debt divided by total equity attributable to owners of the company as at the end of the relevant financial year

FY2019 COMPARED WITH FY2018

COMPANY[14]

	FY2019 (S$ million)	FY2018 (S$ million)	Change %
Revenue	13,144.2	12,807.5	+ 2.6
Expenditure	12,153.7	11,469.4	+ 6.0
Operating Profit	990.5	1,338.1	- 26.0
Non-operating items	(51.7)	190.9	n.m.
Profit before taxation	938.8	1,529.0	- 38.6
Taxation	(159.7)	(204.4)	- 21.9
Profit after taxation	779.1	1,324.6	- 41.2

Company Revenue

The Company's revenue rose 2.6 per cent. from S$12,808 million in FY2018 to S$13,144 million in FY2019, led largely by higher passenger flown revenue. This was partly offset by lower other revenue, due to the absence of non-recurring items pertaining to changes in estimated breakage rates and member benefits for the KrisFlyer programme, and compensation for aircraft delivery slots recorded in the last financial year.

Company Expenditure

The Company's expenditure increased 6.0 per cent. from S$11,469 million in FY2018 to S$12,154 million in FY2019. This was due to, amongst other factors, a S$535 million increase in fuel and related hedging costs, an S$87 million increase in staff costs, largely attributable to an increase in staff strength and crew allowances from an expansion in operations and introduction of ultra-long haul flights, and an increase of S$132 million in depreciation, mainly due to the addition of new aircraft.

Company Operating Profit

The Company's operating profit decreased by 26.0 per cent. from S$1,338 million in FY2018 to S$991 million in FY2019.

GROUP

	FY2019 (S$ million)	FY2018 (S$ million)	Change %
Revenue	16,323.2	15,806.1	+ 3.3
Expenditure	15,256.1	14,257.3	+ 7.0
Operating Profit	1,067.1	1,548.8	- 31.1
Non-operating items	(198.5)	44.4	n.m.
Profit before taxation	868.6	1,593.2	- 45.5
Taxation	(147.0)	(247.7)	- 40.7
Profit after taxation	721.6	1,345.5	- 46.4
Profit attributable to equity holders	682.7	1,301.6	- 47.5

Group Earnings

For FY2019, the Group recorded a 31.1 per cent. decline in operating profit, as expenditure outweighed revenue growth. The Group experienced significant cost pressures due to higher fuel prices, partly mitigated by fuel hedging gains. This was exacerbated by an absence of S$243 million of non-recurring revenue items recorded in FY2018.

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14 SIA Cargo is a division within the Company with effect from 1 April 2018. Prior year comparatives have been adjusted to account for its re-integration.

Group revenue rose S$517 million (+3.3 per cent.) year-on-year to S$16,323 million, largely contributed by the Company and Scoot.

In comparison with FY2018, the Company saw a robust gain in flown revenues (+S$613 million), led by the passenger segment. All route regions reported healthy passenger flown revenue gains, with Europe, West Asia and Africa, and Americas in particular, benefitting from strong demand, more agile commercial practices and in the latter's case, the introduction of new non-stop services. Cargo revenue rose S$45 million, as higher yields (+5.7 per cent.) sufficiently mitigated lower loads (-3.5 per cent.) on weaker trade conditions in the latter half of FY2019.

However, the revenue growth was tapered by the absence of non-recurring incidental income, which pertained to changes in estimated breakage rates and member benefits for the KrisFlyer programme (S$178 million), and compensation for changes in aircraft delivery slots (S$65 million).

Scoot's revenue growth was driven by higher passenger flown revenue, lifted by a 14.6 per cent. increase in passenger traffic from expanded operations. However, there was some dilution in yields (-1.7 per cent.), given the significant growth in capacity (+15.1 per cent.).

Group expenditure rose S$999 million (+7.0 per cent.) from S$14,257 million in FY2018 to $15,256 million in FY2019. Fuel cost before hedging rose by S$1,002 million, largely led by a US$16 per barrel (+21.6 per cent.) increase in average jet fuel price, partially offset by a higher fuel hedging gain against FY2018 (+S$314 million), resulting in an increase of S$688 million in net fuel cost (+17.6 per cent.). Non-fuel costs increased S$311 million (+3.0 per cent.), mainly attributable to double-digit capacity expansion at Scoot and the induction of ultra-long haul flights at the Company.

The Group's operating profit declined S$482 million from S$1,549 million in FY2018 to S$1,067 million (-31.1 per cent.) in FY2019. All major companies in the Group recorded weaker operating performance in FY2019 as compared to FY2018. The Company earned an operating profit of S$991 million in FY2019, a S$347 million reduction compared to FY2018. Scoot recorded an operating loss of S$15 million for FY2019, a reversal from its operating profit of S$78 million in FY2018, as the cost of expansion outweighed revenue growth.

Net profit for the Group fell S$619 million (-47.5 per cent.) from S$1,302 million in FY2018 to S$683 million in FY2019, largely driven by the weaker operating profit from higher fuel prices, and absence of non-recurring revenue recorded in FY2018 pertaining to KrisFlyer breakage rate and member benefit adjustments (S$178 million), and compensation for changes in aircraft delivery slots (S$65 million). Net profit was further impacted by non-operating items recorded in FY2019, including a S$116 million share of losses of Virgin Australia, an associated company for the Group, whose results were impacted by a major non-cash accounting adjustments. The Group also took a S$60 million charge in FY2019 in relation to SilkAir's re-fleeting costs for its transition from an Airbus to Boeing fleet, and restructuring costs incurred in preparation for the carrier's integration into the Company.

Financial Position

Equity attributable to owners of the Company increased by S$427 million (+3.3 per cent.) to S$13,287 million as at 31 March 2019, largely due to net profit for FY2019 (+S$683 million), fair value movement on cash flow hedges (+S$146 million) and lapse of employee share options (+S$62 million), partially offset by payment of dividends (-S$450 million). The fair value movement on cash flow hedges of S$146 million was primarily attributable to the swing from fair value losses to gains in foreign exchange hedges, partially offset by fair value movements on outstanding fuel hedges.

Total Group assets increased S$4,613 million (+17.8 per cent.) to S$30,505 million. The increase was mainly due to an increase in property, plant and equipment (+S$4,007 million), cash balances (+S$376 million) and trade debtors (+S$126 million). Property, plant and equipment increased largely due to asset acquisitions with the delivery of aircraft during the year as well as pre-delivery payments for aircraft on order. Cash balances rose primarily due to proceeds from borrowings, net of transactions costs (+S$3,619 million), cash generated from operations (+S$2,801 million) and proceeds from disposal and maturity of investments, net of additional acquisitions (+S$52 million), offset by capital expenditure (-S$5,562 million) and payment of dividends (-S$450 million).

Total Group liabilities increased by S$4,158 million (+32.8 per cent.) to S$16,822 million as at 31 March 2019, primarily arising from the increase in borrowings and issuance of bonds (+S$3,527 million), trade creditors (+S$347 million) and sales in advance of carriage (+S$273 million). Borrowings were higher largely due to loans drawn down by the Group (S$2,280 million) and issuance of two million medium term notes (S$1,350 million in aggregate).

The Group's net debt[15] rose to S$3,594 million as at 31 March 2019, S$3,193 million higher than as at 31 March 2018, attributable to an increase in total debt from the issuance of medium term notes (+S$1,350 million) and loans drawn down (+S$2,280 million) by the Group, partially offset by an increase in cash balances (-S$376 million). Total debt to equity ratio increased from 0.24 times as at 31 March 2018 to 0.50 times as at 31 March 2019.

1H FY2021 COMPARED WITH 1H FY2020

GROUP

	1H FY2021 (S$ million)	1H FY2020 (S$ million)	Change %
Total Revenue	1,634.4	8,324.5	- 80.4
Total Expenditure	3,497.3	7,911.4	-55.8
Operating (Loss)/Profit	(1,862.9)	413.1	n.m.
Non-operating items	(1,912.7)	(126.6)	n.m.
(Loss)/ Profit before Taxation	(3,775.6)	286.5	n.m.
(Loss)/Profit attributable to equity holders	(3,467.0)	205.6	n.m.

Group Earnings

The COVID-19 pandemic continues to have a severe impact on the Group's operations, with passenger traffic (measured in revenue passenger-kilometres) falling by 98.9% amid tight global border controls and travel restrictions.

Group revenue declined S$6,690 million (-80.4 per cent.) year-on-year to S$1,634 million in 1H FY2021. Passenger flown revenue fell sharply as Singapore Airlines, SilkAir and Scoot were severely impacted by restrictions on international travel. This was partially offset by stronger cargo flown revenue (up S$274 million, or +28.3 per cent.) as countries sought to restore global supply chains. Singapore Airlines responded to the demand by maximising freighter utilisation and deploying passenger aircraft on cargo missions.

Group expenditure decreased S$4,414 million (-55.8 per cent.) from S$7,911 million in 1H FY2020 to S$3,497 million in 1H FY2021, largely attributable to lower non-fuel expenditure and net fuel cost. Non-fuel expenditure decreased 54.0 per cent (-S$3,005 million) year-on-year, following wide-ranging cost-saving initiatives, including capacity cuts, contract renegotiations, and staff-related measures, further aided by various government support schemes. As a result of capacity cuts and lower fuel prices, fuel cost before hedging fell S$2,207 million (-91.0 per cent) year-on-year. However, this was partially offset by fuel hedging losses in 1H FY2021, compared to a gain in 1H FY2020. As a result, fuel cost post-hedging decreased S$1,973 million year-on-year (-84.0 per cent.).

Marked-to-market losses of S$563 million on ineffective fuel hedges were recognised in 1H FY2021, following a downward adjustment to the expected rate of capacity recovery, and consequently, a lower expected fuel consumption. The Group has paused fuel hedging activity since March 2020, given the uncertain pace of recovery.

As a result, the Group recorded an operating loss of S$1,863 million for 1H FY2021, a S$2,276 million reversal from an operating profit of S$413 million in 1H FY2020.

For the 1H FY2021, the Group reported a net loss of S$3,467 million, compared to a net profit of S$206 million in 1H FY2020. This was driven primarily by the deterioration in operating performance, as well as the following non-cash items:

- an impairment of S$1,333 million on the carrying values of older generation aircraft, with 26 aircraft deemed surplus to fleet requirements after completion of a review of the longer-term network. These comprise seven A380s, four 777-200/200ERs, four 777-300s, nine A320s and two A319s;

[15] Net debt is defined as the loans and bonds issued, net of the sum of cash and bank balances and short-term investments.

- a S$127 million charge from the liquidation of NokScoot, comprising mainly the impairment of seven Boeing 777 aircraft leased to NokScoot and the Group's share of related costs; and

- having reviewed the impact of COVID-19 on business conditions, Singapore Airlines has considered it prudent to fully write down the goodwill of S$170 million that was recorded when it first gained control of Tiger Airways in October 2014.

The Group announced the reduction of about 4,300 positions across the three airlines on 10 September 2020. Steps have been taken to reduce the number of staff that would be impacted by involuntary release, including salary cuts, a recruitment freeze, open vacancies left unfilled, an early retirement scheme and a voluntary staff release scheme. These measures reduced the number of staff impacted by the manpower rationalisation exercise to around 2,000. The Group incurred a cost of S$42 million in the exercise.

Financial Position

Since the commencement of FY2021, the Group has increased its liquidity by approximately S$11.3 billion, comprising the components in the table below.

	1H FY2021 (S$ billion)
Rights Issue (completed in June 2020)	8.8
Secured financing on A350-900 and 787-10 aircraft	2.0*
Unsecured financing	0.5

* Includes additional financing raised in October 2020.

The Group is continuing to explore additional means to further strengthen liquidity during this period of uncertainty. Positive discussions have taken place on aircraft sale-and-leaseback transactions and are well advanced, and opportunities in the debt capital markets are being evaluated. Singapore Airlines also has approval from shareholders until its next Annual General Meeting to raise up to an additional S$6.2 billion through the issuance of mandatory convertible bonds.

Network

In 1H FY2021, the Group scaled back operations due to border closures but retained services to key cities to bring many of its customers home.

Between end-June and end-September 2020, Singapore Airlines increased destinations served from 24 to 30, SilkAir from 3 to 5, and Scoot from 6 to 16. Consequently, the Group's passenger network has increased from 32 destinations in June to 43 destinations, including Singapore, by the end of September. The Group's cargo network serves 61 cities as at 30 September 2020, up from 26 cities as at 1 April 2020.

In the coming months, Singapore Airlines and SilkAir will reinstate passenger services to Brunei, Dhaka, Fukuoka, Johannesburg, Kathmandu, Male, Penang and Hong Kong. Scoot will also resume services to Melbourne. Singapore Airlines has also announced that it would launch a thrice-weekly service from Singapore to New York's John F. Kennedy International Airport from 9 November, providing a non-stop connection to the U.S. East Coast and supporting both cargo and passenger traffic on the route.

Aircraft

The Group continues to engage aircraft manufacturers to negotiate adjustments to the delivery stream of existing aircraft orders and the schedule of progress payments to reduce near-term cash outflows.

The Group has concluded negotiations with Airbus on a revised aircraft delivery schedule incorporating deferrals for part of the aircraft on order. Negotiations with Boeing on aircraft currently on order are at an advanced stage. These outcomes will help to moderate the aircraft delivery stream in the near term.

Including the 26 aircraft deemed surplus to requirements, and the seven aircraft previously operated by NokScoot and also deemed surplus to requirements, the Group fleet currently consists of 222 passenger and cargo aircraft.

The passenger network is supported by about 39 aircraft. All seven freighters are fully utilised, and around 33 passenger aircraft are deployed on cargo-only services. 114 aircraft are parked at Singapore Changi Airport while 29 aircraft are stored in Alice Springs. The Group will remain nimble and be able to efficiently re-introduce parked and stored aircraft to our operations when required.

Outlook

Industry airfreight capacity is anticipated to remain constrained as a result of fewer passenger flights and hence lower bellyhold capacity. This is expected to keep cargo yields and load factors high in the coming months. The Group expects to see a progressive recovery in general cargo demand and continued strong demand from the pharmaceuticals and perishables segments. Cargo demand is also expected to receive a boost from the big e-commerce sale days and new product launches. The Group continues to proactively grow capacity to meet demand and expand the cargo network by deploying passenger aircraft on dedicated cargo operations (having removed seats in two of Scoot's A320ceo aircraft and two of Singapore Airlines' B777-300ER aircraft to carry only cargo).

The recovery from the COVID-19 pandemic is likely to remain patchy, given the new waves of infections around the world and concerns over imported cases. Nonetheless, there are some early signs of optimism. Customers are slowly gaining confidence in air travel, given the robust health and safety measures that have been put in place by airlines, airports and governments. There are also encouraging developments in the adoption of test protocols to facilitate border opening.

BOARD OF DIRECTORS AND EMPLOYEES OF SINGAPORE AIRLINES

BOARD MEMBERS

The Board of Singapore Airlines Limited oversees the business performance and affairs of the Company and provides general guidance to Management. The Board comprises nine members and meets at least four times a year. It holds separate Strategy Sessions to assist the Management in developing its plans and strategies for the future. The Board has established six Board Committees to assist it in the discharge of its functions. These Board Committees are: the Board Executive Committee, the Board Audit Committee, the Board Compensation and Industrial Relations Committee (the "**BCIRC**"), the Board Nominating Committee, the Board Safety and Risk Committee and the Customer Experience, Technology and Sustainability Committee. Each Board Committee has its own written Charter. The address of each of the Directors of the Company, in their capacity as Directors of the Company, is Airline House, 25 Airline Road, Singapore 819829.

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 the 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 and 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 CEO

Appointed Director on 1 October 2010 and CEO on 1 January 2011. Mr Goh joined Singapore Airlines Limited 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 is also Chairman of Budget Aviation Holdings Pte Ltd, which owns and manages Scoot, and a Director of SIAEC and Mastercard Incorporated. Mr Goh is also a Member of the Board of Governors of the International Air Transport Association and was its Chairman between June 2017 and 2018, Executive Committee of the Association of Asia Pacific Airlines, National University of Singapore Board of Trustees and the MIT Presidential CEO Advisory Board, made up of CEOs from leading companies in a variety of industries around the world. 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. He was also named the "Outstanding Chief Executive Officer of the Year" in the Singapore Business Awards 2017, in 2018 was named "Person of the Year" by Orient Aviation magazine and in 2019 was named 'Best Chief Executive Officer' for companies with $1 billion or more in market capitalisation at the Singapore Corporate Awards.

Gautam Banerjee
Director

Appointed Director on 1 January 2013. Mr Banerjee is a 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 for Singapore and in various leadership positions within the firm in India and the Asia Pacific region. Mr Banerjee retired from PwC Singapore on 31 December 2012. Apart from his executive role in Blackstone, he serves as Chairman of raiSE and is a Board Member of Piramal Enterprises Limited, India; Singapore Telecommunications Limited and GIC Private Limited. He was the Chairman of the

Listings Advisory Committee of the Singapore Exchange and served on the Board of The Indian Hotels Company Limited, Singapore Business Federation Council, 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.

Simon Cheong Sae Peng
Director

Appointed Director on 1 June 2017. Mr Cheong is the Founder and Chairman of SC Global Developments Pte Ltd, a leading luxury high-end residential developer in Singapore. He has more than 38 years of experience in real estate, banking and international finance. Mr Cheong established SC Global in 1996 as a real estate and hotel advisory and direct investment group, specialising in structuring large and complex transactions worldwide. He took SC Global Developments Ltd public in 1999 and built it into a leading high-end residential developer in Singapore with a market capitalisation of more than USD1 billion. He took it private through a general offer in 2013. Mr Cheong previously was with Citibank (Singapore) as Head of Real Estate Finance for Singapore and with Credit Suisse First Boston as a Director and Regional Real Estate Head for Asia, excluding Japan. Mr Cheong previously served as a Board Member of Republic Polytechnic, Singapore Turf Club, Singapore Dance Theatre and Raffles Girls' Secondary School. He was also a Council Member of the Singapore Business Federation, and served two terms as President of the Real Estate Developers' Association of Singapore.

David John Gledhill
Director

Appointed Director on 1 September 2018. Mr Gledhill is the Senior Advisor to DBS Bank. He was the Group Chief Information Officer as well as Head of Group Technology & Operations at DBS Bank, before his retirement from DBS in August 2019 after 11 years of service. Prior to joining DBS, he was with JP Morgan for more than 20 years, holding senior regional positions in Technology & Operations in Singapore, Tokyo and London. His last role at JP Morgan was as Managing Director and Head of Investment Bank Operations Asia. Before joining JP Morgan, Mr Gledhill was with British Telecom in the UK, holding various roles in software and hardware design. Mr Gledhill is Advisor to McKinsey & Company, Bank of Ireland, Bank of New Zealand, Sygnum Bank AG, Advisory Committee Member of Singapore Ministry of Finance ICT Advisory Panel and a Board member of National University of Singapore Institute of Systems Science. He was a Director of Singapore Clearing House Pte Ltd, served as Board Advisor to Singapore Management University School of Information Systems and a past member of the IBM Advisory Board and the National Super Computing Centre Steering Committee. In 2017, Mr Gledhill was the recipient of the Massachusetts Institute of Technology Sloan CIO Leadership Award, becoming the first CIO from an Asian company to have won.

Goh Swee Chen
Director

Appointed Director on 1 January 2019. Ms Goh is the former Chairman of the Shell group of companies in Singapore. She retired from Shell in January 2019 after 16 years of service. She held senior roles with Shell since 2003 and had worked in Singapore, China and the Netherlands. Prior to joining Shell, Ms Goh was with Procter & Gamble for 14 years and was assigned to Malaysia, Japan and Singapore, and before that with IBM Australia and USA. A Justice of the Peace, Ms Goh is the Chairman of the Institute for Human Resource Professionals and the National Arts Council. She is also the President of Global Compact Network Singapore, Director of CapitaLand Limited, Singapore Power Limited and Woodside Energy Ltd. She is a Trustee on the Board of Nanyang Technological University. Ms Goh was conferred the Chicago Booth Distinguished Alumni Award in 2018 from the University of Chicago Booth School of Business.

Dominic Ho Chiu Fai
Director

Appointed Director on 1 May 2017. Mr Ho is the Chairman of DBS Bank (China) Limited. He began his career as an auditor with KPMG in 1975 in the US city of Houston, covering a wide range of industries.

He retired in 2007 as Co-Chairman of KPMG, China and Hong Kong. During his career with KPMG, Mr Ho was regarded as its China business specialist. He advised on China's offshore oil industry, participated in the formation of China's taxation system, was involved in initial public offerings (IPOs) of Chinese companies and assisted foreign companies with their investments in China. In the 1990s, he was commissioned by the Chinese Government to lead a team to perform a feasibility study of the Chinese aviation industry aimed at restructuring it ahead of the launch of airline IPOs. Mr Ho is currently a Director of DBS Bank (Hong Kong) Limited, Hang Lung Properties Limited and Underwriters Laboratories Inc. He is also a past Member of the Corruption Prevention Advisory Committee of Hong Kong's Independent Commission Against Corruption, and a past Member of Hong Kong's Insurance Advisory Committee.

Hsieh Tsun-yan
Director

Appointed Director on 1 September 2012. Mr Hsieh is the Chairman and Lead Counselor of LinHart Group, a leadership solutions firm founded by Mr Hsieh in 2008. Mr Hsieh has extensive experience in business strategy, 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 a joint appointment as Provost Chair Professor (Practice) at the National University of Singapore Business School and the Lee Kuan Yew School of Public Policy. His past Board roles include Bharti Airtel Limited, India; Sony Corporation, Japan; the Singapore International Foundation; Singapore Institute of Management Holdings Pte Ltd; Duke-NUS Medical School Singapore; the Singapore Symphony Orchestra; Covenant House Canada and the University Health Network Foundation in Toronto.

Lee Kim Shin
Director

Appointed Director on 1 September 2016. Mr Lee is a lawyer and the Joint Managing Partner of Allen & Gledhill LLP. He has been with Allen & Gledhill for more than 30 years, with a year spent serving as a Judicial Commissioner of the Singapore High Court in 2014. Mr Lee was appointed Senior Counsel in January 2015. He is a Member of the Governing Board of Duke-NUS Medical School Singapore and a Member of the main committee of the Yellow Ribbon Fund. Mr Lee is a Director of Allen & Gledhill Regulatory & Compliance Pte Ltd, Eastern Development Holdings Pte Ltd, Eastern Development Private Limited, Epimetheus Limited, Singapore Power Limited and Singapore Institute of Legal Education.

INCENTIVE PLANS

As at 31 March 2020, the Group had a global staff strength of 28,160, including the staff strength of Singapore Airlines of 17,204.

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 the Company's strategic objectives and to 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**"), the SIA Deferred Share Award ("**DSA**") which is a contingent share award under the RSP 2014 and the SIA Transformation Share Award ("**TSA**") under RSP 2014.

Under the PSP 2014 and RSP 2014, the total number of shares which may be delivered (whether in the form of shares or cash in lieu of shares) is subject to a maximum limit of 5 per cent. of the total number of issued shares (excluding treasury shares). In addition, the total number of shares under awards to be granted under the PSP 2014 and RSP 2014 from the forthcoming Annual General Meeting to the next Annual General Meeting (the "**Relevant Year**") shall not exceed 0.5 per cent. of the total number of issued shares (excluding treasury shares) from time to time (the "**Yearly Limit**"). However, if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion can be used for grants of awards in subsequent years.

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. Depending on the achievement of pre-determined performance targets over a three-year period, the final award under the PSP 2014 could range between 0 per cent. and 200 per cent. of the initial award granted. The final award will cliff vest in a single tranche after completion of the performance period. The number of outstanding shares granted under the PSP 2014 was 932,422 as at 31 March 2020.

An initial award of FY2020 PSP 2014 was granted during the financial year under consideration in July 2019. Due to the impact of COVID-19, the Group has attained a reduced achievement factor which is reflective of partially meeting the pre-determined target performance level for the FY2018 PSP 2014 awards granted based on the performance period from FY2018 to FY2020 and shares will cliff vest accordingly.

The RSP 2014 is targeted at a broader base of selected employees and enhances the Company's ability to recruit and retain talented employees, as well as to reward for Group, Company and individual performance. To retain these employees, an extended vesting period of a further two years is imposed beyond the initial one-year performance period. Depending on the achievement of pre-determined performance targets over a one-year period, the final award under the RSP 2014 could range between 0 per cent. and 150 per cent. of the initial award granted. The number of outstanding shares granted under the RSP 2014 was 2,026,384 as at 31 March 2020.

An initial award of FY2020 RSP 2014 was granted during the financial year under consideration in July 2019. Due to the impact of COVID-19, the Group has attained a reduced achievement factor which is reflective of partially meeting the pre-determined target performance level for the FY2020 RSP 2014 awards granted based on the performance period of FY2020 only and shares will commence vesting accordingly. Previous final awards of the RSP 2014 continued to vest during the financial year. The number of outstanding shares granted under the RSP 2014 was 2,026,384 as at 31 March 2020.

As part of the Company's Strategic & Transformational 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 DSA is granted as a contingent share award under the RSP 2014. The final award, which includes the accumulated dividend yield (based on the sum of 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. The last DSA was awarded in September 2018 in respect of the FY2018 transformation year. The number of outstanding shares granted under the DSA was 213,160 as at 31 March 2020.

The TSA is a two-year share-based incentive scheme under the RSP 2014. It is established with the objective of rewarding, motivating and retaining a selected group of key senior management and staff throughout the ongoing transformation period (FY2019 and FY2020). Under the TSA, an initial award is granted in the form of rights to shares, provided performance conditions are met in future. Final awards may vary between 0-200% of the initial award, depending on the extent of achievement of the Group transformational success objectives as assessed by the BCIRC. The final award is subject to extended vesting, with half of the final award paid out at the end of the one-year performance period, and the balance in equal tranches over the next two years. An additional 20% equity kicker is awarded upon final vesting for retention purposes. The number of outstanding shares granted under the TSA was 654,905 as at 31 March 2020.

Given the impact of COVID-19 on the Group's share price at the end of FY2020, the BCIRC has assessed a Nil achievement factor and there will be no vesting of FY2020 TSA, except in the case of former Executive Vice President Mr Ng Chin Hwee, under his early retirement agreement with the Company as at 31 March 2020 where 100% of the FY2020 TSA will be vested to him given his career-long contributions to Singapore Airline's transformation journey. He has taken on the CEO role at SIAEC, which is Singapore Airline's listed subsidiary. Previous awards of TSA and deferred shares granted in earlier financial years continued to vest during the financial year.

Senior Management is required to hold a portion of the shares released to them under a share ownership guideline, which requires them to maintain a beneficial ownership stake in the Company, further aligning their interests with shareholders.

USE OF PROCEEDS

The 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 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 or a global certificate 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.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through securities sub-accounts held with certain corporate depositors ("**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 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.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Conditions to “Noteholder” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary for Euroclear and/ or Clearstream and/or any other relevant clearing system will be that depositary or common depositary or sub-custodian, as the case may be.

In relation to any Tranche of Notes represented by one or more Global Certificates, references in the Terms and Conditions of the Notes to “Noteholder” are references to the person in whose name the relevant Global Certificate is for the time being registered in the Register which in the case of any Global Certificate which is held by or on behalf of a depositary or a common depositary for Euroclear and/or Clearstream and/or any other relevant clearing system, will be that depositary or common depositary or a nominee for that depositary or common depositary.

Each of the persons shown in the records of Euroclear and/or Clearstream and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Certificate (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Company to the holder of such Global Note or Global Certificate and in relation to all other rights arising under such Global Note or Global Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Certificate will be determined by the respective rules and procedures of Euroclear and Clearstream and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Certificate, Accountholders shall have no claim directly against the Company in respect of payments due under the Notes and such obligations of the Company will be discharged by payment to the holder of such Global Note or Global Certificate.

Transfers of Interests in Global Notes and Global Certificates

Transfers of interests in Global Notes and Global Certificates within Euroclear, Clearstream, or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Company, the Trustee, the Registrar, the Dealers or the Agents will have any responsibility or liability for any aspect of the records of any Euroclear, Clearstream or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Global Certificate or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of an Certificate representing such interest.

Although Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Certificates among participants and accountholders of Euroclear and Clearstream, they are 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 Trustee, the Registrar, the Dealers or the Agents will have any responsibility for the performance by Euroclear or Clearstream or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their respective operations.

While a Global Certificate is lodged with Euroclear, Clearstream, or any relevant clearing system, Certificates for the relevant Series of Notes will not be eligible for clearing and settlement through such clearing systems.

Conditions Applicable to Global Notes

Each Global Note and Global Certificate will contain provisions which modify the Conditions as they apply to the Global Note or Global Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Certificate which, according to the Conditions, require presentation and/or surrender of a Note or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Company in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Company shall procure that the payment is noted in a schedule thereto.

Payment Record Date: Each payment in respect of a Global Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 7(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note or the holder of a Global Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Issuing and Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 7(d) (*Redemption at the option of the Company*) in relation to some only of the Notes where such Notes are held with Euroclear and/or Clearstream, the Permanent Global Note or Global Certificate may be redeemed in part in the principal amount specified by the Company in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 13 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Certificate and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or Global Certificate is, held (i) on behalf of Euroclear or Clearstream, or any other clearing system (except as provided in (ii) below)), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by these Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate, or (ii) by CDP, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in the list of Noteholders provided by CDP or may be given by way of publication in a leading English language daily newspaper of general circulation in Singapore. Any such notice will be deemed to have been given on the third day after the day on which the said notice was given to the relevant clearing system or on the date of first publication, as the case may be.

TAXATION

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 and the Inland Revenue Authority of Singapore 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(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 Programme accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.

Singapore Taxation

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:

(i) 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 (a) 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 (b) deductible against any income accruing in or derived from Singapore; or

(ii) 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.

In addition, as the Programme as a whole was arranged by Citicorp Investment Bank (Singapore) Limited 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 (the "**Relevant Notes**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 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 MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as 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 qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying 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 income tax;

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

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

Notwithstanding the foregoing:

(i) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four 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

(ii) 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, Qualifying Income derived from such Relevant Notes held by:

    (a) any related party of the Company; or

(b) 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.

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.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying 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 and profits of 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 Qualifying 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.

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 ("**FRS**") 39 – Financial Instruments: Recognition and Measurement, FRS 109 – Financial Instruments or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be), 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, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 and SFRS(I) 9 for Singapore income tax purposes".

3. ADOPTION OF FRS 39, FRS 109 AND SFRS(I) 9 FOR SINGAPORE INCOME TAX PURPOSES

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39—Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA 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.

Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

United States Foreign Account Tax Compliance Act ("FATCA") Tax Provisions

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Company may be a foreign financial institution for these purposes. A number of jurisdictions (including Singapore) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment". Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

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.

United States

(A) The Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, Notes may not be offered or sold within the United States or to U.S. persons. Each Dealer has represented and agreed that, except as permitted by the Programme Agreement, it will not offer, sell or in the case of Bearer Notes, deliver the Notes within the United States or to U.S. persons. In addition, until 40 days after the commencement of any offering, an offer or sale of Notes from that offering within the United States by any dealer whether or not participating in the offering may violate the registration requirements of the Securities Act.

(B) Bearer Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or to United States persons, except in certain transactions permitted by U.S. tax regulations.

(C) 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.

Prohibition of Sales to EEA and UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the EEA or in the UK. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Public Offer Selling Restriction under the Prospectus Regulation

If the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the United Kingdom (each a **"Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) *Fewer than 150 offerees*: at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Company for any such offer; or

(c) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Notes referred to in (a) to (c) above shall require the Company or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree:

(a) *No deposit taking:* in relation to any Notes having 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:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) 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 FSMA by the Company;

(b) *Financial promotion:* 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, if it was not an authorised person, apply to the Company; and

(c) *General compliance:* 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.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) 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 "**SFO**") 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 "**C(WUMP)O**"), or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) 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 SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, 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 any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) 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 or securities-based derivatives contracts (each term as defined in Section 2(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, or to any person arising from an offer referred to in Section 275(1A) or 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 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**"). Accordingly, each Dealer represents, warrants and agrees, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other applicable laws, regulations and ministerial guidelines of Japan.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Notes has been, or will be, lodged with the Australian Securities and Investment Commission ("**ASIC**") or any other regulatory authority in Australia. Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that, unless an applicable Pricing Supplement (or a supplement to this Information Memorandum) otherwise provides, it:

(a) has not offered or invited applications, and will not offer or invite applications for the issue, sale or purchase of the Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, the Information Memorandum or any other offering material or advertisement relating to any Notes in Australia,

unless:

(i) the aggregate consideration payable by each offeree is at least A$500,000 (or its equivalent in an alternate currency, and in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;

(ii) the offer or invitation does not constitute an offer to a "**retail client**" as defined for the purposes of Section 761G of the Corporations Act;

(iii) such action complies with all applicable laws, regulations and directives in Australia (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act); and

such action does not require any document to be lodged with ASIC, or any other regulatory authority in Australia.

Korea

The Notes have not been registered and will not be registered with the Financial Services Commission of Korea for a public offering in Korea under the Korea Financial Investment Services and Capital Markets Act ("**FSCMA**"). The Notes have not been and will not be offered, sold or delivered directly or indirectly, or offered, sold or delivered to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined in the Foreign Exchange Transactions Law of Korea ("**FETL**") and its Enforcement Decree) within 1 year of the issuance of the Notes, except as otherwise permitted under applicable Korean laws and regulations, including the FSCMA and the FETL and the decrees and regulations thereunder. Without prejudice to the foregoing, the number of Notes offered in Korea or to a resident in Korea shall be less than 50 and for a period of one year from the issue date of the Notes, none of the Notes may be divided resulting in an increased number of Notes. By the purchase of a Note, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased such Note pursuant to the applicable laws and regulations of Korea.

Taiwan

The Notes have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan pursuant to relevant securities laws and regulations of Taiwan and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Securities in Taiwan. The Notes may be made available outside Taiwan for purchase outside Taiwan by Taiwan resident investors, but may not be offered or sold in Taiwan.

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 Arranger and Dealer has represented, warranted and undertaken to the Company that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Information Memorandum and any related offering material.

Certain of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and/or commercial banking transactions with, and may perform services for, the Company and its respective subsidiaries in the ordinary course of business for which they have and/or will receive fees and expenses.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Company in such jurisdiction.

GENERAL INFORMATION

Legal Entity Identifier

The Legal Entity Identifier of the Company is 549300ZG62N2599PWR15.

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 30 September 2020.

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.

Changes in Accounting Policies

Save as disclosed in this Information Memorandum, there has been no changes in accounting policies which would have a material adverse effect in the financial performance or position of the Group since 30 September 2020.

Litigation

Neither the Company nor the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened or contemplated) which may have or may have had (during the 12 months prior to the date of this Information Memorandum) a significant effect on the financial or trading position or profitability of the Group.

Documents for Inspection

As long as the Notes are 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 Constitution of the Company;

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

(iii) the Agency Agreement;

(iv) the Singapore Law Trust Deed (which contains the forms of the Notes in global and definitive form); and

(v) the English Law Trust Deed (which contains the forms of the Notes in global and definitive form).

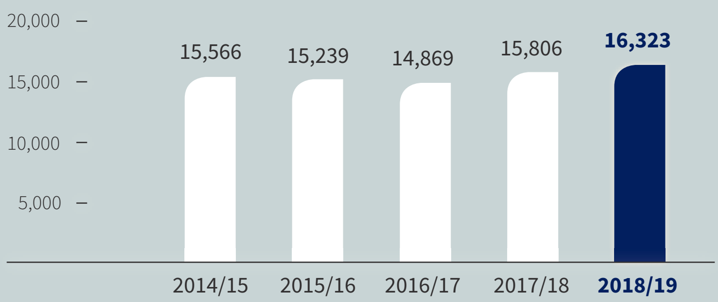
INDEX TO THE FINANCIAL STATEMENTS

The information in this section has been reproduced from the annual report of the Company and its subsidiaries for the financial years ended 31 March 2019 and 2020 and from the unaudited management accounts of the Company and its subsidiaries for the six months ended 30 September 2020 and has not been specifically prepared for inclusion in this Information Memorandum.

FINANCIAL REVIEW

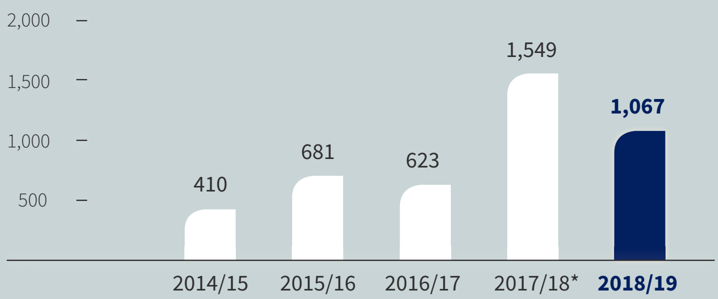
HIGHLIGHTS OF THE GROUP'S PERFORMANCE

REVENUE
($ million)



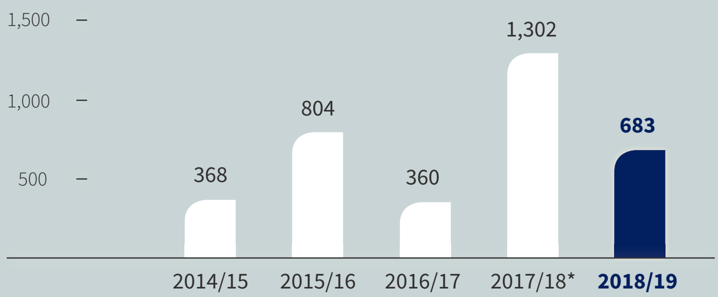
$16,323 million
(+$517 million, +3.3%)

OPERATING PROFIT
($ million)



$1,067 million
(-$482 million, -31.1%)

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
($ million)



$683 million
(-$619 million, -47.5%)

*Restated due to the adoption of IFRS (See next page)

PERFORMANCE OF THE GROUP

Key Financial Highlights

As required by the Singapore Exchange listing rules, the Group has adopted International Financial Reporting Standards ("IFRS") with effect from 1 April 2018. In accordance to the transition requirements, FY2017/18 comparatives used in the following discussion on the Group and Company financial performance have been restated, unless otherwise stated.

	2018/19	2017/18	% Change	
Earnings For The Year ($ million)				
Revenue	16,323.2	15,806.1	+ 3.3	
Expenditure	15,256.1	14,257.3	+ 7.0	
Operating profit	1,067.1	1,548.8	- 31.1	
Profit attributable to owners of the Company	682.7	1,301.6	- 47.5	
Per Share Data (cents)				
Earnings per share – basic	57.7	110.1	- 47.6	
Ordinary dividend per share	30.0	40.0	- 25.0	
Ratios (%)				
Return on equity holders' funds	5.2	10.8	- 5.6	points
Return on total assets	2.6	5.6	- 3.0	points

Group Earnings

For the financial year, the Group recorded a 31.1 per cent decline in operating profit, as expenditure outweighed revenue growth. The Group experienced significant cost pressures due to higher fuel prices, partly mitigated by fuel hedging gains. This was exacerbated by an absence of $243 million of non-recurring revenue items recorded last year.

Group revenue rose $517 million (+3.3 per cent) year-on-year to $16,323 million, largely contributed by Singapore Airlines (the "Parent Airline Company" or the "Company") and Scoot.

The Parent Airline Company saw a robust gain in flown revenues (+$613 million), led by the passenger segment. All route regions reported healthy passenger flown revenue gains, with Europe, West Asia and Africa, and Americas in particular, benefitting from strong demand, more agile commercial practices and in the latter's case, the introduction of new non-stop services. Cargo revenue rose $45 million, as higher yields (+5.7 per cent) sufficiently mitigated lower loads (-3.5 per cent) on weaker trade conditions in the latter half of the fiscal year.

However, the revenue growth was tapered by the absence of non-recurring incidental income, which pertained to changes in estimated breakage rates and member benefits for the KrisFlyer programme ($178 million), and compensation for changes in aircraft delivery slots ($65 million).

Scoot's revenue growth was driven by higher passenger flown revenue, lifted by a 14.6 per cent increase in passenger traffic from expanded operations. However, there was some dilution in yields (-1.7 per cent), given the significant growth in capacity (+15.1 per cent).

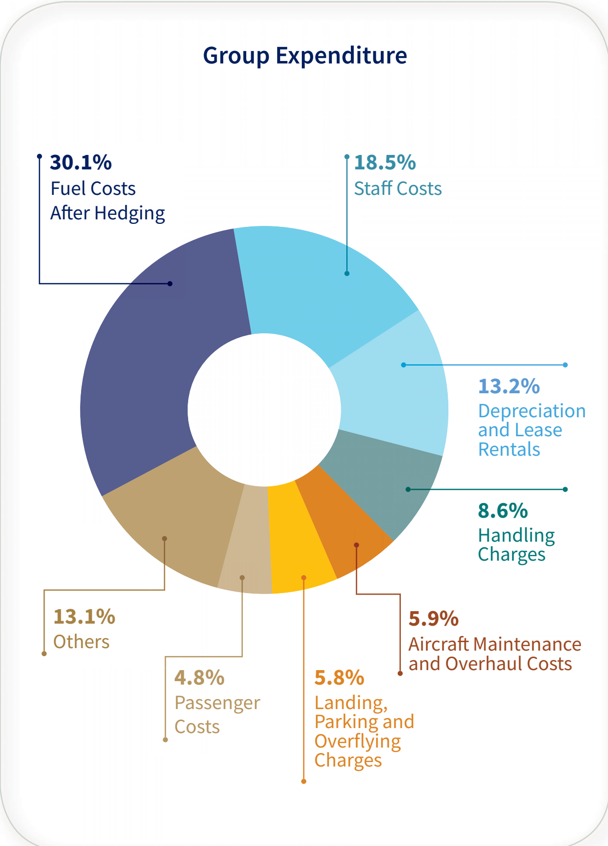
	2018/19 $ million	2017/18 $ million	% Change
Singapore Airlines	13,054.2	12,760.6	+ 2.3
SilkAir	1,011.1	998.9	+ 1.2
Scoot	1,710.8	1,533.8	+ 11.5
SIA Engineering	485.7	480.9	+ 1.0
Others	61.4	31.9	+ 92.5
Total revenue	16,323.2	15,806.1	+ 3.3

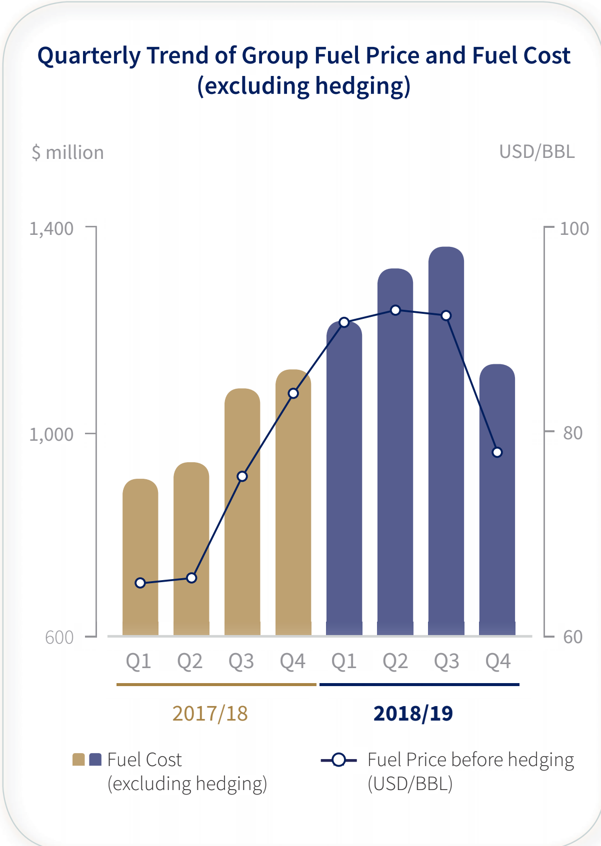
FINANCIAL REVIEW

PERFORMANCE OF THE GROUP (CONTINUED)

Group Earnings (continued)

Group expenditure rose $999 million (+7.0 per cent) year-on-year to $15,256 million. Fuel cost before hedging rose by $1,002 million, largely led by a US$16 per barrel (+21.6%) increase in average jet fuel price, partially offset by a higher fuel hedging gain against last year (+$314 million), resulting in an increase of $688 million in net fuel cost (+17.6 per cent). Non-fuel costs increased $311 million (+3.0 per cent), mainly attributable to double-digit capacity expansion at Scoot and the induction of ultra-long haul flights at the Parent Airline Company.





The Group's operating profit declined $482 million to $1,067 million (-31.1 per cent) for the financial year ended 31 March 2019. All major companies in the Group recorded weaker operating performance over last year. Singapore Airlines earned an operating profit of $991 million in the financial year, a $347 million reduction compared to last year. Scoot recorded an operating loss of $15 million for the fiscal year, a reversal from last year's operating profit of $78 million, as the cost of expansion outweighed revenue growth. Please refer to the review of the Company and subsidiary companies for further details.

Net profit for the Group fell $619 million (-47.5 per cent) to $683 million, largely driven by the weaker operating profit from higher fuel prices, and absence of non-recurring revenue recorded last year pertaining to KrisFlyer breakage rate and member benefit adjustments ($178 million), and compensation for changes in aircraft delivery slots ($65 million). Net profit was further impacted by non-operating items recorded in the year, including a $116 million share of losses of Virgin Australia, an associated company for the Group, whose results were impacted by a major non-cash accounting adjustments. The Group also took a $60 million charge in relation to SilkAir's re-fleeting costs for its transition from an Airbus to Boeing fleet, and restructuring costs incurred in preparation for the carrier's integration into SIA.

PERFORMANCE OF THE GROUP (CONTINUED)

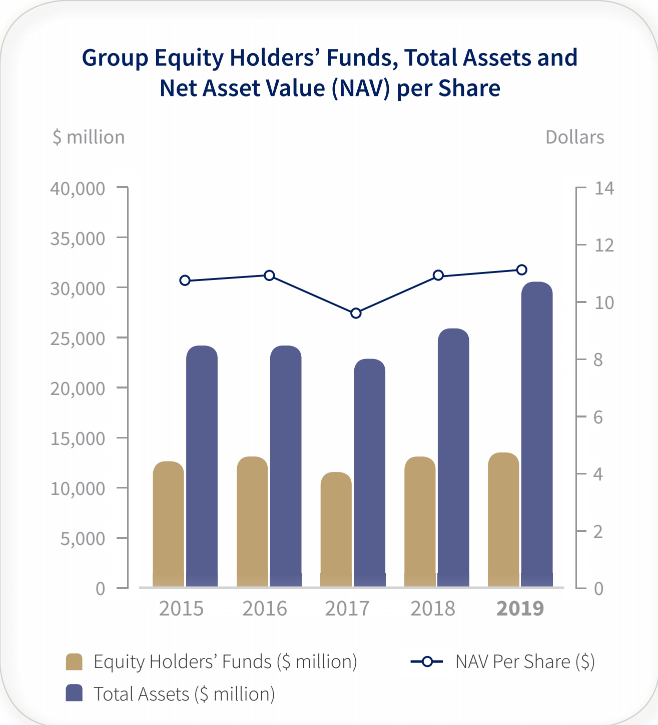
Financial Position

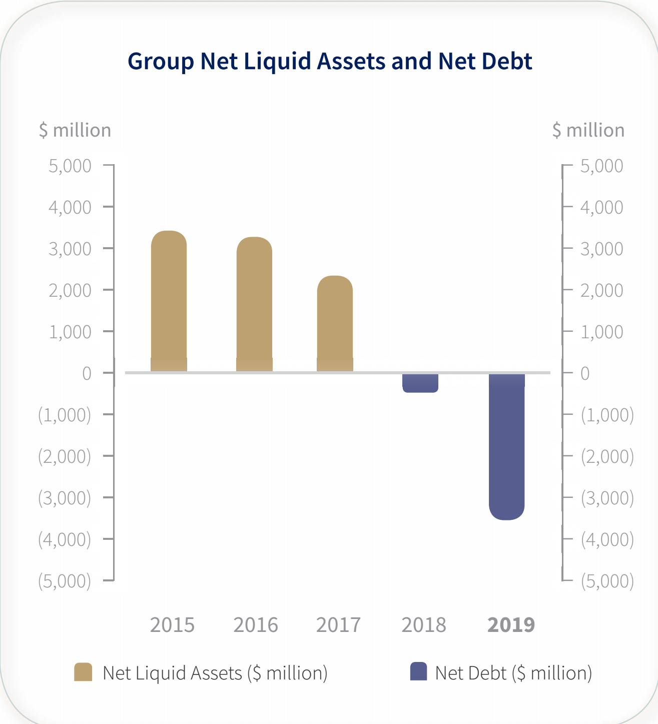
Equity attributable to owners of the parent increased by $427 million (+3.3 per cent) to $13,287 million as at 31 March 2019, largely due to net profit for the financial year (+$683 million), fair value movement on cash flow hedges (+$146 million) and lapse of employee share options (+$62 million), partially offset by payment of dividends (-$450 million). The fair value movement on cash flow hedges of $146 million was primarily attributable to the swing from fair value losses to gains in foreign exchange hedges, partially offset by fair value movements on outstanding fuel hedges.

Total Group assets increased $4,613 million (+17.8 per cent) to $30,505 million. The increase was mainly due to an increase in property, plant and equipment (+$4,007 million), cash balances (+$376 million) and trade debtors (+$126 million). Property, plant and equipment increased largely due to asset acquisitions with the delivery of aircraft during the year as well as pre-delivery payments for aircraft on order. Cash balances rose primarily due to proceeds from borrowings, net of transactions costs (+$3,619 million), cash generated from operations (+$2,801 million) and proceeds from disposal and maturity of investments, net of additional acquisitions (+$52 million), offset by capital expenditure (-$5,562 million) and payment of dividends (-$450 million).

Total Group liabilities increased by $4,158 million (+32.8 per cent) to $16,822 million as at 31 March 2019, primarily arising from the increase in borrowings and issuance of bonds (+$3,527 million), trade creditors (+$347 million) and sales in advance of carriage (+$273 million). Borrowings were higher largely due to loans drawn down by the Group ($2,280 million) and issuance of two million medium term notes ($1,350 million in aggregate).

The Group's net debt[R1] rose to $3,594 million as at 31 March 2019, $3,193 million higher than the prior year, attributable to an increase in total debt from the issuance of medium term notes (+$1,350 million) and loans drawn down (+$2,280 million) by the Group, partially offset by an increase in cash balances (-$376 million). Total debt to equity ratio increased from 0.24 times to 0.50 times as at 31 March 2019.

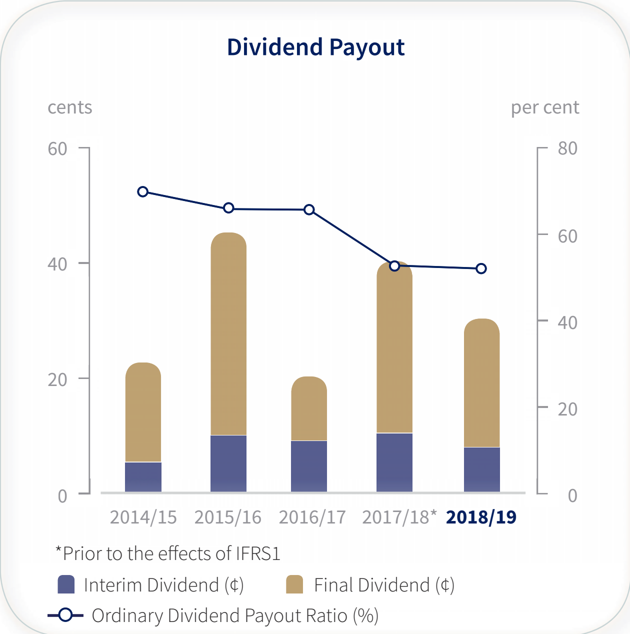




R1 Net debt is defined as the loans and bonds issued, net of the sum of cash and bank balances and short-term investments.

FINANCIAL REVIEW

PERFORMANCE OF THE GROUP (CONTINUED)

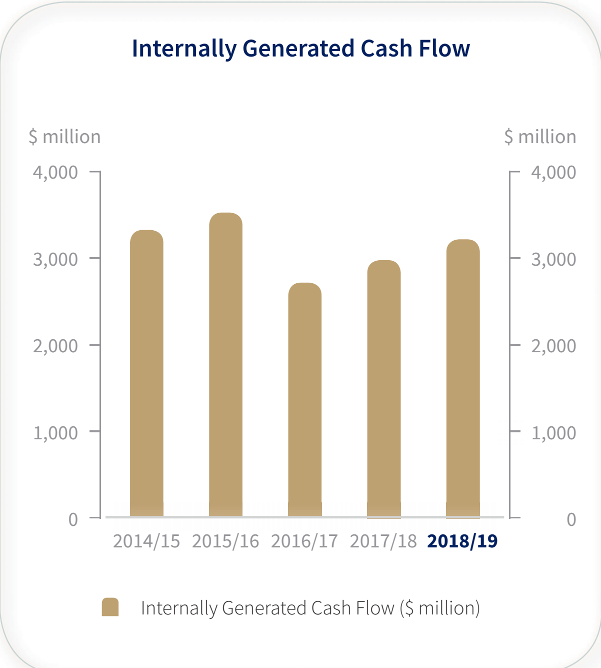


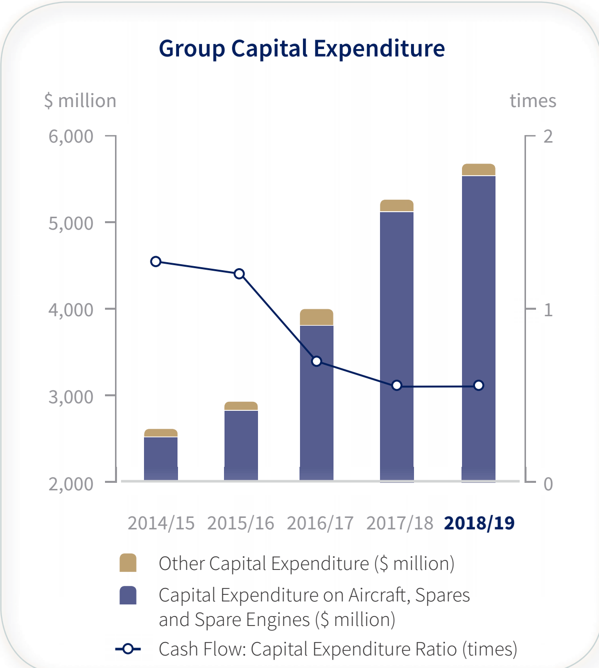
Dividends

For the financial year ended 31 March 2019, the Board recommends a final dividend of 22 cents per share. Including the interim dividend of 8 cents per share paid on 4 December 2018, the total dividend for the 2018/19 financial year will be 30 cents per share. This amounts to a payout of approximately $355 million based on the number of issued shares as at 31 March 2019.

Capital Expenditure and Cash Flow of the Group

Capital expenditure was $5,562 million, 6.8 per cent higher than last year. Approximately 98 per cent of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of $3,116 million (+5.3 per cent) was approximately 56 per cent of capital expenditure. The increase in internally generated cash flow was mainly attributable to higher cash flow from operations, as well as higher proceeds from the disposal of aircraft, spares and spare engines.





PERFORMANCE OF THE GROUP (CONTINUED)

Group Staff Strength and Productivity

The Group's staff strength as at 31 March 2019 was as follows:

	31 March 2019	2018	% Change	
Singapore Airlines	**16,316**	15,570	+	4.8
SIA Engineering	**6,673**	6,614	+	0.9
SilkAir	**1,484**	1,574	-	5.7
Scoot	**2,334**	2,051	+	13.8
Others	**271**	180	+	50.6
	27,078	25,989	+	4.2

Average staff productivity was as follows:

	2018/19	2017/18	% Change	
Revenue per employee ($)	**615,181**	610,251	+	0.8
Value added per employee ($)	**200,283**	216,806	-	7.6

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.

	2018/19 $ million	2017/18 $ million
Total revenue	**16,323.2**	15,806.1
Less: Purchase of goods and services	**(11,049.4)**	(10,325.6)
	5,273.8	5,480.5
Add:		
Interest income	**41.9**	60.9
(Loss)/Surplus on disposal of aircraft, spares and spare engines	**(5.8)**	16.1
Dividends from long-term investments	**3.1**	6.2
Other non-operating items	**(47.4)**	19.3
Share of profits of joint venture companies	**26.5**	43.6
Share of profits/(losses) of associated companies	**22.2**	(11.1)
Total value added for distribution	**5,314.3**	5,615.5
Applied as follows:		
To employees:		
- Salaries and other staff cost	**2,816.9**	2,709.0
To government:		
- Corporation taxes	**269.9**	248.5
To suppliers of capital:		
- Interim and proposed dividends	**355.1**	473.0
- Finance charges	**116.1**	89.8
- Non-controlling interests	**38.9**	43.9
Retained for future capital requirements:		
- Depreciation and amortisation	**1,389.8**	1,222.7
- Retained profit	**327.6**	828.6
Total value added	**5,314.3**	5,615.5
Value added per $ revenue ($)	**0.33**	0.36
Value added per $ employment cost ($)	**1.89**	2.07
Value added per $ investment in property, plant and equipment ($)	**0.20**	0.25

FINANCIAL REVIEW

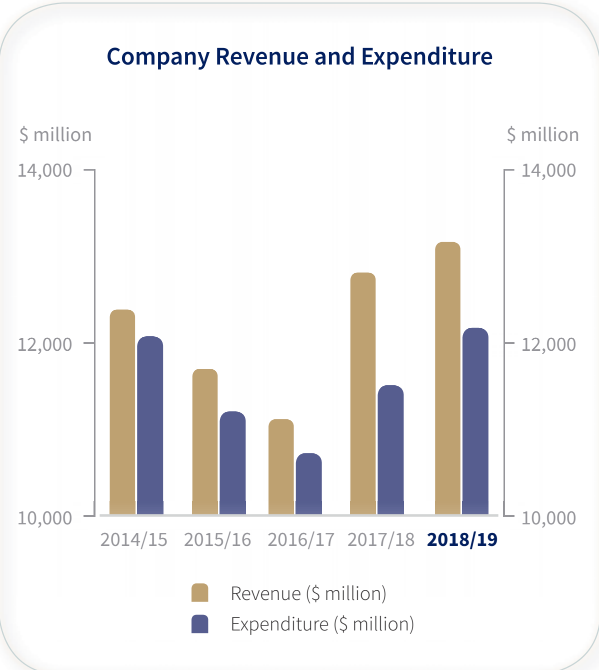
PERFORMANCE OF THE COMPANY

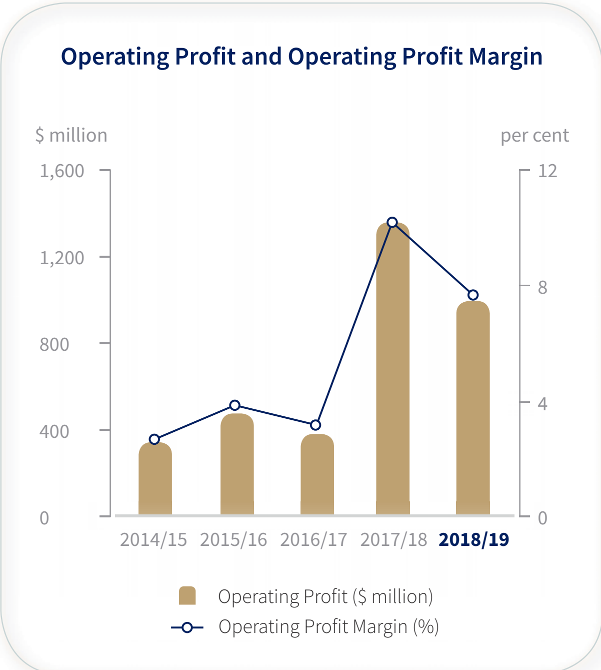
SIA Cargo is a division within the Parent Airline Company with effect from 1 April 2018. Prior year comparatives have been adjusted to account for its re-integration.

Earnings

	2018/19 $ million	2017/18 $ million	% Change	
Revenue	13,144.2	12,807.5	+	2.6
Expenditure	12,153.7	11,469.4	+	6.0
Operating profit	990.5	1,338.1	-	26.0
Finance charges	(114.0)	(94.8)	-	20.3
Interest income	74.6	89.1	-	16.3
Surplus on disposal of aircraft, spares and spare engines	4.1	15.4	-	73.4
Dividends from subsidiary and associated companies	173.9	162.4	+	7.1
Dividends from long-term investments	3.1	6.2	-	50.0
Other non-operating items	(193.4)	12.6		n.m.
Profit before taxation	938.8	1,529.0	-	38.6
Taxation	(159.7)	(204.4)	+	21.9
Profit after taxation	779.1	1,324.6	-	41.2

n.m. not meaningful





PERFORMANCE OF THE COMPANY (CONTINUED)

Revenue

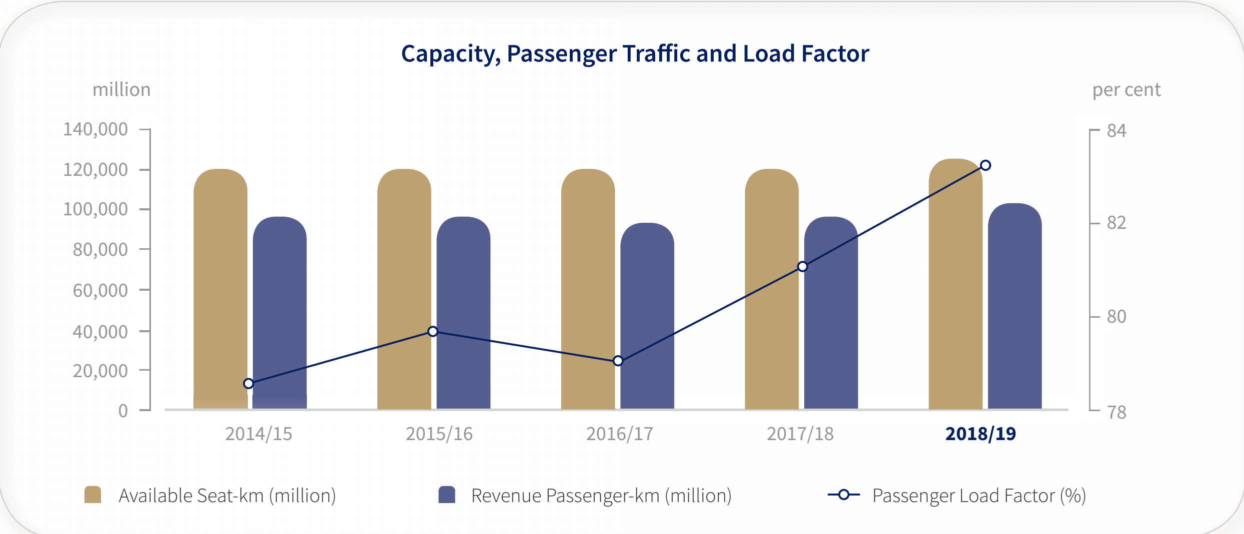
	2018/19 $ million	2017/18 $ million	Change $ million		%	
Passenger flown revenue	10,384.3	9,816.6	+	567.7	+	5.8
Cargo & mail revenue	2,220.5	2,175.5	+	45.0	+	2.1
Others	539.4	815.4	-	276.0	-	33.8
Total operating revenue	13,144.2	12,807.5	+	336.7	+	2.6

The Company's revenue rose 2.6 per cent to $13,144 million, led largely by higher passenger flown revenue. This was partly offset by lower other revenue, due to the absence of non-recurring items pertaining to changes in estimated breakage rates and member benefits for the KrisFlyer programme, and compensation for aircraft delivery slots recorded in the last financial year.

Operating Performance – Passenger Segment

	2018/19	2017/18	% Change		
Passengers carried (thousand)	20,738	19,505	+	6.3	
Revenue passenger-km (million)	102,571.9	95,855.0	+	7.0	
Available seat-km (million)	123,486.2	118,126.7	+	4.5	
Passenger load factor (%)	83.1	81.1	+	2.0	points
Passenger yield (¢/pkm)	10.1	10.2	-	1.0	
Revenue per available seat-km (¢/ask)	8.4	8.3	+	1.2	
Passenger unit cost (¢/ask)	8.3	8.1	+	2.5	

For the year, the Company recorded a 7.0 per cent growth in passenger carriage, significantly outpacing capacity growth of 4.5 per cent contributed largely by the launch of ultra-long haul routes to the Americas. This led to a 2.0 percentage point increase in passenger load factor to 83.1 per cent, the highest on record. Despite adverse currency movements and an unprecedented capacity growth in recent years, revenue per available seat-km rose 1.2 per cent.



FINANCIAL REVIEW

PERFORMANCE OF THE COMPANY (CONTINUED)

Operating Performance – Passenger Segment (Continued)

A review of the Company's passenger segment operations by route region is as follows:

	By Route Region[R2] (2018/19 against 2017/18)		
	Passengers Carried Change (thousand)	Revenue Passenger-KM % Change	Available Seat-KM % Change
East Asia	+ 608	+ 6.5	+ 4.6
Americas	+ 59	+ 7.7	+ 5.6
Europe	+ 173	+ 7.3	+ 4.5
South West Pacific	+ 206	+ 6.1	+ 4.6
West Asia and Africa	+ 187	+ 9.0	+ 2.9
Systemwide	+ 1,233	+ 7.0	+ 4.5

Passenger load factor by route region was as follows:

	Passenger Load Factor (%)		
	2018/19	2017/18	% Change points
East Asia	82.2	80.8	+ 1.4
Americas	83.2	81.6	+ 1.6
Europe	83.1	80.9	+ 2.2
South West Pacific	84.6	83.4	+ 1.2
West Asia and Africa	81.4	76.9	+ 4.5
Systemwide	83.1	81.1	+ 2.0

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[R3] ($ million)		
	2018/19	2017/18	% Change	2018/19	2017/18	% Change
East Asia	3,404.1	3,291.2	+ 3.4	5,483.5	5,256.3	+ 4.3
Americas	1,548.2	1,384.7	+ 11.8	748.7	659.9	+ 13.5
Europe	2,425.4	2,249.0	+ 7.8	1,774.4	1,607.9	+ 10.4
South West Pacific	2,050.7	1,969.6	+ 4.1	1,711.2	1,676.0	+ 2.1
West Asia and Africa	955.9	922.1	+ 3.7	666.5	616.5	+ 8.1
Systemwide	10,384.3	9,816.6	+ 5.8	10,384.3	9,816.6	+ 5.8

[R2] Each route region comprises routes originating from Singapore to final destinations within the region concerned and vice versa. For example, Singapore-Hong Kong-San Francisco-Hong Kong-Singapore route is classified under Americas region. East Asia covers Brunei, Hong Kong SAR, Indonesia, Japan, South Korea, Malaysia, People's Republic of China, Myanmar, Philippines, Thailand, Taiwan and Vietnam. Americas denotes USA. Europe consists of Denmark, England, France, Germany, Italy, Russia, Spain, Sweden, Switzerland, The Netherlands and Turkey. South West Pacific covers Australia and New Zealand. West Asia and Africa are made up of Bangladesh, India, Maldives, South Africa, Sri Lanka and United Arab Emirates.

[R3] Each area of original sale comprises countries within a region from which the sale is made.

PERFORMANCE OF THE COMPANY (CONTINUED)

The Company's passenger flown revenue increased in 2018/19, as a result of:

		$ million		$ million
7.0% increase in passenger traffic:			+	687.9
1.0% decrease in passenger yield (including fuel surcharge):				
Change in passenger mix	+	321.9		
Lower local currency yields	-	254.0		
Foreign exchange	-	188.1	-	120.2
Increase in passenger revenue			+	567.7

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	125.0
1.0% change in passenger yield, if passenger traffic remains constant	103.8

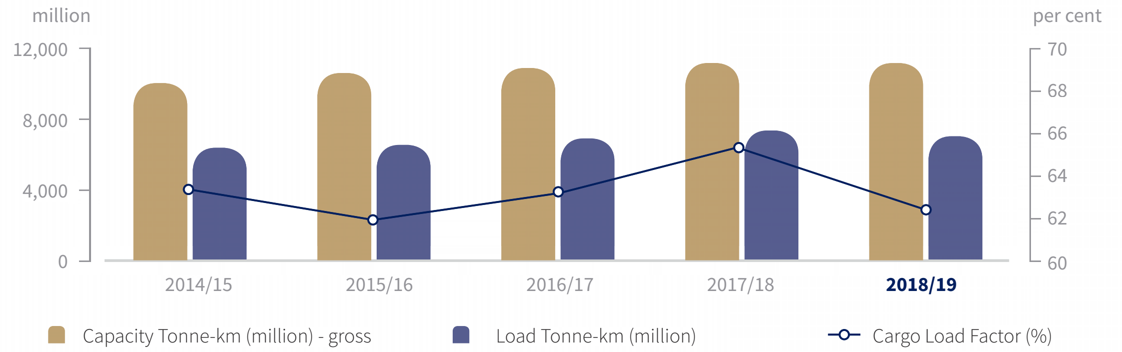
Operating Performance – Cargo Segment

	2018/19	2017/18		% Change	
Cargo and mail carried (million kg)	1,298.3	1,301.2	-	0.2	
Cargo load tonne-km (million)	7,006.5	7,260.3	-	3.5	
Cargo capacity tonne-km (million) - gross	11,210.4	11,126.7	+	0.8	
Cargo load factor (%)	62.5	65.3	-	2.8	points
Cargo yield (¢/ltk)	31.7	30.0	+	5.7	
Cargo unit cost (¢/ask)	16.5	16.2	+	1.9	

While the first half of the financial year saw strong cargo demand, this momentum did not carry through to the later part of the year as ongoing economic uncertainty took its toll. Higher cargo rates and more high yield shipments boosted yield by 5.7 per cent from a year ago, although loads carried declined 3.5 per cent.

Cargo load factor fell 2.8 percentage points year-on-year, as loads carried fell by 3.5 per cent, despite the increase in cargo capacity of 0.8 per cent.

Capacity, Loads Carried and Load Factor



FINANCIAL REVIEW

PERFORMANCE OF THE COMPANY (CONTINUED)

Operating Performance – Cargo Segment (Continued)

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

	By Route Region (2018/19 against 2017/18)		
	Loads Carried KG Change (million)	Load Tonne-KM % Change	Capacity Tonne-KM % Change
East Asia	+ 16.7	+ 0.8	+ 5.4
Americas	- 12.6	- 10.9	- 8.0
Europe	- 9.7	- 5.9	- 3.4
South West Pacific	- 0.9	-	+ 7.9
West Asia and Africa	+ 3.6	+ 0.9	+ 1.8
Systemwide	- 2.9	- 3.5	+ 0.8

Cargo load factor by route region was as follows:

	Cargo Load Factor (%)		
	2018/19	2017/18	% Change points
East Asia	**55.6**	58.1	- 2.5
Americas	**61.2**	63.2	- 2.0
Europe	**73.8**	75.7	- 1.9
South West Pacific	**57.4**	61.9	- 4.5
West Asia and Africa	**70.7**	71.3	- 0.6
Systemwide	**62.5**	65.3	- 2.8

The Company's cargo and mail revenue increased in 2018/19, as a result of:

	$ million	$ million
3.5% decrease in loads carried:		- 76.1
5.7% increase in cargo yield:		
Higher local currency yields	+ 147.9	
Foreign exchange	- 26.8	+ 121.1
Increase in cargo and mail revenue		+ 45.0

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

	$ million
1.0%-point change in cargo load factor, if yield and capacity remain constant	35.5
1.0% change in cargo yield, if loads carried remains constant	22.2

PERFORMANCE OF THE COMPANY (CONTINUED)

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

	By Route Region ($ million)				By Area of Original Sale[R4] ($ million)			
	2018/19	2017/18	%	Change	2018/19	2017/18	%	Change
East Asia	**622.5**	575.5	+	8.2	**1,386.0**	1,331.3	+	4.1
Americas	**386.5**	404.5	-	4.4	**102.3**	99.5	+	2.8
Europe	**540.4**	542.5	-	0.4	**403.2**	412.0	-	2.1
South West Pacific	**445.0**	440.3	+	1.1	**174.1**	178.4	-	2.4
West Asia and Africa	**226.1**	212.7	+	6.3	**154.9**	154.3	+	0.4
Systemwide	**2,220.5**	2,175.5	+	2.1	**2,220.5**	2,175.5	+	2.1

Expenditure

The Company's expenditure increased 6.0 per cent to $12,154 million in 2018/19.

	2018/19		2017/18		%	
	$ million	%	$ million	%	Change	
Fuel costs	**3,763.1**	31.0	3,227.9	28.1	+	16.6
Staff costs	**1,968.3**	16.2	1,881.3	16.4	+	4.6
Depreciation	**1,102.3**	9.1	970.5	8.5	+	13.6
Handling charges	**1,182.9**	9.7	1,190.7	10.4	-	0.7
Aircraft maintenance and overhaul costs	**723.6**	5.9	807.2	7.0	-	10.4
Inflight meals and other passenger costs	**668.7**	5.5	644.4	5.6	+	3.8
Rentals on leased aircraft	**445.0**	3.7	585.2	5.1	-	24.0
Airport and overflying charges	**688.1**	5.7	677.8	5.9	+	1.5
Sales costs	**695.4**	5.7	625.0	5.5	+	11.3
Communication and information technology costs	**119.7**	1.0	101.0	0.9	+	18.5
Other costs	**796.6**	6.5	758.4	6.6	+	5.0
Total	**12,153.7**	100.0	11,469.4	100.0	+	6.0

A breakdown of fuel costs is shown below:

	2018/19 $ million	2017/18 $ million	Change $ million	
Fuel costs (before hedging)	**4,094.6**	3,306.2	+	788.4
Fuel hedging gain	**(331.5)**	(78.3)	-	253.2
	3,763.1	3,227.9	+	535.2

Expenditure on fuel before hedging was $788 million higher because of:

	$ million	
21.9% increase in weighted average fuel price from 72.1 USD/BBL to 87.9 USD/BBL	+	737.0
2.1% increase in volume uplifted from 33.6 million BBL to 34.3 million BBL	+	59.8
Weaker USD against SGD	-	8.4
	+	788.4

[R4] Each area of original sale comprises countries within a region from which the sale is made.

FINANCIAL REVIEW

PERFORMANCE OF THE COMPANY (CONTINUED)

Expenditure (Continued)

Staff costs rose $87 million (+4.6 per cent), largely attributable to an increase in staff strength and crew allowances from an expansion in operations and introduction of ultra-long haul flights.

Depreciation was $132 million (+13.6 per cent) higher, mainly due to the addition of new aircraft.

Aircraft maintenance and overhaul costs fell by $84 million (-10.4 per cent) on lower airframe maintenance costs and lower provision for redelivery check costs primarily from the expiry of aircraft leases.

Rentals on leased aircraft were $140 million (-24.0 per cent) lower than last year, largely due to fewer aircraft on operating lease.

Inflight meals and other passenger costs rose $24 million (+3.8 per cent), mainly due to the increase in number of passengers carried during the year.

Sales costs increased $70 million (+11.3 per cent), primarily due to higher commissions and incentives payable on passenger traffic growth, and increased advertising spend.

Communication and information technology costs were $19 million higher (+18.5 per cent) from a year ago, led by an increase in information technology projects arising from the ongoing transformation programme.

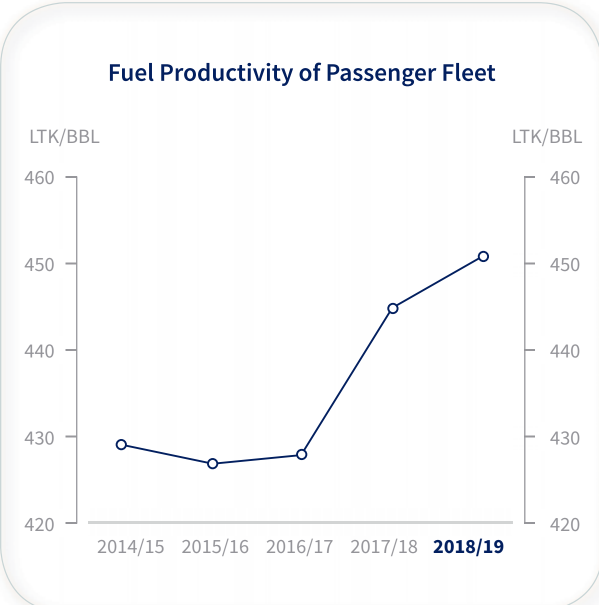
Other costs rose $38 million (+5.0 per cent), primarily due to higher equipment fees and more expenses incurred to mount non-scheduled services.

Fuel Productivity and Sensitivity Analysis

Fuel productivity of the passenger fleet, measured by load tonne-km per barrel (ltk/BBL), increased 1.3 per cent from 445ltk/BBL to 451ltk/BBL, mainly due to the increase in load factor and number of fuel efficient aircraft.

A change in fuel productivity of 1.0 per cent would impact the Company's annual fuel costs before hedging by about $38 million, before accounting for changes in fuel price, USD exchange rate and flying operations.

A change in the price of fuel before hedging of one US dollar per barrel affects the Company's annual fuel cost for passenger fleet by about $43 million, before accounting for USD exchange rate movements, and changes in volume of fuel consumed.



PERFORMANCE OF THE COMPANY (CONTINUED)

Net Finance Charges

Net finance charges rose $34 million, mainly due to issuance of debt to finance capital expenditure. The Company raised $1,800 million of bank loans and $1,350 million of bonds during the fiscal year, at rates ranging from 2.62% to 3.16% per annum.

Disposal of Aircraft, Spares and Spare Engines

The decline in surplus on disposal was primarily attributable to a lower gain on sale of four aircraft.

Taxation

Tax expense was $45 million lower (-21.9 per cent) against last year, in line with the lower profitability of the Company.

Staff Strength and Productivity

The Company's staff strength as at 31 March 2019 was 16,316, an increase of 746 over the previous year. The distribution of employee strength by category and location is as follows:

	31 March			
	2019	**2018**	**% Change**	
Category				
Senior staff (executives and higher ranking officers)	**1,849**	1,658	+	11.5
Technical crew	**2,261**	2,226	+	1.6
Cabin crew	**8,744**	8,207	+	6.5
Other ground staff	**3,462**	3,479	-	0.5
	16,316	15,570	+	4.8
Location				
Singapore	**13,874**	13,102	+	5.9
East Asia	**1,037**	1,049	-	1.1
Europe	**514**	526	-	2.3
South West Pacific	**391**	402	-	2.7
West Asia and Africa	**341**	342	-	0.3
Americas	**159**	149	+	6.7
	16,316	15,570	+	4.8

The Company's average staff productivity ratios[R5] are shown below:

	2018/19	**2017/18**	**% Change**	
Capacity per employee (tonne-km)	**1,486,207**	1,475,242	+	0.7
Revenue per employee ($)	**824,450**	819,942	+	0.5
Value added per employee ($)	**258,634**	286,530	-	9.7

[R5] The Company's staff productivity ratios were computed based on average staff strength of 15,943 in 2018/19 (2017/18: 15,620).

FINANCIAL REVIEW

PERFORMANCE OF THE SUBSIDIARY COMPANIES

The major subsidiary companies are SIA Engineering, SilkAir and Scoot. The following performance review includes intra-group transactions, and restatements to FY2017/18 figures due to the adoption of IFRS.

SIA Engineering

	2018/19 $ million	2017/18 $ million	% Change	
Total revenue	**1,020.9**	1,094.9	-	6.8
Total expenditure	**964.1**	1,016.1	-	5.1
Operating profit	**56.8**	78.8	-	27.9
Net profit	**160.9**	186.8	-	13.9

SIAEC Group recorded revenue of $1,021 million for the financial year, a decrease of $74 million or 6.8 per cent, mainly due to a decline in airframe and fleet management revenue. Expenditure fell $52 million (-5.1 per cent) on lower material and subcontract costs, in line with the lower workload. Together, operating profit contracted $22 million (-27.9 per cent) from a year ago.

Net profit for the year was $161 million, a decrease of $26 million or 13.9 per cent. The decline was partly due to the lower operating profit, as well as an absence of a $15 million gain on the sale of shares in an associated company, Asian Compressor Technology Services Company Limited.

Share of profits of associated and joint venture companies increased by $4 million or 3.7 per cent to $114 million, largely contributed by the engine and component segment.

Basic earnings per share was 14.4 cents for the current financial year.

SilkAir

	2018/19 $ million	2017/18 $ million	% Change	
Total revenue	**1,030.9**	1,020.3	+	1.0
Total expenditure	**1,015.7**	976.4	+	4.0
Operating profit	**15.2**	43.9	-	65.4
(Loss)/Profit after taxation	**(52.3)**	29.7		n.m.

SilkAir's revenue increased by $11 million (+1.0 per cent) to $1,031 million, lifted by passenger flown revenue on a 7.2 per cent improvement in carriage. Load factor rose 2.8 percentage points to 76.2 per cent, as traffic growth outpaced capacity injection (+3.2 per cent). However, RASK contracted 1.2 per cent to 8.3¢/ask, led by lower yields (-5.2 per cent) on intense competition in the region.

Operating expenses were 4.0 per cent higher, primarily due to an increase in net fuel costs (+$30 million). Ex-fuel expenditure rose $10 million, attributable to capacity growth. As a result, operating profit narrowed $29 million (-65.4 per cent) to $15 million.

The carrier recorded a net loss after taxation of $52 million for the fiscal year, a reversal from last year's net profit. The deterioration was driven by non-operating items, largely due to a $60 million charge in relation to re-fleeting costs for its transition from an Airbus to Boeing fleet, and restructuring costs incurred in preparation for the carrier's integration into the Parent Airline Company.

For the fiscal year, SilkAir transferred its Langkawi (Malaysia), Pekanbaru (Indonesia) and Kalibo (Philippines) services to Scoot. The carrier ended the year with a route network spanning 49 destinations.

PERFORMANCE OF THE SUBSIDIARY COMPANIES (CONTINUED)

Scoot

	2018/19 $ million	2017/18 $ million	% Change	
Total revenue	1,780.1	1,581.1	+	12.6
Total expenditure	1,795.5	1,503.4	+	19.4
Operating (loss)/profit	(15.4)	77.7		n.m.
(Loss)/Profit after taxation	(40.8)	16.0		n.m.

Scoot recorded an operating loss of $15 million, compared to an operating profit of $78 million last year, as the costs of expansion outweighed revenue growth.

Revenue increased 12.6 per cent, mainly attributed to higher passenger traffic (+14.6 per cent). However, capacity expansion was slightly ahead at 15.1 per cent, which led to a marginal decline (-0.4 percentage point) in passenger load factor to 85.3 per cent. Coupled with a 1.7 per cent reduction in yield, RASK fell 2.0 per cent to 4.9¢/ask. Expenditure increased $292 million (+19.4 per cent), contributed by a higher net fuel bill (+$123 million) and expansion costs.

During the year, Scoot took over Pekanbaru (Indonesia) services from SilkAir, and added Berlin (Germany) and Nanchang (China) to its network. Following a network review, services to Dalian (China) were discontinued. Scoot's route network encompasses 66 destinations as at 31 March 2019.

DIRECTORS' STATEMENT

The Directors are pleased to present this statement together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

In our opinion:

(a) the financial statements set out on pages 100 to 205 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 March 2019, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

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

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

1 Directors of the Company

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

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

2 Arrangements to Enable Directors to Acquire Shares and Debentures

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

3 Directors' Interests in Shares, Share Options and Debentures

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

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

DIRECTORS' STATEMENT

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

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

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

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

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

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

Notes:

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

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

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

4 Equity Compensation Plans of the Company

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

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

Peter Seah Lim Huat – Chairman
Simon Cheong Sae Peng
Hsieh Tsun-yan

DIRECTORS' STATEMENT

4 Equity Compensation Plans of the Company (continued)

(i) ESOP

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

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

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

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

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

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

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

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

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

No options have been granted during the financial year as the last grant of the share options under the ESOP was made in July 2008. The ESOP expired on 7 March 2010.

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

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

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

At the Extraordinary General Meeting held on 30 July 2014, shareholders approved the adoption of the RSP 2014 and PSP 2014 to replace the RSP and PSP, which were terminated following the adoption of the RSP 2014 and PSP 2014. The termination of the RSP and PSP was without prejudice to the rights of holders of awards outstanding under the RSP and PSP as at the date of such termination. The duration of the RSP 2014 and PSP 2014 is 10 years each, commencing 30 July 2014. At the Annual General Meeting held on 27 July 2018, shareholders approved alterations to the RSP 2014 to enable non-executive Directors of the Company and/or its subsidiaries to participate in the RSP 2014 (in addition to employees, including executive Directors of the Company and/or its subsidiaries).

4 Equity Compensation Plans of the Company (continued)

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

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

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

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

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

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

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

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

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

1. RSP Base Awards

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

2. RSP 2014 Base Awards

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

DIRECTORS' STATEMENT

4 Equity Compensation Plans of the Company (continued)

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

3. RSP/RSP 2014 Final Awards (Pending Release) [R1]

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

4. PSP Base Awards

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

5. PSP 2014 Base Awards [R2]

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

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

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

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

(a) Deferred RSP Awards

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

4 Equity Compensation Plans of the Company (continued)

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

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

(b) Deferred RSP 2014 Awards

Name of participant	Balance as at 1 April 2018	Base Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2019	Aggregate Base Awards granted since commencement of DSA to end of financial year under review	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Goh Choon Phong	47,300	23,330	13,170	57,460	90,200	35,840

7. Transformation RSP 2014 ("TSA")

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

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

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

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

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

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

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

DIRECTORS' STATEMENT

5 Equity Compensation Plans of Subsidiaries

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

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

The SIAEC Employee Share Option Plan ("SIAEC ESOP") was approved by the shareholders of SIAEC on 9 February 2000. The last batch of share options granted under the SIAEC ESOP expired on 30 June 2018. There were no share options outstanding under the SIAEC ESOP as at the end of the financial year.

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

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

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

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

6 Audit Committee

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

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

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

(i) quarterly and annual financial statements of the Group and the Company prior to their submissions to the Board of Directors for adoption;

(ii) audit scopes, plans and reports (including Key Audit Matters) of the external and internal auditors;

(iii) adequacy and effectiveness of material controls, including financial, operational, compliance, information technology controls and risk management framework;

(iv) adequacy and effectiveness of the internal audit function, and the effectiveness, independence and objectivity of the external auditors;

(v) interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual);

(vi) whistle-blowing programme instituted by the Company; and

(vii) any material loss of funds, significant computer security incidents and legal cases.

6 Audit Committee (continued)

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

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

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

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

7 Auditors

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

On behalf of the Board,

PETER SEAH LIM HUAT
Chairman

GOH CHOON PHONG
Chief Executive Officer

Dated this 16th day of May 2019

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Singapore Airlines Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2019, the consolidated profit and loss account, consolidated statements of comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 100 to 205.

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

Basis for opinion

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

Key audit matters

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

Accuracy of passenger revenue

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

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

Findings

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

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

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

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

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

Findings

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

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

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

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

Findings

Cash flow forecasting was found to be in accordance with LCC CGU Board approved plans. The industry forecast for passenger growth for low cost carriers in Asia, the market that the LCC CGU predominantly operates in, is robust. However, the market place is competitive and is subject to volatility of key input costs such as fuel and as such is inherently complex to forecast. We found Management forecasts had sufficient headroom to be considered balanced.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

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

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

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

Findings

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

Other Information

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

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on legal and regulatory requirements

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Dated this 16th day of May 2019
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT

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

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

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

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2019 (in $ million)

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

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

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

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

STATEMENTS OF CHANGES IN EQUITY

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

The Group

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

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

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

STATEMENTS OF CHANGES IN EQUITY

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

The Group

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

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

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

STATEMENTS OF CHANGES IN EQUITY

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

The Company

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

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

The Company

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

1 General

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

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

The financial statements of the Group as at and for the year ended 31 March 2019 comprise the Company and its subsidiary companies (together referred to as "the Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

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

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

2 Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with SFRS(I) and IFRS. These are the first financial statements of the Group and the Company prepared in accordance with SFRS(I) and IFRS.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS").

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

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

(b) Adoption of SFRS(I) and IFRS

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

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

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

2 Summary of Significant Accounting Policies (continued)

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

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

(i) IFRS 1

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

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

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

b) Foreign currency translation reserve

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

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

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

(ii) IFRS 15

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

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

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

The impact upon adoption of IFRS 15 are described below.

a) Passenger revenue - ancillary revenue

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

b) Cargo interline revenue

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

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

(iii) Summary of financial impact

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

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

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

2 Summary of Significant Accounting Policies (continued)

(c) Standards issued but not yet effective

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

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

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

IFRS 16 Leases

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

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

IFRS 16 Leases (continued)

(i) As lessee

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

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

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

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

(ii) As lessor

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

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

(iii) Impact on consolidated profit and loss account

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

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

2 Summary of Significant Accounting Policies (continued)

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

IFRS 16 Leases (continued)

(iv) Impact on Statements of Financial Position

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(d) Basis of consolidation

Acquisitions from 1 April 2017

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

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

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

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

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

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

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

Acquisitions before 1 April 2017

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

(e) Subsidiary, associated and joint venture companies

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

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

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

2 Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

(f) Intangible assets

(i) Computer software

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

(ii) Deferred engine development cost

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

(iii) Brand and trademarks

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(f) Intangible assets (continued)

(iv) Goodwill

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

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

(v) Other intangible assets

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

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

(vi) Subsequent expenditure

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

(vii) Amortisation

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

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

● Computer software	1 – 10 years
● Licences	3 years
● Trademarks	10 years

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

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

(g) Foreign currencies

<u>Foreign currency transactions</u>

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

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

2 Summary of Significant Accounting Policies (continued)

(g) Foreign currencies (continued)

Foreign currency transactions (continued)

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

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

Foreign operations

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

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

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

(h) Property, plant and equipment

(i) Recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment (continued)

(ii) Depreciation of property, plant and equipment

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

Freehold land, advance and progress payments are not depreciated.

The estimated useful lives and residual values are as follows:

Property, plant and equipment type	Useful lives	Residual values
Aircraft, spares and spare engines		
Passenger aircraft, spares and spare engines	15 – 20 years	5% to 10% of cost
Embedded engine overhaul costs	4 – 8 years	Nil
New freighter aircraft	20 years	5% of cost
Used freighter aircraft	20 years less age of aircraft	5% of cost
Major inspection costs relating to landing gear overhauls and heavy maintenance visits	4 – 12 years	Nil
Training aircraft	5 – 15 years	10% of cost
Flight simulators	5 – 10 years	Nil
Leasehold land and buildings		
Company owned office premises	Shorter of lease period or 30 years	Nil
Company owned household premises	Shorter of lease period or 10 years	Nil
Other premises	Shorter of lease period or 5 years	Nil
Leasehold hotel properties held by an associated company	Lease period of 99 years, up to 2081	Nil
Others		
Plant and equipment, office and computer equipment	1 to 15 years	Nil

(i) Leases

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

(i) Finance lease – as lessee

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

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

2 Summary of Significant Accounting Policies (continued)

(i) Leases (continued)

(ii) Operating lease

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

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

(iii) Operating lease – as lessor

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

(j) Inventories

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

(k) Financial instruments

(i) Recognition and initial measurement

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

(ii) Classification and subsequent measurement

<u>Financial assets</u>

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

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

a) Amortised cost: A non-equity financial asset can be measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

b) FVOCI: A non-equity financial asset can be measured at FVOCI only if it meets both of the following conditions:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) FVTPL: All other financial assets are classified as measured at FVTPL. Financial assets that are held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

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

Business model assessment

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

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

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

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

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

Reclassifications

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

Financial liabilities

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

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(iii) Derecognition

Financial assets

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

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

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

Financial liabilities

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

(iv) Offsetting

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

(v) Impairment

Expected credit loss

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

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

- Non-equity financial instruments that are determined to have a low credit risk at the reporting date; and

- Other non-equity financial instruments (other than trade debtors) on which credit risk has not increased significantly since their initial recognition.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(v) Impairment (continued)

Credit-impaired financial assets

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

(vi) Derivative financial instruments and hedge accounting

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

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

Designation of hedges

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

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

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

Designation of hedges (continued)

Cash flow hedges

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

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

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

Fair value hedges

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

(l) Impairment of non-financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(m) Loans, notes payable and borrowings

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

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

(n) Trade and other creditors

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

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

(o) Provisions

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

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

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

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

(p) Share capital and share issuance expenses

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

(q) Treasury shares

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

2 Summary of Significant Accounting Policies (continued)

(r) Taxation

(i) Current income tax

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

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

(ii) Deferred tax

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

Deferred tax assets and liabilities are not recognised for:

- Temporary differences on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- Temporary differences associated with investments in subsidiary, associated and joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that they will not reverse in the foreseeable future.

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

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

(s) Revenue

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

(i) Passenger and cargo

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

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

(ii) Repair and maintenance of aircraft

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

(iii) KrisFlyer

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

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

(iv) Contract costs

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

(v) Others

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

(t) Income from investments

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

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

2 Summary of Significant Accounting Policies (continued)

(u) Employee benefits

(i) Equity compensation plans

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

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

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

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

(ii) Defined benefit plans

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

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

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

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

(iii) Defined contribution plans

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

(iv) Short term employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(v) Aircraft maintenance and overhaul costs

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

(w) Borrowing costs

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

(x) Segment reporting

(i) Business segment

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

(ii) Geographical segment

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

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

3 Significant Accounting Estimates and Critical Judgements

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

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

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

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

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

3 Significant Accounting Estimates and Critical Judgements (continued)

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

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

(c) Passenger revenue recognition

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

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

(d) Frequent flyer programme

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

3 Significant Accounting Estimates and Critical Judgements (continued)

(f) Provision for lease return costs

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

4 Segment Information (in $ million)

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

(i) The Singapore Airlines segment provides passenger and cargo air transportation under the Singapore Airlines brand with a focus on full-service passenger segment serving short and long haul markets.

(ii) The SilkAir segment provides passenger air transportation under the SilkAir brand with a focus on full-service passenger segment serving regional markets.

(iii) The Budget Aviation segment provides passenger air transportation under the Scoot brand with a focus on the low-cost passenger segment.

(iv) SIAEC segment is in the business of providing airframe maintenance and overhaul services, line maintenance, technical ground handling services and fleet management. It also manufactures aircraft cabin equipment, refurbishes aircraft galleys, provides technical and non-technical handling services and repair and overhaul of hydro-mechanical aircraft equipment.

Other services provided by the Group, such as the training of pilots, air charters and tour wholesaling, have been aggregated under the segment “Others”. None of these segments meets any of the quantitative thresholds for determining reportable segments in FY2018/19 or FY2017/18.

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

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

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

4 Segment Information (in $ million) (continued)

Business segments

The Group's business is organised and managed separately according to the nature of the services provided. The following table presents revenue and profit information regarding business segments for the financial years ended 31 March 2019 and 2018 and certain assets and liabilities information of the business segments as at those dates.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

4 Segment Information (in $ million) (continued)

Business segments (continued)

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

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

4 Segment Information (in $ million) (continued)

Business segments (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

4 Segment Information (in $ million) (continued)

Business segments (continued)

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

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

4 Segment Information (in $ million) (continued)

Geographical segments

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

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

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

5 Staff Costs (in $ million)

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

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

Share-based compensation arrangements

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

(a) Share option plans (equity-settled)

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

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

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

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

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices of, and movements in, the ESOP during the financial year:

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

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

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

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

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

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

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

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

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

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

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

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

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

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

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

Movement of share awards during the financial year

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

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

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

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

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(c) Measurement of fair values

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

6 Operating Profit (in $ million)

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

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

7 Finance Charges (in $ million)

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

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

8 Interest Income (in $ million)

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

9 Other Non-Operating Items (in $ million)

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

10 Taxation (in $ million)

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

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2019 and 2018 are:

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

10 Taxation (in $ million) (continued)

Deferred taxation related to other comprehensive income:

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

The Group has tax losses and deductible temporary differences (of which no deferred tax asset has been recognised) of approximately $66.0 million (2018: $58.7 million) and $2.0 million (2018: $0.7 million) respectively that are available for offset against future taxable profits of the companies. This is due to the uncertainty of the recoverability of the deferred tax asset.

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

	The Group	
	FY2018/19	**FY2017/18**
Profit before taxation	**868.6**	1,593.2
Less: Share of losses/(profits) of associated and joint venture companies	**74.2**	(31.7)
	942.8	1,561.5
Taxation at statutory corporate tax rate of 17.0%	**160.3**	265.5
Adjustments		
Income not subject to tax	**(15.5)**	(37.7)
Expenses not deductible for tax purposes	**30.0**	22.7
Higher effective tax rates of other countries	**8.0**	8.6
Over provision in respect of prior years, net	**(36.2)**	(13.8)
Income subject to concessionary tax rate	**–**	(1.8)
Tax benefits not recognised	**2.8**	3.9
Previously unrecognised tax benefits	**(1.9)**	–
Others	**(0.5)**	0.3
Taxation	**147.0**	247.7

11 Earnings Per Share

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

12 Dividends Paid and Proposed (in $ million)

	The Group and the Company	
	FY2018/19	**FY2017/18**
The following tax exempt (one-tier) dividends were declared and paid by the Group and Company to the owners of the Company:		
Final dividend of 30.0 cents per share in respect of FY2017/18 (FY2017/18: 11.0 cents per share in respect of FY2016/17)	**355.1**	130.1
Interim dividend of 8.0 cents per share in respect of FY2018/19 (FY2017/18: 10.0 cents per share in respect of FY2017/18)	**94.7**	118.2
	449.8	248.3

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

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

13 Share Capital (in $ million)

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

The value is $0.50

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

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

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

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

During the financial year, the Company did not issue any shares (FY2017/18: nil) upon exercise of options granted under the ESOP, or vesting of share-based incentive plans.

14 Treasury Shares (in $ million)

	The Group and the Company	
	31 March	
	2019	**2018**
Balance at 1 April	**(183.5)**	(194.7)
Treasury shares reissued pursuant to equity compensation plans:		
- Transferred from share-based compensation reserve	**12.0**	11.2
Balance at 31 March	**(171.5)**	(183.5)

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

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

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

15 Other Reserves (in $ million)

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

(a) Capital reserve

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

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

(b) Foreign currency translation reserve

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

(c) Share-based compensation reserve

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

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For The Financial Year Ended 31 March 2019

15 Other Reserves (in $ million) (continued)

(d) Fair value reserve

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

Breakdown of the fair value reserves is as follows:

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

Fair value changes of financial assets measured at FVOCI:

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

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

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

15 Other Reserves (in $ million) (continued)

(e) General reserve

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

16 Deferred Account (in $ million)

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

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For The Financial Year Ended 31 March 2019

17 Deferred Taxation (in $ million)

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

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

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

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

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

Notes payable

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

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

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

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

Loans

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

Finance lease commitments

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

19 Provisions (in $ million)

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

An analysis of the provisions is as follows:

The Group

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

The Company

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

20 Property, Plant and Equipment (in $ million)

The Group

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

The Company

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

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	147.4	332.3	424.6	221.5	3,766.2	13,542.4
–	–	–	43.4	18.9	3,988.8	4,253.6
–	–	–	–	–	(2,606.6)	–
–	(11.5)	–	(23.8)	(10.8)	–	(985.5)
15.7	135.9	332.3	444.2	229.6	5,148.4	16,810.5
–	–	–	11.9	0.4	–	236.4
–	–	–	5.8	7.8	4,478.2	4,702.3
–	–	–	7.7	5.5	(4,967.1)	–
–	(0.5)	–	(111.0)	(5.2)	(59.6)	(1,102.2)
15.7	135.4	332.3	358.6	238.1	4,599.9	20,647.0
–	129.6	316.2	265.1	202.6	–	3,044.0
–	3.1	1.8	48.6	10.9	–	875.3
–	–	–	–	–	–	26.6
–	(10.6)	–	(22.8)	(10.6)	–	(817.7)
–	122.1	318.0	290.9	202.9	–	3,128.2
–	2.9	1.8	36.2	12.0	–	1,051.1
–	–	–	–	–	–	–
–	(0.5)	–	(105.8)	(5.1)	–	(843.8)
–	124.5	319.8	221.3	209.8	–	3,335.5
15.7	17.8	16.1	159.5	18.9	3,766.2	10,498.4
15.7	13.8	14.3	153.3	26.7	5,148.4	13,682.3
15.7	10.9	12.5	137.3	28.3	4,599.9	17,311.5

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

Assets held under finance leases

	The Group		
	31 March		1 April
	2019	2018	2017
Net book value of property, plant and equipment acquired under finance leases:			
- aircraft	–	–	124.7
- plant and equipment	–	–	0.1
	–	–	124.8

Assets held as security

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

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

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

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

Impairment of aircraft

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

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

Impairment of aircraft spares

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

21 Intangible Assets (in $ million)

The Group

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

Goodwill

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

21 Intangible Assets (in $ million) (continued)

The Company

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

Impairment testing of goodwill, brand and trademarks

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

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

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

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

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

22 Subsidiary Companies (in $ million)

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

During the financial year:

1. On 1 April 2018, SIA Cargo was successfully re-integrated to the Company. All assets and liabilities, other than cash balances, of SIA Cargo were transferred to the Company at their book values. The impact to the Company is a decrease of net assets of $940.4 million. There is no impact to the consolidated net assets of the Group.

2. The names of Roar Aviation II Pte. Ltd. and Roar Aviation III Pte. Ltd. were struck off the register on 5 November 2018.

3. On 23 November 2018, the Company, through its subsidiary company, KrisShop, entered into a business transfer agreement with DFASS SATS Pte. Ltd. to acquire the business of providing services and merchandise to the Group. SIA invested approximately $24.9 million in KrisShop and holds 70% stake after the business combination. Further details are disclosed in note 22(f).

4. SIA (Mauritius) Ltd, a company incorporated in the Republic of Mauritius, was dissolved on 5 March 2019.

5. SIAEC invested approximately $1.4 million in SIA Engineering Japan Corporation.

6. SIAEC invested approximately $13.3 million in Heavy Maintenance Singapore Services Pte. Ltd..

7. SIAEC incorporated a subsidiary company, Additive Flight Solutions Pte. Ltd. (“AFS”) on 29 June 2018. As at 31 March 2019, SIAEC had a total capital contribution in AFS of approximately $2.4 million. SIAEC holds 60% equity stake in AFS.

8. On 29 January 2019, SIAEC completed the restructuring of one of its subsidiary companies, Singapore Jamco Services Private Limited (“SJS”). As part of the restructuring, SIAEC acquired an additional 20% interest in SJS. Consequently, SJS is now a wholly-owned subsidiary company. On 1 April 2019, SJS was renamed Singapore Aero Support Services Pte. Ltd..

9. SIAEC sold 100% interest in Aircraft Maintenance Services Australia Pty. Ltd. (“AMSA”) for a cash consideration of approximately $4.4 million. AMSA ceased to be a subsidiary of SIAEC on 20 December 2018, with the completion of the divestment.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

22 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group

The subsidiary companies are:

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

22 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group (continued)

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

(1) *Held by SIA Engineering Company*
(2) *The company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the company*
(3) *Held by Cargo Community Network Pte Ltd*
(4) *Held by SilkAir (Singapore) Private Limited*
(5) *Held by Budget Aviation Holdings Pte. Ltd.*
(6) *Held by Tiger Airways Holdings Pte. Ltd.*
* *Audited by KPMG LLP, Singapore*
** *Audited by member firms of KPMG International in the respective countries*
*** *Audited by Shanghai HDDY Certified Public Accountants Co., Ltd*
@ *Not required to be audited under the law in country of incorporation*
@@ *Not required to be audited in the current financial year*
\+ *Financial year end 31 December*
\# *Struck off the register/dissolved*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

22 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group (continued)

Special purpose entities

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

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

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

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

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

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

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

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

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

Summarised statement of financial position

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

22 Subsidiary Companies (in $ million) (continued)

(d) Summarised statement of comprehensive income

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

(e) Other summarised information

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

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

FY2018/19

(i) Fair value of identifiable assets

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

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

(ii) Measurement of fair values

The book values of identifiable assets acquired approximate fair value.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

23 Associated Companies (in $ million)

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

During the financial year:

1. The Company injected $203.7 million in TATA SIA Airlines Limited ("TATA-SIA"). There was no change in the Group's 49% equity stake in TATA-SIA after the capital injection. Management performed an impairment test for the investment in TATA-SIA, which had been incurring losses historically. An impairment loss of $200.0 million was recognised by the Company to write down the cost of investment to its recoverable amount calculated based on financial forecasts prepared by TATA-SIA's management over a seven-year period when the airline is expected to reach a steady state. The pre-tax discount rate applied to the cash flow projections and the forecasted long-term growth rate used to extrapolate the cash flow projections beyond the seven-year period are 9.5% and 4.4% respectively. A reasonable change to the assumptions used to determine the impairment required, particularly the discount rate and the long-term growth rate, would not significantly affect the results.

2. Ritz-Carlton, Millenia Singapore Properties Private Limited recorded a revaluation gain of $104.1 million from its annual revaluation exercise of its land and building. The Group's share of the revaluation gain of $20.8 million as at 31 March 2019 is included under the share of post-acquisition capital reserve.

3. SIAEC invested approximately $1.9 million in Moog Aircraft Services Asia Pte. Ltd. under terms of the shareholders' agreement.

4. On 29 January 2019, SIAEC completed the sale of 20% share of Jamco Singapore Private Limited ("JS"). A loss on disposal of $0.1 million was recorded in the profit or loss and JS ceased to be an associated company.

The associated companies are:

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

23 Associated Companies (in $ million) (continued)

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

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For The Financial Year Ended 31 March 2019

23 Associated Companies (in $ million) (continued)

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

(1) *Held by SIA Engineering Company*
(2) *Held by Scoot Tigerair Pte. Ltd.*
* *Audited by KPMG LLP, Singapore*
** *Audited by member firms of KPMG International*
^ *Audited by PricewaterhouseCoopers LLP, Singapore*
^^ *Audited by member firms of PricewaterhouseCoopers*
(a) *Audited by Deloitte & Touche, Singapore*
(b) *Audited by member firms of Deloitte & Touche*
(c) *Audited by Ernst & Young LLP, Singapore*
(d) *Audited by RSM Chio Lim, Singapore*
(e) *Audited by BDO Limited, Hong Kong*
(f) *Audited by RSM AAJ, Indonesia*
(g) *Audited by Mazars LLP, Singapore*
(h) *Audited by Wong, Lee & Associates LLP*
(i) *Audited by Grant Thorton LLP, Singapore*
\# *Not required to be audited in the current financial year*
\+ *Financial year end 30 June*
++ *Financial year end 30 November*
+++ *Financial year end 31 December*
@ *The Group has significant influence in these entities through its holdings in SIAEC*
@@ *The Group has significant influence by virtue of the board representation*

23 Associated Companies (in $ million) (continued)

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

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

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

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

Summarised statement of financial position

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

Summarised statement of comprehensive income

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

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23 Associated Companies (in $ million) (continued)

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

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

Dividends of approximately $27.6 million (FY2017/18: $8.0 million) were received from ESA during the financial year.

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

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

Summarised statement of comprehensive income

	Immaterial associates	
	FY2018/19	FY2017/18
(Loss)/Profit after tax	**(33.4)**	5.4
Other comprehensive income	**20.8**	12.0
Total comprehensive income	**(12.6)**	17.4

24 Joint Venture Companies (in $ million)

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

During the financial year:

1. The Company subscribed to 50% of the equity interest in Singapore CAE Flight Training Pte. Ltd. ("SCFT"), which has been jointly established with CAE, for a consideration of USD22.4 million ($30.6 million). SCFT, which is considered a joint venture of the Group, provides flight training services on full-flight simulators for all in-production Boeing aircraft types.

2. TAH injected $9.9 million in NokScoot Airlines Co., Ltd. ("NokScoot"). There was no change in the Group's 49% equity stake in NokScoot after the capital injection.

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

The joint venture companies are:

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

(1) *Held by SIA Engineering Company, audited by KPMG LLP, Singapore, and financial year end of 31 December.*
(2) *Held by Scoot Tigerair Pte. Ltd., audited by Deloitte & Touche Tohmatsu Jaiyos Audit Co. Ltd, Thailand and financial year end of 31 December.*
(3) *Audited by PricewaterhouseCoopers LLP, Singapore, and financial year end of 31 March.*

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

The carrying amounts of the investments are as follows:

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

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

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

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For The Financial Year Ended 31 March 2019

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

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

Summarised statement of financial position

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

Summarised statement of comprehensive income

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

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

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

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

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

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

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

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

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

25 Long-Term Investments (in $ million)

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

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

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

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26 Other Long-Term Assets (in $ million)

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

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

27 Inventories (in $ million)

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

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

28 Trade Debtors (in $ million)

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

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

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

28 Trade Debtors (in $ million) (continued)

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

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

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

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

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

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

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

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

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29 Deposits and Other Debtors (in $ million)

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

30 Investments (in $ million)

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

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

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

31 Cash and Bank Balances (in $ million)

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

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

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 1.96% to 3.05% (FY2017/18: 1.30% to 2.65%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 2.28% (FY2017/18: 1.65%) per annum.

32 Trade and Other Creditors (in $ million)

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

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

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

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

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

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

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

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

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

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

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

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

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

35 Capital and Other Commitments (in $ million)

(a) Capital expenditure commitments

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

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

(b) Operating lease commitments

As lessee

Aircraft

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

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

SilkAir has two A319-100s, eight A320-200s, and nine B737-800s under operating leases with fixed rental rates. The original lease terms for the two A319-100s range from 11.2 to 11.5 years, and SilkAir holds options to extend the leases for up to a maximum of three years. The original lease terms for the eight A320-200s range from 6.6 to 11.8 years and SilkAir holds options to extend the leases for one to five years. The original lease terms for the nine B737-800s range from 9.8 to 10.5 years, and SilkAir holds options to extend the leases for up to a maximum of four years. Sub-leasing is allowed under all the lease arrangements.

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

(b) Operating lease commitments (continued)

As lessee (continued)

Aircraft (continued)

Budget Aviation Holdings ("BAH") Group has 24 A320-200s and two A319s under operating leases. The original lease terms on the aircraft are for 12 years. Sub-leasing is allowed under all the lease arrangements, subject to certain terms and conditions stated in the agreements.

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

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

Engines

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

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

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

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

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

(b) Operating lease commitments (continued)

As lessee (continued)

Property and equipment

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

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

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

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

As lessor

Aircraft

The Company leased seven B777 aircraft for lease terms ranging from four to five years to NokScoot. The lease rental is fixed throughout the lease term and is non-cancellable.

BAH Group sub-leased two A320-200 aircraft to an external party. The sub-lease term for the aircraft is between eight and nine years.

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

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

36 Contingent Liabilities (in $ million)

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

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

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

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

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

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

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

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

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

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

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36 Contingent Liabilities (in $ million) (continued)

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

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

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

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

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

(b) Passengers: Civil Class Actions

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

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

(c) Guarantee to a Joint Venture Company

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

37 Financial Instruments (in $ million)

Classification and fair values of financial instruments

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

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

37 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

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

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

* Mandatorily measured at FVTPL

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37 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

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

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

* Mandatorily measured at FVTPL

37 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

Financial instruments carried at fair value

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

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

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

Determination of fair value

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

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

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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 Association ("IATA").

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

	Effects of offsetting in the statements of financial position			Related amounts not offset	
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 2019					
Derivative assets	755.5	–	755.5	(137.8)	617.7
Trade debtors	1,551.2	(24.0)	1,527.2	–	1,527.2
	2,306.7	(24.0)	2,282.7	(137.8)	2,144.9
Derivative liabilities	158.7	–	158.7	(137.8)	20.9
Trade and other creditors	3,187.6	(24.0)	3,163.6	–	3,163.6
	3,346.3	(24.0)	3,322.3	(137.8)	3,184.5
31 March 2018					
Derivative assets	642.2	–	642.2	(140.1)	502.1
Trade debtors	1,422.3	(21.4)	1,400.9	–	1,400.9
	2,064.5	(21.4)	2,043.1	(140.1)	1,903.0
Derivative liabilities	230.8	–	230.8	(140.1)	90.7
Trade and other creditors	2,838.4	(21.4)	2,817.0	–	2,817.0
	3,069.2	(21.4)	3,047.8	(140.1)	2,907.7

37 Financial Instruments (in $ million) (continued)

Master netting or similar agreements (continued)

The Company	Effects of offsetting in the statements of financial position			Related amounts not offset	
	Gross amounts	Gross amounts set-off in the statements of financial position	Net amounts presented in the statements of financial position	Amounts subject to master netting arrangements	Net amount
31 March 2019					
Derivative assets	755.5	–	755.5	(137.8)	617.7
Trade debtors	1,162.8	(24.0)	1,138.8	–	1,138.8
Amounts owing by subsidiary companies	261.5	(257.8)	3.7	–	3.7
	2,179.8	(281.8)	1,898.0	(137.8)	1,760.2
Derivative liabilities	153.2	–	153.2	(137.8)	15.4
Trade and other creditors	2,328.2	(24.0)	2,304.2	–	2,304.2
Amounts owing to subsidiary companies	1,229.6	(257.8)	971.8	–	971.8
	3,711.0	(281.8)	3,429.2	(137.8)	3,291.4
31 March 2018					
Derivative assets	642.0	–	642.0	(140.1)	501.9
Trade debtors	858.1	(21.4)	836.7	–	836.7
Amounts owing by subsidiary companies	330.4	(190.3)	140.1	–	140.1
	1,830.5	(211.7)	1,618.8	(140.1)	1,478.7
Derivative liabilities	230.8	–	230.8	(140.1)	90.7
Trade and other creditors	1,880.3	(21.4)	1,858.9	–	1,858.9
Amounts owing to subsidiary companies	1,480.7	(190.3)	1,290.4	–	1,290.4
	3,591.8	(211.7)	3,380.1	(140.1)	3,240.0

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

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

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

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

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

	The Group		The Company	
	31 March		31 March	
	2019	2018	**2019**	2018
Derivative assets				
Current				
Currency hedging contracts	**56.2**	13.5	**56.2**	13.3
Fuel hedging contracts	**315.2**	337.9	**315.2**	337.9
	371.4	351.4	**371.4**	351.2
Non-current				
Currency hedging contracts	**5.9**	0.5	**5.9**	0.5
Fuel hedging contracts	**375.8**	286.3	**375.8**	286.3
Cross currency swap contracts	**2.4**	4.0	**2.4**	4.0
	384.1	290.8	**384.1**	290.8
	755.5	642.2	**755.5**	642.0
Derivative liabilities				
Current				
Currency hedging contracts	**19.9**	161.8	**19.9**	161.8
Fuel hedging contracts	**68.2**	0.1	**68.2**	0.1
Interest rate swap contracts	**1.4**	–	**–**	–
	89.5	161.9	**88.1**	161.9
Non-current				
Currency hedging contracts	**0.2**	42.3	**0.2**	42.3
Fuel hedging contracts	**47.0**	11.8	**47.0**	11.8
Cross currency swap contracts	**3.8**	14.8	**3.8**	14.8
Interest rate swap contracts	**18.2**	–	**14.1**	–
	69.2	68.9	**65.1**	68.9
	158.7	230.8	**153.2**	230.8

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

(a) Jet fuel price risk

The Group's earnings are affected by changes in the price of jet fuel. The Group's strategy for managing the risk on fuel price, as defined by the BEC, aims to provide the Group with protection against sudden and significant increases in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of approved instruments such as swaps, options and collars with approved counterparties and within approved credit limits to hedge approved range of anticipated jet fuel purchases over a specified time frame.

Cash flow hedges

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

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

The table below sets out the movements for fuel hedges:

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

As at 31 March 2019, the Group had entered into longer dated Brent hedges with maturities extending to FY2024/25 that cover up to 46% of the Group's projected annual fuel consumption, at average prices ranging from USD58 to USD63 per barrel.

Jet fuel price sensitivity analysis

The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one USD per barrel of jet fuel affects the Group's and the Company's annual fuel costs by $56.7 million and $46.5 million (FY2017/18: $53.2 million and $40.7 million) respectively.

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

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For The Financial Year Ended 31 March 2019

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

(a) Jet fuel price risk (continued)

Sensitivity analysis on outstanding fuel hedging contracts:

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

(b) Foreign currency risk

The Group is exposed to the effects of foreign exchange rate fluctuations because of its foreign currency denominated operating revenues and expenses. For the financial year ended 31 March 2019, these accounted for 61.2% of total revenue (FY2017/18: 56.8%) and 57.0% of total operating expenses (FY2017/18: 53.0%). The Group's largest exposures are from United States Dollar, Euro, UK Sterling Pound, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Yuan and Korean Won. The Group generates a surplus in all of these currencies, with the exception of USD. The deficit in USD is attributable to capital expenditure, fuel costs and aircraft leasing costs – all conventionally denominated and payable in USD.

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

Cash flow hedges

a) Net operating and other exposures

The Group held cash flow hedges to manage net operating exposures to foreign currencies. As at 31 March 2019, the carrying amounts of these hedges consisted of $32.4 million (2018: $17.4 million) derivative assets and $10.2 million (2018: $60.8 million) derivative liabilities for the Group, and $32.4 million (2018: $17.2 million) derivative assets and $10.2 million (2017: $60.8 million) derivative liabilities for the Company. During the financial year, the amount reclassified from the cash flow hedge reserve to profit or loss (classified under 'Other operating expenses') is a gain of $26.6 million (2018: loss of $62.1 million) for the Group and no ineffectiveness has been recognised in the profit or loss for the Group.

The Group also held cross currency swap contracts to hedge expected future lease commitments in USD and foreign currency risk of expected future JPY and EUR surpluses until August 2021. As at 31 March 2019, the hedges were assessed to be effective and a net fair value loss of $1.4 million (2018: $10.8 million), with a related deferred tax credit of $0.2 million (2018: $1.8 million), was included in the fair value reserve with respect to these contracts.

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

(b) Foreign currency risk (continued)

Cash flow hedges (continued)

b) Capital expenditure exposures

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

As at 31 March 2019, the Group held USD3.8 million (2018: USD154.1 million) in short-term deposits to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 12 months. During the financial year, the Group also entered into new foreign currency forward contracts to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 24 months. As at 31 March 2019, a fair value gain of $19.8 million (2018: loss of $126.8 million) was included in the fair value reserve in respect of the above cash flow hedges.

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

	The Group and the Company 31 March	
	2019	**2018**
Fixed deposits	**5.2**	202.2
Derivative assets	**29.7**	0.6
Derivative liabilities	**(9.9)**	(158.1)

	The Group and the Company	
	FY2018/19	**FY2017/18**
Change in fair value of hedging instrument	**136.2**	(232.6)
Change in fair value of hedged item	**(136.2)**	232.6
Hedge ineffectiveness recognised in profit or loss	**–**	–

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

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For The Financial Year Ended 31 March 2019

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

(b) Foreign currency risk (continued)

Foreign currency sensitivity analysis

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

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

Sensitivity analysis:

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

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

R1 *Sensitivity analysis on outstanding foreign currency hedging contracts and fuel hedging contracts denominated in foreign currency*

R2 *Sensitivity analysis on significant outstanding foreign currency denominated monetary items*

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

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

(c) Interest rate risk

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

Cash flow hedges

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

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

Interest rate sensitivity analysis

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

(c) Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

Under these assumptions, an increase or decrease in market interest rates of 10 basis points for all currencies in which the Group has derivative financial instruments and variable rate assets and liabilities at 31 March 2019 will have the effects as set out in the table below.

Sensitivity analysis:

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

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

R1 *Sensitivity analysis on derivative financial instruments.*
R2 *Sensitivity analysis on variable rate assets and liabilities.*

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

(d) Market rate risk

At 31 March 2019, the Group and the Company own investments of $460.7 million (2018: $503.8 million) and $402.0 million (2018: $424.3 million) respectively, out of which $328.4 million (2018: $338.8 million) and $269.6 million (2018: $259.3 million) are subject to market risk, being the potential loss resulting from a decrease in market prices.

Market price sensitivity analysis

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

Sensitivity analysis on investments:

	The Group 31 March			
	2019		2018	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	**0.1**	**3.2**	–	3.4
Decrease in 1% of quoted prices	**(0.1)**	**(3.2)**	–	(3.4)

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

(e) Liquidity risk

At 31 March 2019, the Group has at its disposal, cash and short-term deposits amounting to $2,944.0 million (2018: $2,568.3 million). In addition, the Group has available short-term credit facilities of about $1,557.5 million (2018: $1,649.3 million). The Group also has a Medium Term Note Programme and Medium Term Bond Programme under which it may issue notes up to $7,000.0 million (2018: $5,000.0 million) and as of 31 March 2019, $2,620.0 million (2018: $1,970.0 million) remained unutilised. Under this Programme, notes issued by the Company may have varying maturities as contracted with the relevant financial institutions.

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

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For The Financial Year Ended 31 March 2019

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

(e) Liquidity risk (continued)

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

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

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

(e) Liquidity risk (continued)

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

(f) Credit risk

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

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

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

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

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

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

(f) Credit risk (continued)

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

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

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

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

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

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

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

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

40 Capital Management (in $ million)

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

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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40 Capital Management (in $ million) (continued)

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

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

41 Related Party Transactions (in $ million)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key Management Personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the Directors, Chief Executive Officer and Executive Vice Presidents of the Company to be Key Management Personnel of the Company.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business during the financial year:

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

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

Key Management Personnel remuneration of the Group

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

* Amount less than $0.1 million

Share options granted to and exercised by a Director and key executives of the Company are as follows:

Name of participant	Aggregate options granted since commencement of scheme up to end of financial year under review	Aggregate options exercised since commencement of scheme up to end of financial year under review	Aggregate options outstanding at end of financial year under review
Goh Choon Phong	444,075	444,075	–
Mak Swee Wah	362,750	362,750	–
Ng Chin Hwee	214,025	214,025	–

Conditional awards granted to a Director and key executives of the Company pursuant to the Restricted Share Plan and the Performance Share Plan are as follows:

RSP/RSP 2014 Base Awards

Name of participant	Balance as at 1 April 2018	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2019	Aggregate Base Awards granted since commencement of RSP/RSP 2014 to end of financial year under review
Goh Choon Phong	42,000	60,000	42,000	60,000	502,232
Mak Swee Wah	21,000	30,000	21,000	30,000	286,674
Ng Chin Hwee	21,000	30,000	21,000	30,000	270,756

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

RSP/RSP 2014 Final Awards (Pending Release) [R1]

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

Deferred RSP/RSP 2014 Awards

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

PSP/PSP 2014 Base Awards [R2]

Name of participant	Balance as at 1 April 2018	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2019	Aggregate Base Awards granted since commencement of PSP/PSP 2014 to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP/PSP 2014 to end of financial year under review
Goh Choon Phong	222,750	82,500	82,500	222,750	651,478	124,902
Mak Swee Wah	89,100	33,000	33,000	89,100	305,278	97,253
Ng Chin Hwee	89,100	33,000	33,000	89,100	290,572	81,040

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

Transformation Share Awards

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

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

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

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

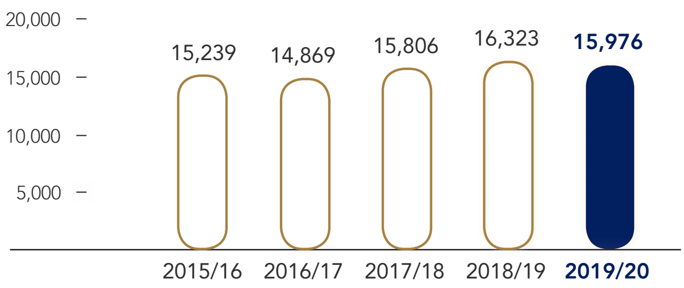
* *During the financial year, 154,569 and 32,730 treasury shares were issued to a Director and key executives of the Company pursuant to the RSP and DSA respectively.*

FINANCIAL REVIEW

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

REVENUE

($ million)

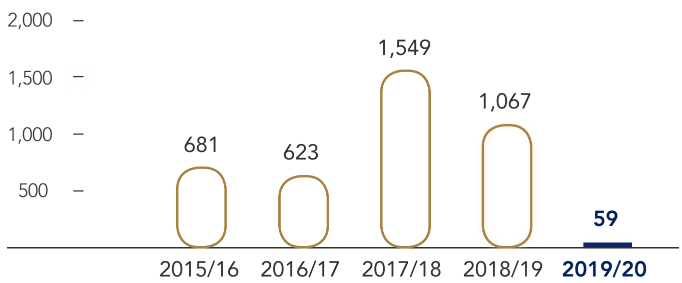


$15,976 million

(-$347 million, -2.1%)

OPERATING PROFIT

($ million)

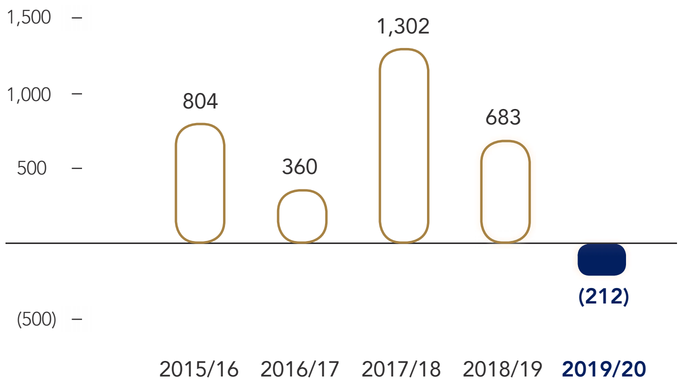


$59 million

(-$1,008 million, -94.5%)

PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

($ million)



$(212) million

(-$895 million)

PERFORMANCE OF THE GROUP

KEY FINANCIAL HIGHLIGHTS

	2019/20	2018/19	% Change	
Earnings For The Year ($ million)				
Revenue	**15,975.9**	16,323.2	- 2.1	
Expenditure	**15,916.8**	15,256.1	+ 4.3	
Operating profit	**59.1**	1,067.1	- 94.5	
(Loss)/Profit attributable to owners of the Company	**(212.0)**	682.7	n.m.	
Per Share Data (cents)				
(Loss)/Earnings per share – basic	**(17.9)**	57.7	n.m.	
Ordinary dividend per share	**8.0**	30.0	- 73.3	
Ratios (%)				
Return on equity holders' funds	**(1.9)**	5.2	- 7.1	points
Return on total assets	**(0.5)**	2.6	- 3.1	points

GROUP EARNINGS

Group operating profit for the financial year declined $1,008 million (-94.5 per cent) against last year to $59 million, predominantly attributable to the impact of the Covid-19 pandemic on the aviation industry in the fourth quarter of FY2019/20. The Group entered the fourth quarter of the financial year on the back of a strong performance for the first nine months, driven by robust passenger traffic numbers. However, the market conditions deteriorated abruptly in February 2020 as the Covid-19 outbreak started to spread globally. Fears about the spread of the virus, as well as global travel restrictions and border controls, led to a collapse in the demand for air travel, severely impacting the financial results of the three airlines in the Group.

Group revenue fell $347 million (-2.1 per cent) year-on-year to $15,976 million, largely contributed by Singapore Airlines (the "Parent Airline Company" or the "Company"), SilkAir and Scoot.

The fall in revenue at the Parent Airline Company was mainly due to a decline in cargo revenue, as both loads (-8.8 per cent) and yields (-3.8 per cent) came in lower amidst a challenging trading landscape posed by international trade tensions and export manufacturing slowdown in key economies. The passenger segment registered a marginal improvement as revenue gains from growth in traffic (+1.5 per cent). The West Asia & Africa and Americas route regions benefited from stronger overall demand, and the introduction of new non-stop services. These were offset by traffic declines induced by the pandemic in the fourth quarter and weaker yields (-1.0 per cent).

The revenue reductions from SilkAir and Scoot were attributable to lower passenger flown revenue from respective declines in capacity (-9.7 per cent, -2.7 per cent), brought about by flight cancellations following the outbreak of Covid-19, traffic (-8.3 per cent, -2.2 per cent) and yields (both -1.8 per cent). In addition, the grounding of the 737 MAX 8 fleet and progressive transfer of routes to Scoot also caused a reduction in SilkAir's capacity.

	2019/20 $ million	2018/19 $ million	% Change
Singapore Airlines	**12,918.0**	13,054.2	- 1.0
SilkAir	**888.2**	1,011.1	- 12.2
Scoot	**1,624.8**	1,710.8	- 5.0
SIA Engineering	**444.9**	485.7	- 8.4
Others	**100.0**	61.4	+ 62.9
Total revenue	**15,975.9**	16,323.2	- 2.1

FINANCIAL REVIEW

PERFORMANCE OF THE GROUP (CONTINUED)

GROUP EARNINGS (CONTINUED)

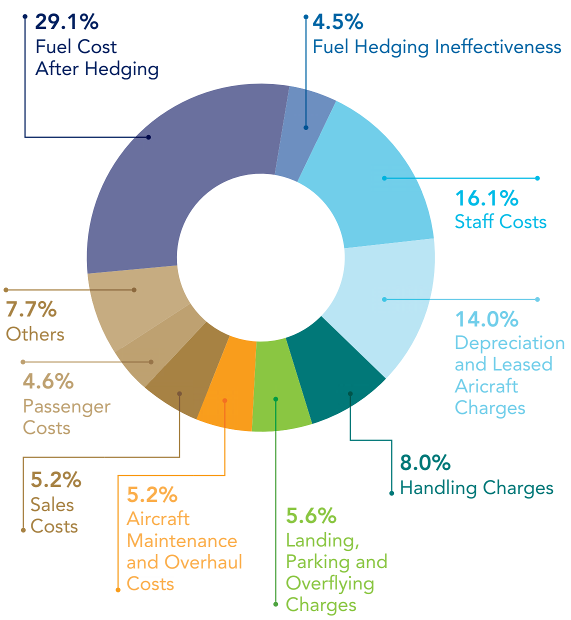
Group expenditure rose $661 million (+4.3 per cent) year-on-year to $15,917 million, primarily driven by mark-to-market losses of $710 million on ineffective fuel hedges for FY2020/21, attributable to a plunge in fuel prices and expected capacity cuts.

Fuel prices plummeted towards the end of the financial year, triggered by a slump in demand for oil due to the Covid-19 pandemic amid an unexpected price war and a consequent supply glut, resulting in fuel hedging losses upon contracts maturity. In addition, the expected capacity cuts in FY2020/21 will lead to lower fuel consumption than previously anticipated based on normal operating conditions, causing the Group to be in an over-hedged position. Consequently, the Group recorded the substantial mark-to-market losses of $710 million on these surplus hedges in the current financial year.

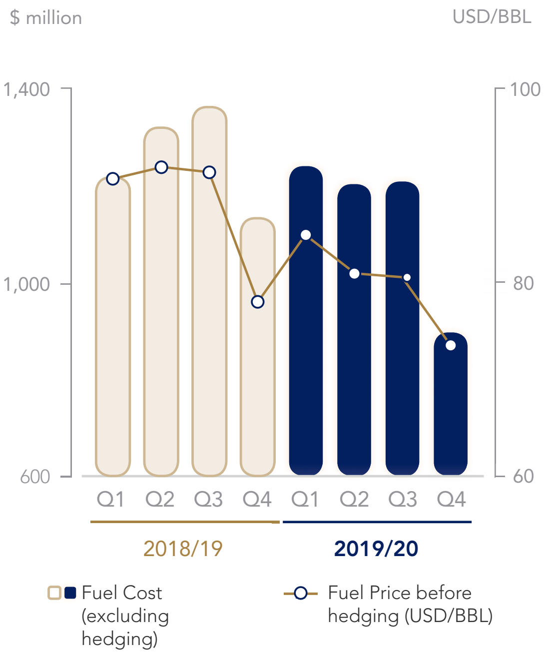
Fuel cost after hedging rose by $49 million (+1.1 per cent), largely from fuel hedging losses against gains last year (+$543 million) and a stronger US Dollar against the Singapore Dollar (+$29 million), partially offset by 9.1 per cent decrease in average jet fuel prices (-$447 million) and decrease in volume uplifted (-$76 million).

Non-fuel costs decreased $98 million (-0.9 per cent), mainly attributable to government grants received to help businesses tide over the Covid-19 crisis and cost management measures.

Group Expenditure



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



The Group's operating profit declined $1,008 million to $59 million (-94.5 per cent) for the financial year ended 31 March 2020. The three airlines in the Group were significantly impacted by the Covid-19 pandemic and recorded weaker operating performance over last year, while SIA Engineering's 19.2 per cent better operating results slightly cushioned the decline. Singapore Airlines earned an operating profit of $294 million in the financial year, a $697 million reduction compared to last year. SilkAir recorded an operating loss of $112 million for the fiscal year, a reversal from last year's operating profit of $15 million. Scoot's operating loss widened $183 million from the prior year. Please refer to the review of the Company and subsidiary companies for further details.

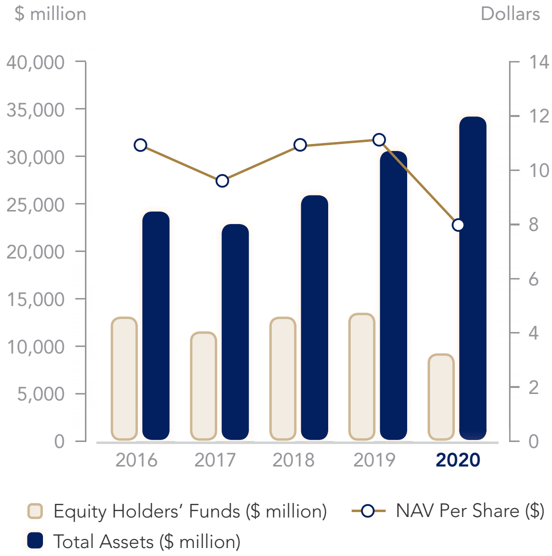
The Group registered a net loss of $212 million, a reversal of $895 million from last year's net profit of $683 million. This was mainly driven by the weaker operating performance (-$1,008 million) as well as an increase in net finance charges (-$105 million) due to the recognition of interest expense arising from lease liabilities, with the adoption of IFRS 16 *Leases*, and additional financing for capital expenditure. The swing from tax expense to tax credit (+$198 million) and lower provision for SilkAir's re-fleeting costs and restructuring costs in preparation for the carrier's integration into SIA (+$53 million) partly offset the losses.

FINANCIAL POSITION

From 1 April 2019, the Group adopted IFRS 16, a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Group applied the modified retrospective approach which allows for an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The effect of IFRS 16 on the Group's financial position is being included in the following analysis.

Equity attributable to owners of the parent decreased by $3,973 million (-29.9 per cent) to $9,314 million as at 31 March 2020, largely due to fair value movement on cash flow hedges (-$2,611 million), adoption of IFRS 16 (-$847 million), payment of dividends (-$356 million) and net loss for the financial year (-$212 million). The fair value movement on cash flow hedges of $2,611 million was primarily attributable to the swing from gains to losses in the fair values of outstanding fuel hedges driven by the slump in average forward prices.

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



Total Group assets increased $3,208 million (+10.5 per cent) to $33,713 million. The increase was mainly due to an increase in property, plant and equipment (+$3,310 million) and ROU assets arising from adoption of IFRS 16 (+$1,478 million), partially offset by a decrease in trade debtors (-$707 million), derivative assets (-$549 million) and cash and bank balances (-$259 million). Property, plant and equipment increased largely due to asset acquisitions with the delivery of aircraft during the year. The decline in trade debtors was mainly due to lower sales stemming from flight cancellations following the Covid-19 outbreak. The decrease in derivative assets was largely attributable to a swing from fair value gains to fair value losses on fuel hedges. Cash balances fell primarily due to capital expenditure (-$5,104 million), repayment of borrowings (-$878 million), repayment of lease liabilities (-$574 million) and payment of dividends (-$356 million), partially offset by proceeds from borrowings, net of transactions costs (+$3,981 million) and cash generated from operations (+$2,732 million).

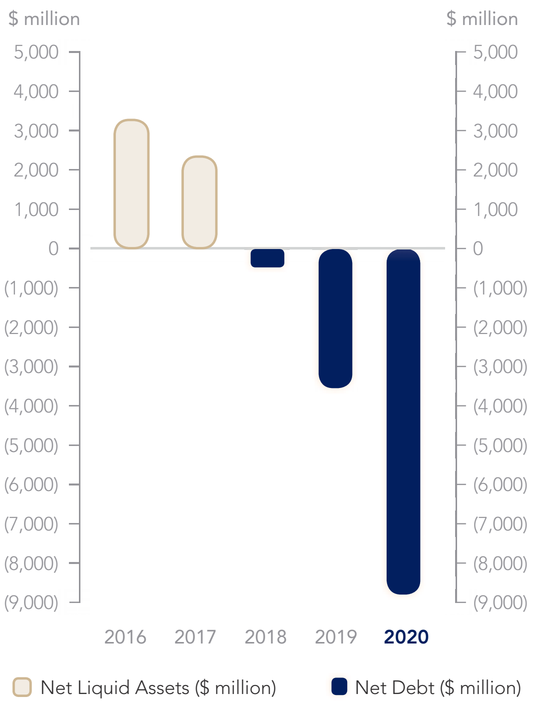
Total Group liabilities increased by $7,158 million (+42.6 per cent) to $23,980 million as at 31 March 2020, primarily due to an increase in derivative liabilities (+$3,260 million), borrowings (+$3,170 million) and lease liabilities from adoption of IFRS 16 (+$1,961 million). These were partially offset by lower deferred taxation (-$705 million) and sales in advance of carriage (-$674 million).

FINANCIAL REVIEW

PERFORMANCE OF THE GROUP (CONTINUED)

The Group's net debt[R1] rose to $8,676 million as at 31 March 2020, $5,082 million higher than the prior year, primarily attributable to an increase in total debt from loans drawn down by the Group (+$3,169 million) and lease liabilities (+$1,961 million) following the adoption of IFRS 16. Total debt to equity ratio increased from 0.50 times to 1.27 times as at 31 March 2020.

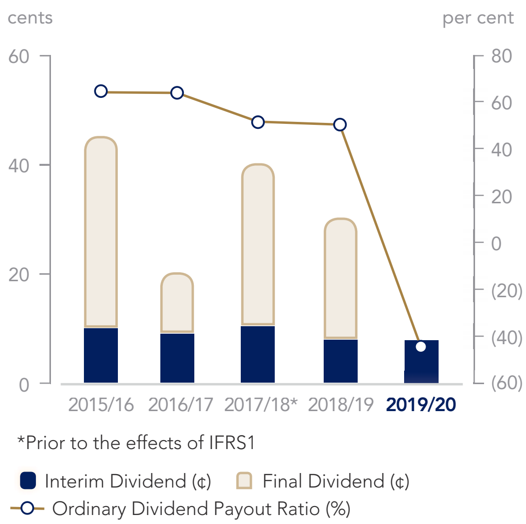
Group Net Liquid Assets and Net Debt



DIVIDENDS

For the financial year ended 31 March 2020, the Board recommends that no final dividend be declared, as the need for cash conservation is of paramount importance given the significant impact of the Covid-19 pandemic to the Group. The total dividend for the 2019/20 financial year will be 8 cents per share, comprising the interim dividend of 8 cents per share paid on 27 November 2019. This amounted to a payout of $95 million based on the number of issued shares as at 15 November 2019.

Dividend Payout

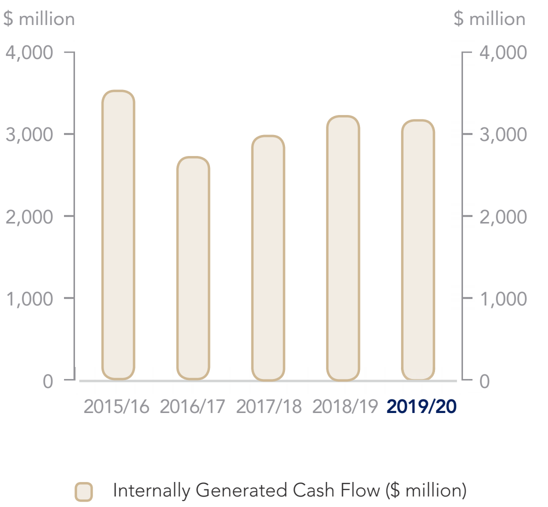


[R1] *Net debt is defined as lease liabilities, loans and bonds issued, net of the sum of cash and bank balances and short-term investments.*

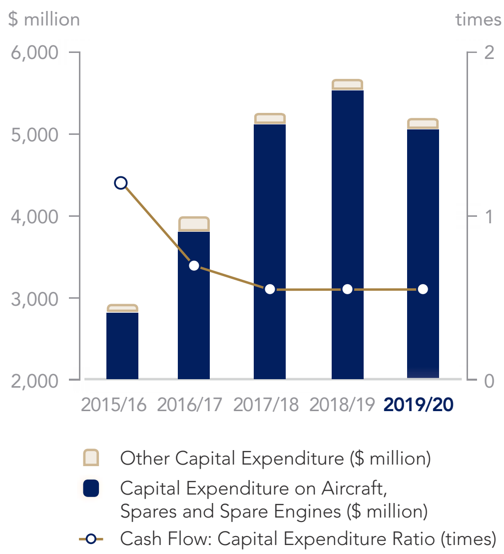
CAPITAL EXPENDITURE AND CASH FLOW OF THE GROUP

Capital expenditure was $5,104 million, 8.2 per cent lower than last year. Approximately 97 per cent of the capital spending was on aircraft, spares and spare engines. Internally generated cash flow of $3,077 million (-1.2 per cent) was approximately 60 per cent of capital expenditure. The decrease in internally generated cash flow was attributable to lower cash flow from operations, proceeds from the disposal of aircraft, spares and spare engines, and dividends received from associated and joint venture companies, partially offset by proceeds from sale and leaseback transactions.

Internally Generated Cash Flow



Group Capital Expenditure



GROUP STAFF STRENGTH AND PRODUCTIVITY

The Group's staff strength as at 31 March 2020 was as follows:

	31 March		
	2020	**2019**	**% Change**
Singapore Airlines	**17,204**	16,316	+ 5.4
SIA Engineering	**6,848**	6,673	+ 2.6
SilkAir	**1,389**	1,484	- 6.4
Scoot	**2,406**	2,334	+ 3.1
Others	**313**	271	+ 15.5
	28,160	27,078	+ 4.0

Average staff productivity was as follows:

	2019/20	**2018/19**	**% Change**
Revenue per employee ($)	**578,439**	615,181	- 6.0
Value added per employee ($)	**172,899**	200,283	- 13.7

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.

	2019/20 $ million	2018/19 $ million
Total revenue	**15,975.9**	16,323.2
Less: Purchase of goods and services	**(11,147.3)**	(11,049.4)
	4,828.6	5,273.8
Add:		
Interest income	**42.1**	41.9
Surplus/(Loss) on disposal of aircraft, spares and spare engines	**6.9**	(5.8)
Dividends from long-term investments	**3.2**	3.1
Other non-operating items	**(31.9)**	(47.4)
Share of profits of joint venture companies	**49.3**	26.5
Share of (losses)/profits of associated companies	**(122.9)**	22.2
Total value added for distribution	**4,775.3**	5,314.3
Applied as follows:		
To employees:		
- Salaries and other staff cost	**2,563.6**	2,816.9
To government:		
- Corporation taxes	**55.9**	269.9
To suppliers of capital:		
- Interim and proposed dividends	**94.8**	355.1
- Finance charges	**220.9**	116.1
- Non-controlling interests	**42.6**	38.9
Retained for future capital requirements:		
- Depreciation, amortisation and impairment	**2,205.9**	1,389.8
- Retained (loss)/profit	**(408.4)**	327.6
Total value added	**4,775.3**	5,314.3
Value added per $ revenue ($)	**0.30**	0.33
Value added per $ employment cost ($)	**1.86**	1.89
Value added per $ investment in property, plant and equipment ($)	**0.15**	0.20

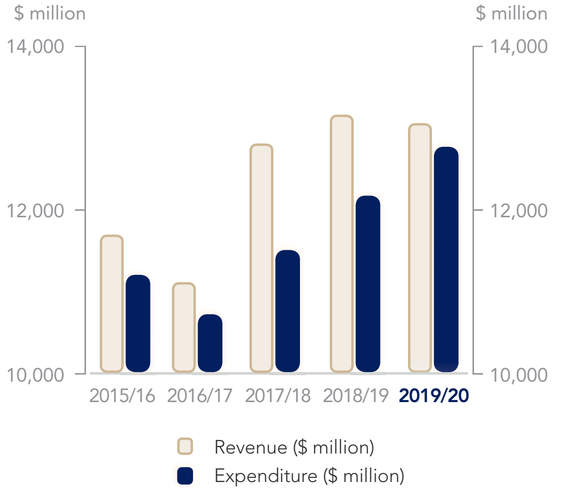
PERFORMANCE OF THE COMPANY

EARNINGS

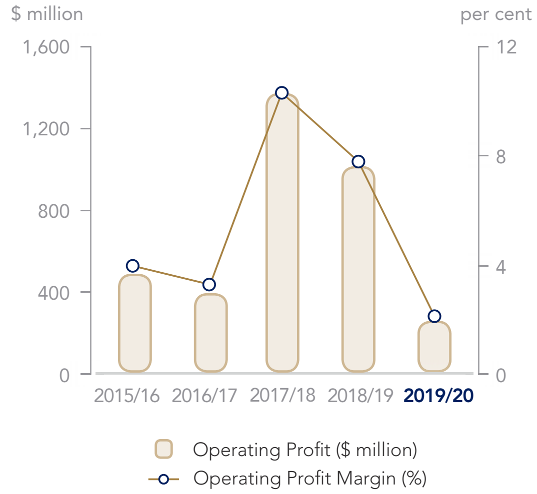
	2019/20 $ million	2018/19 $ million	% Change	
Revenue	**13,012.7**	13,144.2	-	1.0
Expenditure	**12,718.5**	12,153.7	+	4.6
Operating profit	**294.2**	990.5	-	70.3
Finance charges	**(197.3)**	(114.0)	+	73.1
Interest income	**91.1**	74.6	+	22.1
Surplus on disposal of aircraft, spares and spare engines	**6.8**	4.1	+	65.9
Dividends from subsidiary and associated companies	**101.5**	173.9	-	41.6
Dividends from long-term investments	**3.1**	3.1		-
Other non-operating items	**(589.7)**	(193.4)		n.m.
(Loss)/Profit before taxation	**(290.3)**	938.8		n.m.
Taxation	**6.8**	(159.7)		n.m.
(Loss)/Profit after taxation	**(283.5)**	779.1		n.m.

n.m. not meaningful

Company Revenue and Expenditure



Operating Profit and Operating Profit Margin



FINANCIAL REVIEW

PERFORMANCE OF THE COMPANY (CONTINUED)

REVENUE

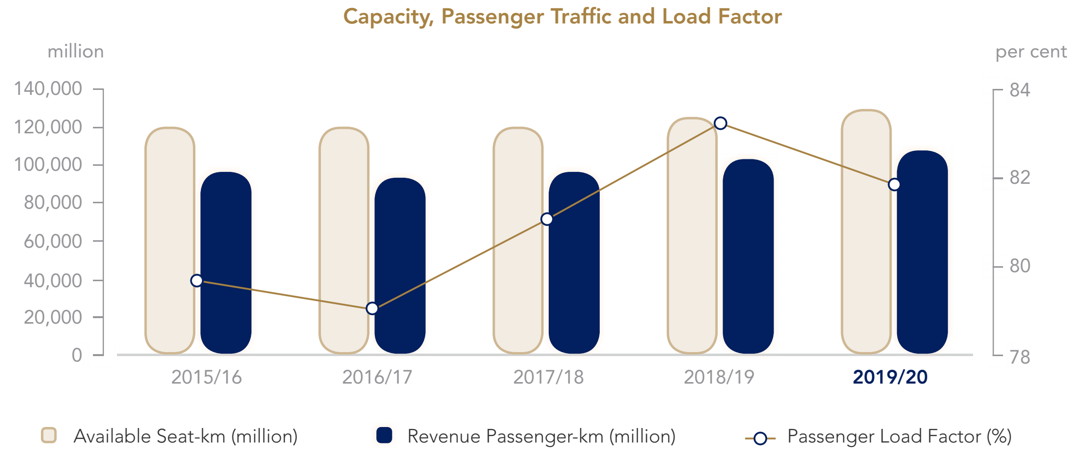
	2019/20 $ million	2018/19 $ million	Change $ million		Change %	
Passenger flown revenue	**10,392.3**	10,384.3	+	8.0	+	0.1
Cargo and mail revenue	**1,951.4**	2,220.5	-	269.1	-	12.1
Others	**669.0**	539.4	+	129.6	+	24.0
Total operating revenue	**13,012.7**	13,144.2	-	131.5	-	1.0

The Company's revenue fell 1.0 per cent to $13,013 million, predominantly due to lower cargo and mail revenue. This was partly offset by higher other revenue, mainly attributable to compensation received from suppliers in relation to various operational issues, higher revenue from lease of aircraft and recognition of a partnership bonus.

OPERATING PERFORMANCE – PASSENGER SEGMENT

	2019/20	2018/19	% Change		
Passengers carried (thousand)	**20,906**	20,738	+	0.8	
Revenue passenger-km (million)	**104,134.6**	102,571.9	+	1.5	
Available seat-km (million)	**127,165.8**	123,486.2	+	3.0	
Passenger load factor (%)	**81.9**	83.1	-	1.2	points
Passenger yield (¢/pkm)	**10.0**	10.1	-	1.0	
Revenue per available seat-km (¢/ask)	**8.2**	8.4	-	2.4	
Passenger unit cost (¢/ask)	**8.0**	8.3	-	3.6	

For the year, the Company's passenger carriage growth of 1.5 per cent reflected strong growth in the first nine months of the financial year (+9.0 per cent), and the collapse in carriage (-20.8 per cent) in the fourth quarter due to the Covid-19 outbreak. It fell short of the 3.0 per cent capacity growth contributed largely by the launch of ultra-long haul routes to the Americas and its connecting routes. This led to a 1.2-percentage point reduction in passenger load factor to 81.9 per cent. In addition to the lower passenger load factor, adverse currency movements and weaker yields resulted in revenue per available seat-km declining 2.4 per cent.



OPERATING PERFORMANCE – PASSENGER SEGMENT (CONTINUED)

A review of the Company's passenger segment operations by route region is as follows:

	By Route Region[R2] (2019/20 against 2018/19)					
	Passengers Carried Change (thousand)		Revenue Passenger-KM % Change		Available Seat-KM % Change	
East Asia	-	31	+	0.1	+	4.5
Americas	+	35	+	7.5	+	9.5
Europe	-	24	-	1.7	-	1.3
South West Pacific	+	4	-	0.4	-	0.5
West Asia and Africa	+	184	+	9.4	+	8.1
Systemwide	+	168	+	1.5	+	3.0

Passenger load factor by route region was as follows:

	Passenger Load Factor (%)			
	2019/20	2018/19	% Change points	
East Asia	**78.8**	82.2	-	3.4
Americas	**81.7**	83.2	-	1.5
Europe	**82.9**	83.1	-	0.2
South West Pacific	**84.7**	84.6	+	0.1
West Asia and Africa	**82.4**	81.4	+	1.0
Systemwide	**81.9**	83.1	-	1.2

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[R3] ($ million)			
	2019/20	2018/19	% Change		2019/20	2018/19	% Change	
East Asia	**3,330.5**	3,404.1	-	2.2	**5,356.7**	5,483.5	-	2.3
Americas	**1,654.6**	1,548.2	+	6.9	**844.5**	748.7	+	12.8
Europe	**2,318.4**	2,425.4	-	4.4	**1,716.0**	1,774.4	-	3.3
South West Pacific	**2,039.3**	2,050.7	-	0.6	**1,716.8**	1,711.2	+	0.3
West Asia and Africa	**1,049.5**	955.9	+	9.8	**758.3**	666.5	+	13.8
Systemwide	**10,392.3**	10,384.3	+	0.1	**10,392.3**	10,384.3	+	0.1

The Company's passenger flown revenue increased in 2019/20, as a result of:

		$ million		$ million
1.5% increase in passenger traffic:			+	158.2
1.0% decrease in passenger yield:				
Foreign exchange	-	133.5		
Lower local currency yields	-	119.2		
Change in passenger mix	+	102.5	-	150.2
Increase in passenger revenue			+	8.0

R2 *Each route region comprises routes originating from Singapore to final destinations in countries and territories within the region concerned and vice versa. For example, Singapore-Hong Kong-San Francisco-Hong Kong-Singapore route is classified under Americas region. East Asia covers Brunei, Hong Kong SAR, Indonesia, Japan, South Korea, Malaysia, People's Republic of China, Myanmar, Philippines, Thailand, Taiwan and Vietnam. Americas denotes USA. Europe consists of Denmark, England, France, Germany, Italy, Russia, Spain, Sweden, Switzerland, The Netherlands and Turkey. South West Pacific covers Australia and New Zealand. West Asia and Africa are made up of Bangladesh, India, Maldives, South Africa, Sri Lanka and United Arab Emirates.*

R3 *Each area of original sale comprises countries and territories within a region from which the sale is made.*

FINANCIAL REVIEW

PERFORMANCE OF THE COMPANY (CONTINUED)

OPERATING PERFORMANCE – PASSENGER SEGMENT (CONTINUED)

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

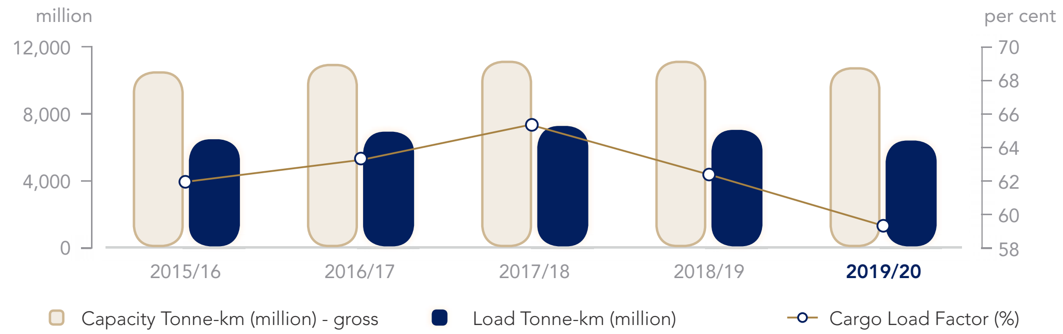
	$ million
1.0%-point change in passenger load factor, if yield and seat capacity remain constant	126.9
1.0% change in passenger yield, if passenger carriage remains constant	103.9

OPERATING PERFORMANCE – CARGO SEGMENT

	2019/20	2018/19	% Change	
Cargo and mail carried (million kg)	**1,205.0**	1,298.3	- 7.2	
Cargo load tonne-km (million)	**6,389.2**	7,006.5	- 8.8	
Cargo capacity tonne-km (million) - gross	**10,778.2**	11,210.4	- 3.9	
Cargo load factor (%)	**59.3**	62.5	- 3.2	points
Cargo yield (¢/ltk)	**30.5**	31.7	- 3.8	
Cargo unit cost (¢/ask)	**16.4**	16.5	- 0.6	

Cargo demand was adversely impacted by several global events over the course of the year, mainly the international trade tensions, export manufacturing slowdown in key economies, and industry overcapacity on several key trade lanes. In addition, the intensification of the Covid-19 outbreak in China over the Chinese New Year period triggered an extended factory shutdown and reduced cargo loads significantly. Consequently, loads carried fell by 8.8 per cent, outpacing the decrease in cargo capacity of 3.9 per cent, resulting in cargo load factor declining 3.2 percentage points year-on-year.

Capacity, Loads Carried and Load Factor



The softer overall cargo demand and dampened outlook placed downward pressure on yields for most of the year, causing cargo yield to fall 3.8 per cent against last year.

OPERATING PERFORMANCE – CARGO SEGMENT (CONTINUED)

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

	By Route Region (2019/20 against 2018/19)		
	Loads Carried KG Change (million)	Load Tonne-KM % Change	Capacity Tonne-KM % Change
East Asia	- 25.5	- 2.8	+ 1.1
Americas	- 22.8	- 17.9	- 16.7
Europe	- 22.0	- 11.8	- 6.4
South West Pacific	- 17.7	- 7.4	+ 1.2
West Asia and Africa	- 5.3	- 1.6	+ 1.8
Systemwide	- 93.3	- 8.8	- 3.9

Cargo load factor by route region was as follows:

	Cargo Load Factor (%)		
	2019/20	2018/19	% Change points
East Asia	**53.4**	55.6	- 2.2
Americas	**60.4**	61.2	- 0.8
Europe	**69.6**	73.8	- 4.2
South West Pacific	**52.5**	57.4	- 4.9
West Asia and Africa	**68.4**	70.7	- 2.3
Systemwide	**59.3**	62.5	- 3.2

The Company's cargo and mail revenue decreased in 2019/20, as a result of:

	$ million	$ million
8.8% decrease in loads carried:		- 195.7
3.8% decrease in cargo yield:		
Lower local currency yields	- 56.2	
Foreign exchange	- 17.2	- 73.4
Decrease in cargo and mail revenue		- 269.1

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

	$ million
1.0%-point change in cargo load factor, if yield and capacity remain constant	32.9
1.0% change in cargo yield, if loads carried remains constant	19.5

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

	By Route Region ($ million)			By Area of Original Sale[R4] ($ million)		
	2019/20	2018/19	% Change	2019/20	2018/19	% Change
East Asia	**608.5**	622.5	- 2.2	**1,227.0**	1,386.0	- 11.5
Americas	**281.6**	386.5	- 27.1	**83.4**	102.3	- 18.5
Europe	**449.9**	540.4	- 16.7	**337.2**	403.2	- 16.4
South West Pacific	**397.9**	445.0	- 10.6	**162.7**	174.1	- 6.5
West Asia and Africa	**213.5**	226.1	- 5.6	**141.1**	154.9	- 8.9
Systemwide	**1,951.4**	2,220.5	- 12.1	**1,951.4**	2,220.5	- 12.1

[R4] *Each area of original sale comprises countries and territories within a region from which the sale is made.*

FINANCIAL REVIEW

PERFORMANCE OF THE COMPANY (CONTINUED)

EXPENDITURE

The Company's expenditure increased 4.6 per cent to $12,719 million in 2019/20.

	2019/20		2018/19		%	
	$ million	%	$ million	%	Change	
Fuel costs	**3,819.8**	**30.0**	3,763.1	31.0	+	1.5
Fuel hedging ineffectiveness	**587.5**	**4.6**	-	-		n.m.
Staff costs	**1,756.9**	**13.8**	1,968.3	16.2	-	10.7
Depreciation	**1,710.7**	**13.5**	1,102.3	9.1	+	55.2
Rentals on leased aircraft	**76.6**	**0.6**	445.0	3.7	-	82.8
Handling charges	**1,163.3**	**9.1**	1,182.9	9.7	-	1.7
Aircraft maintenance and overhaul costs	**624.5**	**4.9**	723.6	5.9	-	13.7
In-flight meals and other passenger costs	**668.4**	**5.3**	668.7	5.5		-
Airport and overflying charges	**698.8**	**5.5**	688.1	5.7	+	1.6
Sales costs	**698.4**	**5.5**	695.4	5.7	+	0.4
Communications and information technology costs	**124.3**	**1.0**	119.7	1.0	+	3.8
Other costs	**789.3**	**6.2**	796.6	6.5	-	0.9
Total	**12,718.5**	**100.0**	12,153.7	100.0	+	4.6

n.m. not meaningful

A breakdown of fuel costs is shown below:

	2019/20 $ million	2018/19 $ million	Change $ million	
Fuel costs (before hedging)	**3,714.8**	4,094.6	-	379.8
Fuel hedging loss/(gain)	**105.0**	(331.5)	+	436.5
	3,819.8	3,763.1	+	56.7

Expenditure on fuel before hedging was $380 million lower because of:

	$ million	
9.3% decrease in weighted average fuel price from 87.9 USD/BBL to 79.7 USD/BBL	-	379.5
0.6% decrease in volume uplifted from 34.3 million BBL to 34.1 million BBL	-	23.8
Stronger USD against SGD	+	23.5
	-	379.8

Fuel hedging ineffectiveness of $587 million was attributable to mark-to-market losses on surplus hedges arising from the expected capacity cuts in FY2020/21, which led to lower forecast fuel consumption requirements than under planned normal operating conditions.

Staff costs were $211 million (-10.7 per cent) lower year-on-year, largely attributable to government grants received under the Singapore Budget 2020 to aid businesses affected by the Covid-19 outbreak.

Depreciation rose $608 million (+55.2 per cent), mainly due to addition of new aircraft and the adoption of IFRS 16, under which depreciation of ROU assets was recognised in place of lease rental expense.

Rentals on leased aircraft were $368 million (-82.8 per cent) lower than last year, largely due to fewer aircraft on operating lease and the aforementioned adoption of IFRS 16.

Aircraft maintenance and overhaul costs fell by $99 million (-13.7 per cent) primarily on lower provision for redelivery check costs from the expiry of aircraft leases.

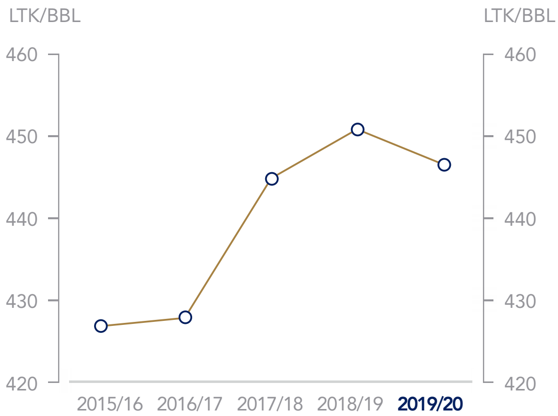
FUEL PRODUCTIVITY AND SENSITIVITY ANALYSIS

Fuel productivity of the passenger fleet, measured by load tonne-km per barrel (ltk/BBL), decreased 1.1 per cent from 451ltk/BBL to 446ltk/BBL, mainly due to the decrease in load factor when air travel demand collapsed amidst the Covid-19 outbreak.

A change in fuel productivity of 1.0 per cent would have an impact on the Company's annual fuel costs before hedging by about $27 million, before accounting for changes in fuel price, USD exchange rate and flying operations.

A change in the price of fuel before hedging of one US dollar per barrel affects the Company's annual fuel cost for passenger fleet by about $45 million, before accounting for USD exchange rate movements, and changes in volume of fuel consumed.

Fuel Productivity of Passenger Fleet



NET FINANCE CHARGES

Net finance charges rose $67 million, mainly due to additional borrowings to finance capital expenditure, and interest expense recognised on lease liabilities with the adoption of IFRS 16. The Company drew down $3,981 million of bank loans during the fiscal year, at rates ranging from 0.34 per cent to 2.14 per cent per annum.

DISPOSAL OF AIRCRAFT, SPARES AND SPARE ENGINES

The surplus on disposal of $7 million was primarily attributable to gain on sale of three spare engines.

DIVIDENDS FROM SUBSIDIARY AND ASSOCIATED COMPANIES

Dividends from subsidiary and associated companies were $72 million lower than last year mainly due to absence of dividends received last year from Singapore Aviation and General Insurance Company and SIA Cargo, and lower dividends from SIA Engineering Company.

TAXATION

Tax credit of $7 million was recognised, compared to tax expense of $160 million last year, due to the swing from profit before taxation to a loss this year.

IMPAIRMENT OF INVESTMENT IN ASSOCIATED COMPANIES

The Company recorded impairment losses on investments in associated companies Virgin Australia Holdings ("VAH") ($344 million) and Vistara ($232 million) in the 2019/20 financial year.

VAH has been loss-making, and the Covid-19 pandemic has a significant impact on VAH operations. On 31 March 2020, VAH announced that it had requested for financial support from the Australian Government. Subsequently, on 21 April 2020, VAH announced that it had entered voluntary administration. An impairment loss of $344 million was recognised by the Company to write down the cost of investment in VAH to zero.

Investment in Vistara was written down to its estimated recoverable amount as the airline has been loss-making during the year, with this trend expected to persist given the Covid-19 situation, in addition to the hefty operating commitments from its expansion efforts.

FINANCIAL REVIEW

PERFORMANCE OF THE COMPANY (CONTINUED)

STAFF STRENGTH AND PRODUCTIVITY

The Company's staff strength as at 31 March 2020 was 17,204, an increase of 888 over the previous year. The distribution of employee strength by category and location is as follows:

	31 March		
	2020	**2019**	**% Change**
Category			
Senior staff (executives and higher ranking officers)	**2,072**	1,849	+ 12.1
Technical crew	**2,369**	2,261	+ 4.8
Cabin crew	**9,266**	8,744	+ 6.0
Other ground staff	**3,497**	3,462	+ 1.0
	17,204	16,316	+ 5.4
Location			
Singapore	**14,704**	13,874	+ 6.0
East Asia	**1,070**	1,037	+ 3.2
Europe	**533**	514	+ 3.7
South West Pacific	**391**	391	-
West Asia and Africa	**340**	341	- 0.3
Americas	**166**	159	+ 4.4
	17,204	16,316	+ 5.4

The Company's average staff productivity ratios[R5] are shown below:

	2019/20	2018/19	% Change
Capacity per employee (tonne-km)	**1,416,772**	1,486,207	- 4.7
Revenue per employee ($)	**776,414**	824,450	- 5.8
Value added per employee ($)	**201,348**	258,634	- 22.1

PERFORMANCE OF THE SUBSIDIARY COMPANIES

The major subsidiary companies are SIA Engineering, SilkAir and Scoot. The following performance review includes intra-group transactions.

SIA ENGINEERING

	2019/20 $ million	2018/19 $ million	% Change
Total revenue	**994.1**	1,020.9	- 2.6
Total expenditure	**926.4**	964.1	- 3.9
Operating profit	**67.7**	56.8	+ 19.2
Net profit	**193.8**	160.9	+ 20.4

SIAEC Group operating profit for the year ended 31 March 2020 was $68 million; $11 million (+19.2 per cent) higher year-on-year. The strong performance recorded in the first nine months of the financial year continued into the last quarter until significant flight cancellations by airline customers adversely affected the line maintenance business. The improvement in operating profit was supported by SIAEC's Transformation efforts, which have delivered improvements in manpower utilisation and reduced costs.

R5 *The Company's staff productivity ratios were computed based on average staff strength of 16,760 in 2019/20 (2018/19: 15,943).*

SIA ENGINEERING (CONTINUED)

Revenue at $994 million was $27 million (-2.6 per cent) lower, mainly due to a $24 million decrease in airframe and line maintenance revenue. Expenditure decreased $38 million (-3.9 per cent) to $926 million. In line with the lower workload, material and subcontract services costs decreased. In addition, staff costs and departmental costs also decreased, partly due to favourable exchange rate movements. The reduction in staff costs was primarily attributed to the Singapore government's support schemes.

Share of profits from associated and joint venture companies was $128 million, $14 million (+12.3 per cent) higher year-on-year, with $18 million higher contribution from the engine and component segment and $4 million lower contribution from the airframe and line maintenance segment. The improvement from the engine and component segment was mainly due to the writeback of tax provisions, as compared to a one-time tax charge in the previous year.

Net profit increased $33 million (+20.4 per cent) to $194 million for the year ended 31 March 2020, mainly due to higher operating profit and increase in share of profits of associated and joint venture companies.

Basic earnings per share were 17.3 cents for the current financial year.

SILKAIR

	2019/20 $ million	2018/19 $ million		% Change
Total revenue	**906.0**	1,030.9	-	12.1
Total expenditure	**1,018.3**	1,015.7	+	0.3
Operating (loss)/profit	**(112.3)**	15.2		n.m.
Loss after taxation	**(103.8)**	(52.3)	-	98.5

SilkAir's revenue decreased by $125 million (-12.1 per cent) to $906 million, due to lower passenger flown revenue on an 8.3 per cent reduction in passenger carriage and 1.8 per cent decline in yield. Load factor rose 1.1 percentage points to 77.3 per cent, as the decline in passenger carriage was lower than capacity reduction (-9.7 per cent). Revenue per available seat kilometer ("RASK") contracted 1.2 per cent to 8.2¢/ask.

Operating expenses were 0.3 per cent higher, primarily due to fuel hedging ineffectiveness loss ($53 million) offset by reduction in fuel cost ($11 million) and ex-fuel expenditure ($39 million). Reduction in ex-fuel expenditure is attributable to capacity reduction. As a result, SilkAir incurred an operating loss of $112 million for the fiscal year.

Loss after taxation was $104 million, after accounting for finance charges.

SCOOT

	2019/20 $ million	2018/19 $ million		% Change
Total revenue	**1,680.6**	1,780.1	-	5.6
Total expenditure	**1,878.3**	1,795.5	+	4.6
Operating loss	**(197.7)**	(15.4)		n.m.
Loss after taxation	**(251.9)**	(40.8)		n.m.

Scoot's operating loss widened by $183 million from last year, due to revenue contraction of $100 million and $83 million rise in expenditure.

For the full year, revenue decreased 5.6 per cent, attributable to passenger carriage and yield coming in 2.2 per cent and 1.8 per cent lower respectively. The weaker performance stemmed largely from a 2.7 per cent reduction in capacity, as the Covid-19 pandemic in the fourth quarter triggered international travel bans on key markets, erasing the slight revenue growth registered in the first nine months of the financial year.

Expenditure increased $83 million (+4.6 per cent) mainly due to fuel hedging ineffectiveness ($70 million), as the volume of fuel hedged exceeded the carrier's forecast FY2020/21 consumption following the significant capacity cuts. Unit cost rose 3.8 per cent against last year to 5.4¢/ask.

RASK fell 2.0 per cent predominantly due to the decline in yield, partially offset by a marginal 0.4 percentage point increase in passenger load factor to 85.7 per cent.

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 2020.

In our opinion:

(a) the financial statements set out on pages 109 to 206 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 2020, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

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

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

1 Directors of the Company

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

Peter Seah Lim Huat	Chairman (Independent)
Goh Choon Phong	Chief Executive Officer
Gautam Banerjee	(Independent)
Simon Cheong Sae Peng	(Independent)
David John Gledhill	(Independent)
Goh Swee Chen	(Independent)
Dominic Ho Chiu Fai	(Independent)
Hsieh Tsun-yan	(Independent)
Lee Kim Shin	(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, etc.

	Direct interest		Deemed interest	
Name of Director	**1 April 2019**	**31 March 2020**	**1 April 2019**	**31 March 2020**
Interest in Singapore Airlines Limited				
Ordinary shares				
Peter Seah Lim Huat	–	24,800	–	–
Goh Choon Phong	981,379	1,132,149	–	–
Gautam Banerjee	–	7,100	–	–
Simon Cheong Sae Peng	1,870	6,870	–	–
David John Gledhill	–	2,700	–	–
Goh Swee Chen	–	1,300	–	–
Dominic Ho Chiu Fai	–	8,600	–	–
Hsieh Tsun-yan	–	6,100	–	–
Lee Kim Shin	–	5,300	–	–

DIRECTORS' STATEMENT

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

	Direct interest		Deemed interest	
Name of Director	**1 April 2019**	**31 March 2020**	**1 April 2019**	**31 March 2020**
Interest in Singapore Airlines Limited (continued)				
Conditional award of restricted shares (note 1)				
Goh Choon Phong – Base Awards	60,000	75,000	–	–
– Final Awards (Pending Release)	78,300	55,800	–	–
Conditional award of performance shares (note 2)				
Goh Choon Phong – Base Awards	222,750	235,250	–	–
Conditional award of deferred restricted shares (note 3)				
Goh Choon Phong – Base Awards	57,460	44,600	–	–
Conditional award of transformation restricted shares (note 4)				
Goh Choon Phong – Base Awards	66,083	80,295	–	–
– Final Awards (Pending Release)	–	41,500	–	–
Interest in Ascendas India Trust				
Units				
Gautam Banerjee	120,000	120,000	–	–
Interest in Ascendas Real Estate Investment Trust				
Units				
Gautam Banerjee	20,000	20,000	–	–
Interest in Ascott Residence Trust				
Units				
Simon Cheong Sae Peng	–	–	NA^	308,000^#
Interest in CapitaLand Commercial Trust				
Units				
Peter Seah Lim Huat	NA^	58,300^	–	–
Goh Choon Phong	NA^	6,700^	–	–
Interest in CapitaLand Mall Trust				
Units				
Peter Seah Lim Huat	NA^	148,000^	–	–
Gautam Banerjee	NA^	120,000^	–	–
Interest in CapitaLand Limited				
Ordinary shares				
Peter Seah Lim Huat	NA^	376,596^	–	–
Goh Choon Phong	NA^	35,000^	–	–
Goh Swee Chen	NA^	15,217^	NA^	5,000^*
Interest in CapitaLand Retail China Trust				
Units				
Peter Seah Lim Huat	NA^	98,721^	–	–
Simon Cheong Sae Peng	–	–	NA^	245,000^#
Interest in Mapletree Commercial Trust				
Units				
Simon Cheong Sae Peng	–	–	1,395,268*	1,395,268*

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

Name of Director	Direct interest 1 April 2019	Direct interest 31 March 2020	Deemed interest 1 April 2019	Deemed interest 31 March 2020
Interest in Mapletree Industrial Trust				
<u>Units</u>				
David John Gledhill	100,000	–	–	–
Interest in Mapletree North Asia Commercial Trust				
<u>Units</u>				
Simon Cheong Sae Peng	–	–	295,000#	295,000#
Interest in Mapletree Global Student Accommodation Private Trust				
<u>Units in Class A (USD)</u>				
Goh Choon Phong	4,823	4,823	–	–
<u>Units in Class B (GBP)</u>				
Goh Choon Phong	4,823	4,823	–	–
Interest in Singapore Technologies Engineering Limited				
<u>Ordinary shares</u>				
Peter Seah Lim Huat	545,325	543,325	–	–
Goh Choon Phong	6,000	6,000	–	–
Interest in Singapore Telecommunications Limited				
<u>Ordinary shares</u>				
Peter Seah Lim Huat	1,667	1,667	1,550*	1,550*
Goh Choon Phong	1,610	1,610	–	–
Goh Swee Chen	–	–	–	5,000*
Hsieh Tsun-yan	–	–	47,000*	47,000*
Lee Kim Shin	190	190	–	–
Interest in StarHub Limited				
<u>Ordinary shares</u>				
Peter Seah Lim Huat	308,992	308,992	300,000*	300,000*
Interest in Telechoice International Limited				
<u>Ordinary shares</u>				
Peter Seah Lim Huat	50,000	50,000	–	–

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

Directors' deemed interests arise from corporations in which the Director has a controlling interest.

^ *CapitaLand Limited and its subsidiaries became related corporations of the Company with effect from 1 July 2019.*

DIRECTORS' STATEMENT

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

Notes:

1. The actual number of Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over, in the case of awards granted before 2016, the two-year performance periods relating to the relevant awards and, in the case of awards granted from 2016 onwards, over the one-year performance periods relating to the relevant awards.

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

3. The Awards of fully-paid ordinary shares will vest at the end of three years from the date of the grant of the award. At the end of the vesting period, an additional number of shares equivalent to the Base Award multiplied by the accumulated dividend yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period) will vest.

4. The Awards of fully-paid ordinary shares will partially vest after a one-year performance period commencing from the date of the grant of the award. The actual number of Final Awards will range from 0% to 200% of the Base Awards and will vest over three years with 50% vesting after the end of the first year, and the balance at 25% over the next two years. On the final vesting date, an additional equity kicker equivalent to 20% of the Final Award will be settled with the participants.

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

Changes in the above-mentioned interests between the end of the financial year and 21 April 2020 are as follows:

	Direct interest		Deemed interest	
Name of Director	**1 April 2020**	**21 April 2020**	**1 April 2020**	**21 April 2020**
Interest in Mapletree Commercial Trust				
Units				
Simon Cheong Sae Peng	–	–	1,395,268*	–

* *Director's deemed interests arise from holdings by the Director's spouse.*

4 Equity Compensation Plans of the Company

The Company has in place the SIA Restricted Share Plan 2014 ("RSP 2014") and the SIA Performance Share Plan 2014 ("PSP 2014").

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

Peter Seah Lim Huat – Chairman
Simon Cheong Sae Peng
Hsieh Tsun-yan

RSP 2014 and PSP 2014

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

At the Extraordinary General Meeting held on 30 July 2014, shareholders approved 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. At the Annual General Meeting held on 27 July 2018, shareholders approved alterations to the RSP 2014 to enable non-executive Directors of the Company and/or its subsidiaries to participate in the RSP 2014 (in addition to employees, including executive Directors of the Company and/or its subsidiaries).

4 Equity Compensation Plans of the Company (continued)

RSP 2014 and PSP 2014 (continued)

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

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

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

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

All the PSP 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 2014 and PSP 2014 Final Awards released were satisfied by way of the transfer of treasury shares to the participants.

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

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

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

1. RSP 2014 Share Awards Granted to Non-Executive Directors

During the financial year, an aggregate of 60,900 shares were delivered pursuant to awards granted under the RSP 2014 to certain Non-Executive Directors as part of their Directors' Fees for the period 1 April 2018 to 31 March 2019 in lieu of cash. The share awards consisted of the grant of fully paid shares outright with no performance or vesting conditions attached, but with a selling moratorium of one year. Details are set out below.

Names of Non-Executive Directors	Share awards granted and vested during the financial year	Balance as at 31 March 2020	Aggregate share awards granted since commencement of the RSP 2014 to end of the financial year under review
Peter Seah Lim Huat	24,800	–	24,800
Gautam Banerjee	7,100	–	7,100
Simon Cheong Sae Peng	5,000	–	5,000
David John Gledhill	2,700	–	2,700
Goh Swee Chen	1,300	–	1,300
Dominic Ho Chiu Fai	8,600	–	8,600
Hsieh Tsun-yan	6,100	–	6,100
Lee Kim Shin	5,300	–	5,300

DIRECTORS' STATEMENT

4 Equity Compensation Plans of the Company (continued)

2. RSP 2014 Base Awards

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	Aggregate Base Awards granted since commencement of RSP 2014 to end of financial year under review
Goh Choon Phong	60,000	75,000	60,000	75,000	297,000

3. RSP 2014 Final Awards (Pending Release) [R1]

Name of participant	Balance as at 1 April 2019	Final Awards granted during the financial year[#]	Final Awards released during the financial year	Balance as at 31 March 2020	Aggregate ordinary shares released to participant since commencement of RSP 2014 to end of financial year under review
Goh Choon Phong	78,300	52,200	74,700	55,800	184,800

4. PSP 2014 Base Awards [R2]

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	Aggregate Base Awards granted since commencement of PSP 2014 to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP 2014 to end of financial year under review
Goh Choon Phong	222,750	95,000	82,500	235,250	400,250	20,630

5. Deferred RSP 2014 ("DSA")

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

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

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Awards vested during the financial year	Balance as at 31 March 2020	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	57,460	–	12,860	44,600	90,200	49,780

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

6. **Transformation RSP 2014 ("TSA")**

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

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

(a) **TSA Base Awards**

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	Aggregate Base Awards granted since commencement of TSA to end of financial year under review
Goh Choon Phong	66,083	80,295	66,083	80,295	146,378

(b) **TSA Final Awards (Pending Release) R3**

Name of participant	Balance as at 1 April 2019	Final Awards granted during the financial year#	Final Awards released during the financial year	Balance as at 31 March 2020	Aggregate ordinary shares released to participant since commencement of TSA to end of financial year under review
Goh Choon Phong	–	83,000	41,500	41,500	41,500

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

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

R3 *The actual number of TSA 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 one-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.

DIRECTORS' STATEMENT

5 Equity Compensation Plans of Subsidiaries

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

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

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").

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

6 Audit Committee

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

Gautam Banerjee - Chairman
Dominic Ho Chiu Fai
Hsieh Tsun-yan
Goh Swee Chen

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

(i) quarterly and annual financial statements of the Group and the Company prior to their submissions to the Board of Directors for adoption;

(ii) audit scopes, plans and reports (including Key Audit Matters) of the external and internal auditors;

(iii) adequacy and effectiveness of material controls, including financial, operational, compliance, information technology controls and risk management framework;

(iv) adequacy and effectiveness of the internal audit function, and the effectiveness, independence and objectivity of the external auditors;

(v) interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual);

(vi) whistle-blowing programme instituted by the Company; and

(vii) any material loss of funds, significant computer security incidents and legal cases.

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

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

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

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

7 Auditors

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

On behalf of the Board,

PETER SEAH LIM HUAT
Chairman

GOH CHOON PHONG
Chief Executive Officer

Dated this 29th day of May 2020

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 2020, the consolidated profit and loss account, consolidated statements of comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 109 to 206.

In our opinion, the accompanying consolidated financial statements of the Group and the statements of financial position and changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2020 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.

Accounting for passenger revenue and sales in advance of carriage

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

The key audit matter	How the matter was addressed in our audit
Passenger revenue is not recorded immediately on sale of flight tickets but is deferred to be recorded at a later time as revenue in the profit and loss account when a passenger is flown. Such deferred revenue is presented on the statement of financial position as sales in advance of carriage and is measured based on the sales price to the customer, net of ticket breakage (tickets sold but not utilised at flight date), discounts and rebates. The global Covid-19 outbreak was declared by the World Health Organisation on 11 March 2020 to be a pandemic and many countries have put in place travel restrictions and passenger requirements in response. These travel restrictions have resulted in a significant decline in global travel demand, and consequently, the Group has cancelled a significant number of its passenger flights in the near-term. These flight cancellations have caused a significant reduction in passenger revenue and forward bookings and also necessitated the payment of certain customer refunds. In addition, the Group has initiated changes in ticketing terms and conditions for certain affected ticket holders which include the extension of the ticket validities, amongst other measures. With these measures, historical trend information which has been used in the past, including to assist in our analysis of the reasonableness of passenger revenue and sales in advance of carriage and estimated ticket breakage rates requires re-examination. In addition, flight tickets sold often involve multiple flight sectors and partner airlines. The amount of revenue to be recognised for each flight as it is flown relies on complex internal IT systems that handle large volumes of transaction data and includes the exchange of information with industry systems and partner airlines. As a result of these complexities, this is a key focus area in our audit.	We held discussions with senior management to understand the Group's plans regarding ticket holders impacted by cancelled flights arising from the Covid-19 pandemic. Through these discussions, and reviews of the Group's announcements and documented internal policies and approvals, we understood the Group's changes to the ticketing terms for these affected ticket holders. To analyse the financial impact of cancelled and disrupted flights arising as a result of the Covid-19 pandemic, we performed data and analytical routines over passenger revenue recognised during the flight cancellation period as well as an analysis of the impact of flight cancellations on forward bookings that are recorded as sales in advance of carriage. We also performed test of details over a sample of passenger revenue to ascertain its appropriate recognition on flight date. In addition, we recomputed the underlying operating statistics of the Group to enable us to perform an analytical review of passenger revenue balances given the significant changes witnessed as compared to historical periods arising from the impact of Covid-19. We assessed the revised ticket breakage estimates taking into account revisions to ticket terms. To check the accuracy of the revenue recorded by the passenger revenue systems, we tested the relevant computer system controls, including the user access, program change controls and application controls over internal passenger revenue systems. Our tests of these controls were designed to determine whether these key computer systems controls operated as they were designed, and whether they were protected from tampering of data or software logic that would result in inaccurate accounting information relating to passenger revenue. Computer system controls were tested selectively; these included those relating to the completeness of transfers of data between systems, ticket validation to identify data errors and the assignment of ticket prices to each flight. Key manual controls were also tested to assess the appropriateness of the treatment applied to exceptions, and reconciliations of the Group's records with the outputs from shared industry systems and partner airlines. We obtained direct assistance from the Group's internal auditors to test the effectiveness of key controls in the passenger revenue accounting process at various overseas stations. Procedures we performed included planning the work to be performed by the Group's internal auditors, identifying the controls to be tested, and reviewing the work of the Group's internal auditors.

Findings

No significant exceptions were noted in the testing performed over passenger revenue and sales in advance of carriage. Changes in ticketing terms have appeared to be incorporated in a balanced manner in the Group's estimate of ticket breakage.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Accounting for the fair value and expiry of KrisFlyer miles

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

The key audit matter	How the matter was addressed in our audit
Cash is received by the Company from programme partners in return for the issuance of miles in its KrisFlyer frequent flyer programme. In addition, a portion of unearned revenue is separately identified from the value of the ticket sales for flights on which KrisFlyer members qualify to earn KrisFlyer miles ("miles"). Cash received from programme partners from the issuance of miles and the portion of unearned revenue attributable to miles earned on qualifying flights are recognised on the statement of financial position as deferred revenue, after taking into account the expected utilisation of the miles. Revenue is subsequently recognised when KrisFlyer members fly, or utilise other redemption options for goods or services. Significant judgement is required in the following aspects: ● The number of miles that will expire without use – The Company relies on historical expiry patterns in determining these estimates; and ● The determination of the fair value of frequent flyer miles – The Company relies on historical redemption patterns in determining these estimates. Predicting the impact of KrisFlyer scheme revisions that are anticipated to change the number of miles that will expire over time is inherently judgemental. These judgements are further heightened by the global travel restrictions caused by the Covid-19 pandemic and the resulting revisions to the KrisFlyer frequent flyer programme. Similarly, the estimation of the fair value of miles awarded in the KrisFlyer frequent flyer programme inherently requires judgement. As a result, the validity of historical data typically used in determining these estimates requires re-assessment. These are key focus areas of our audit.	We held discussions with senior management to understand the revisions to the KrisFlyer programme arising from the Covid-19 pandemic. Through these discussions, and reviews of the Group's announcements and documented internal policies and approvals, we understood the Group's changes to the KrisFlyer programme. We challenged the assumptions used to estimate the number of miles that will expire without use, including a comparison to historical expiry patterns and actual changes as well as planned changes to the KrisFlyer frequent flyer programme that may affect future redemptions. We checked the accuracy of the historical analysis used by testing relevant computer system controls. We evaluated the assumptions applied in the mathematical models used to determine the fair value of expected miles to be awarded. This included undertaking a comparison to historical redemption patterns and testing the calculations for mile values against observable inputs such as the Company's published market air fares. We also tested the controls implemented over the models.

Findings

Given the recency of the Covid-19 related travel restrictions, we found the estimate of the percentage of miles that will not be used to be balanced. We found the estimate for the fair value of miles awards to be balanced.

Accounting for the carrying values of aircraft and related assets

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

The key audit matter	How the matter was addressed in our audit
The accounting for the carrying value of aircraft and related assets has a material impact on the Group due to the significant cumulative value of the aircraft and long-lived nature of these assets. These aircraft and aircraft related assets belong to the full service and cargo operations ("FSC") and low cost airline ("LCC") cash generating units ("CGUs"). The Covid-19 pandemic has resulted in a significant amount of economic uncertainty in the current and future economic environment in which the Group operates. The Group's near-term cashflows have been negatively impacted due to global travel restrictions and the resultant global decrease in travel demand. The duration and severity of the crisis is dependent on events which are continuously unfolding and are beyond the control of the Group. As a result, there is a high degree of estimation uncertainty inherent in estimating the duration and severity of the economic downturn caused by the Covid-19 pandemic, and the pattern of any expected recovery. As a result, the estimates and assumptions used in the cashflow projections which form the basis of the recoverable amounts attributable to the two CGUs require significant judgement. These judgements require estimates to be made over areas including those relating to future revenues (yield), operating costs, growth rates, projected aircraft usage, aircraft capital expenditure, foreign exchange rates and discount rates for each of the two CGUs. Because of the inherent difficulties and limitations 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.	We studied publicly available aviation industry reports relating to the impact Covid-19 pandemic has on global passenger demand, to understand the possible recovery scenarios. We held discussions with senior management to understand the basis of the assumptions used in forming the estimates underpinning the assessment of the recoverable amount of the FSC and LCC CGUs. These estimates include those relating to yield, operating costs, growth rates, projected aircraft usage, aircraft capital expenditure, foreign exchange rates and discount rates. We challenged these estimates based on our knowledge of the business and the aviation industry and our understanding of the different possible recovery scenarios of global passenger demand based on the degree of sensitivity of these scenarios. We performed sensitivity analyses over certain inputs, being long term growth rates and yield, used in assessing the recoverable amount of the FSC and LCC CGUs. We assessed the arithmetical accuracy of the computations used in assessing the recoverable amount of the FSC and LCC CGUs.

Findings

The shorter term economic and regulatory environment that the Group operates in has been significantly disrupted by the global Covid-19 pandemic. The key inputs including yield, discount rates, growth rates and fuel prices used in assessing the recoverable amount of the FSC and LCC CGUs are subject to significant amounts of volatility and uncertainty. Nevertheless, we found the estimates underpinning the cashflow projections involved in the computation of the recoverable amount of the FSC and LCC CGUs to be reasonable in the context of currently available relevant information.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Accounting for fuel hedges

Refer to note 2(l) "Financial Instruments" for the relevant accounting policy and a discussion of significant accounting estimates.

The key audit matter	How the matter was addressed in our audit
The Group uses a variety of derivative financial instruments to hedge its risks associated with jet fuel price fluctuations. The significant decline in oil prices in March 2020 has resulted in significant fair value losses on the Group's open fuel derivative financial instruments. The cancellation of passenger flights in the near-term and the expectations of passenger capacity in FY2020/21 impacted by the travel restrictions associated with the Covid-19 pandemic has resulted in the previously hedged forecasted fuel consumption exceeding the current forecasted fuel consumption. Cumulative changes in fair value of fuel derivative financial instruments relating to the excess hedges for FY2020/21 have been recognised in profit or loss at 31 March 2020. Due to the high degree of estimation uncertainty inherent in assessing the duration and severity of the economic downturn caused by the Covid-19 pandemic and the consequent lifting of global travel restrictions, determining the associated recovery and forecasted future fuel consumption requires significant judgement. Because of these inherent difficulties and limitations 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.	We studied publicly available aviation industry reports relating to the impact Covid-19 pandemic has on global passenger demand, to understand the possible recovery scenarios. We held discussions with senior management to understand the basis of the assumptions used in forming the forecasted future fuel consumption. We challenged these estimates based on our understanding of the different possible Covid-19 recovery scenarios. We checked the accuracy of forecasted future fuel consumption based on management's estimated aircraft capacity usage and the calculation of the associated losses at 31 March 2020. We checked the accuracy of the fair value losses of the underlying derivative instruments.

Findings

We found the key assumptions used in the forecasted future fuel consumption for FY2020/21 and associated fair value losses accounted for at 31 March 2020 to be reasonable in the context of all available relevant information.

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report except for the *Chairman's Letter to Shareholders, Environment, Community Engagement, Corporate Governance Report, Membership and Attendance of Singapore Airlines Limited, Information on Shareholdings, The Group Fleet Profile, and Use of Proceeds from Issue of Rights Shares and Mandatory Convertible Bonds* ("the Reports") which are expected to be made available to us after that date.

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

Auditors' responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on legal and regulatory requirements

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Dated this 29th day of May 2020
Singapore

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For The Financial Year Ended 31 March 2020 (in $ million)

		The Group	
	Notes	FY2019/20	FY2018/19*
REVENUE	4	**15,975.9**	16,323.2
EXPENDITURE			
Staff costs	5	**2,563.6**	2,816.9
Fuel costs		**4,636.5**	4,587.1
Fuel hedging ineffectiveness	41(a)	**709.8**	–
Depreciation	21, 22	**2,134.2**	1,327.9
Impairment of property, plant and equipment	21	**14.2**	–
Amortisation of intangible assets	23	**57.5**	61.9
Aircraft maintenance and overhaul costs		**835.4**	899.2
Commission and incentives		**489.8**	472.5
Landing, parking and overflying charges		**886.4**	884.0
Handling charges		**1,276.7**	1,315.0
Rentals on leased aircraft		**79.2**	679.7
Inflight meals		**539.0**	550.4
Advertising and sales costs		**334.2**	331.8
Company accommodation and utilities		**50.2**	93.5
Other passenger costs		**187.7**	188.0
Crew expenses		**172.4**	168.1
Impairment of amount owing by a joint venture company		**61.6**	–
Other operating expenses		**888.4**	880.1
		15,916.8	15,256.1
OPERATING PROFIT	6	**59.1**	1,067.1
Finance charges	7	**(220.9)**	(116.1)
Interest income	8	**42.1**	41.9
Surplus/(Loss) on disposal of aircraft, spares and spare engines		**6.9**	(5.8)
Dividends from long-term investments		**3.2**	3.1
Other non-operating items	9	**(31.9)**	(47.4)
Share of profits of joint venture companies		**46.4**	23.2
Share of losses of associated companies		**(125.1)**	(97.4)
(LOSS)/PROFIT BEFORE TAXATION		**(220.2)**	868.6
TAXATION	10	**50.8**	(147.0)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(169.4)**	721.6
(LOSS)/PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY		**(212.0)**	682.7
NON-CONTROLLING INTERESTS		**42.6**	38.9
		(169.4)	721.6
BASIC (LOSS)/EARNINGS PER SHARE (CENTS)	11	**(17.9)**	57.7
DILUTED (LOSS)/EARNINGS PER SHARE (CENTS)	11	**(17.9)**	57.4

* Refer to note 2(b) for the initial application of IFRS 16.

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 2020 (in $ million)

	The Group	
	FY2019/20	**FY2018/19***
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	**(169.4)**	721.6
OTHER COMPREHENSIVE INCOME:		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences	**35.5**	20.3
Net fair value changes on cash flow hedges	**(2,603.3)**	158.2
Share of other comprehensive income of associated and joint venture companies	**5.2**	12.0
Realisation of foreign currency translation reserves on liquidation of an associated company	**0.2**	–
Realisation of foreign currency translation reserves on disposal of a subsidiary company	**–**	(0.1)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss on revaluation of defined benefit plans	**(5.3)**	(5.5)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF TAX	**(2,567.7)**	184.9
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**(2,737.1)**	906.5
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE COMPANY	**(2,786.4)**	863.4
NON-CONTROLLING INTERESTS	**49.3**	43.1
	(2,737.1)	906.5

* Refer to note 2(b) for the initial application of IFRS 16.

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

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2020 (in $ million)

	Notes	The Group 31 March 2020	The Group 31 March 2019*	The Company 31 March 2020	The Company 31 March 2019*
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	13	**1,856.1**	1,856.1	**1,856.1**	1,856.1
Treasury shares	14	**(156.0)**	(171.5)	**(156.0)**	(171.5)
Other reserves	15	**7,614.0**	11,602.2	**7,162.6**	10,088.8
		9,314.1	13,286.8	**8,862.7**	11,773.4
NON-CONTROLLING INTERESTS		**418.6**	396.4	**–**	–
TOTAL EQUITY		**9,732.7**	13,683.2	**8,862.7**	11,773.4
DEFERRED ACCOUNT	16	**33.3**	83.9	**33.3**	75.1
DEFERRED TAXATION	17	**1,335.3**	2,040.3	**1,292.2**	1,750.2
LONG-TERM LEASE LIABILITIES		**1,467.6**	–	**700.6**	–
BORROWINGS	18	**7,162.9**	6,423.3	**6,810.3**	5,973.6
OTHER LONG-TERM LIABILITIES	19	**1,875.7**	89.1	**1,860.7**	85.0
PROVISIONS	20	**990.7**	702.5	**308.3**	429.8
DEFINED BENEFIT PLANS		**112.5**	104.5	**111.9**	103.9
		22,710.7	23,126.8	**19,980.0**	20,191.0
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	21	**25,485.8**	22,176.3	**20,315.6**	17,311.5
RIGHT-OF-USE ASSETS	22	**1,477.7**	–	**745.7**	–
INTANGIBLE ASSETS	23	**487.0**	451.3	**216.6**	194.1
SUBSIDIARY COMPANIES	24	**–**	–	**4,769.9**	3,591.2
ASSOCIATED COMPANIES	25	**817.0**	1,104.5	**120.3**	555.2
JOINT VENTURE COMPANIES	26	**191.5**	171.7	**32.3**	30.6
LONG-TERM INVESTMENTS	27	**65.2**	343.9	**54.8**	333.5
OTHER LONG-TERM ASSETS	28	**345.7**	713.7	**167.4**	543.7
DEFERRED ACCOUNT	16	**–**	44.1	**–**	37.0
CURRENT ASSETS					
Deferred account	16	**–**	8.9	**–**	6.6
Derivative assets	41	**169.3**	371.4	**169.3**	371.4
Inventories	29	**239.3**	229.9	**168.4**	157.6
Trade debtors	30	**820.5**	1,527.2	**440.5**	1,138.8
Amounts owing by subsidiary companies	30	**–**	–	**200.4**	3.7
Deposits and other debtors	31	**330.8**	93.8	**297.7**	63.7
Prepayments		**121.1**	164.9	**85.1**	98.2
Other short-term assets		**38.9**	42.8	**30.3**	42.8
Investments	32	**423.5**	116.8	**375.3**	68.5
Cash and bank balances	33	**2,685.3**	2,944.0	**2,521.9**	2,716.0
Assets held for sale	21	**14.2**	–	**–**	–
		4,842.9	5,499.7	**4,288.9**	4,667.3
Less: **CURRENT LIABILITIES**					
Borrowings	18	**2,661.0**	231.1	**2,601.1**	159.8
Lease liabilities		**493.0**	–	**273.7**	–
Current tax payable		**68.5**	87.3	**39.2**	55.0
Trade and other creditors	34	**3,016.0**	3,163.6	**2,250.5**	2,304.2
Amounts owing to subsidiary companies	34	**–**	–	**1,021.5**	971.8
Sales in advance of carriage	35	**2,041.4**	2,715.4	**1,888.3**	2,479.8
Deferred revenue	35	**755.8**	610.9	**755.8**	610.9
Deferred account	16	**31.6**	44.9	**29.7**	37.9
Derivative liabilities	41	**1,570.8**	89.5	**1,565.2**	88.1
Provisions	20	**364.0**	435.7	**306.5**	365.6
		11,002.1	7,378.4	**10,731.5**	7,073.1
NET CURRENT LIABILITIES		**(6,159.2)**	(1,878.7)	**(6,442.6)**	(2,405.8)
		22,710.7	23,126.8	**19,980.0**	20,191.0

* Refer to note 2(b) for the initial application of IFRS 16.

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 2020 (in $ million)

The Group

	Notes	Share capital	Treasury shares	Capital reserve
Balance at 1 April 2019*		1,856.1	(171.5)	(124.3)
Effects of changes in accounting standards		–	–	–
As restated		1,856.1	(171.5)	(124.3)
Comprehensive income				
Currency translation differences	15(b)	–	–	–
Net fair value changes on cash flow hedges	15(d)	–	–	–
Actuarial loss on revaluation of defined benefit plans		–	–	–
Realisation of foreign currency translation reserves on liquidation of an associated company		–	–	–
Share of other comprehensive income of associated and joint venture companies		–	–	13.1
Other comprehensive income for the financial year, net of tax		–	–	13.1
(Loss)/Profit for the financial year		–	–	–
Total comprehensive income for the financial year		–	–	13.1
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Share of other changes in equity of an associated company		–	–	(2.5)
Changes in ownership interest without loss of control		–	–	–
Share-based compensation expense	5	–	–	–
Treasury shares reissued pursuant to equity compensation plans	14	–	15.5	1.0
Issuance of share capital by a subsidiary company		–	–	–
Dividends	12	–	–	–
Total transactions with owners		–	15.5	(1.5)
Balance at 31 March 2020		1,856.1	(156.0)	(112.7)

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

	Attributable to owners of the Company						
	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
	(33.2)	24.9	459.7	11,275.1	13,286.8	396.4	13,683.2
	–	–	–	(847.4)	(847.4)	–	(847.4)
	(33.2)	24.9	459.7	10,427.7	12,439.4	396.4	12,835.8
	25.1	–	–	–	25.1	10.4	35.5
	–	–	(2,602.3)	–	(2,602.3)	(1.0)	(2,603.3)
	–	–	–	(4.8)	(4.8)	(0.5)	(5.3)
	0.2	–	–	–	0.2	–	0.2
	2.6	–	(8.3)	–	7.4	(2.2)	5.2
	27.9	–	(2,610.6)	(4.8)	(2,574.4)	6.7	(2,567.7)
	–	–	–	(212.0)	(212.0)	42.6	(169.4)
	27.9	–	(2,610.6)	(216.8)	(2,786.4)	49.3	(2,737.1)
	–	–	–	–	(2.5)	(0.5)	(3.0)
	–	(3.6)	–	1.8	(1.8)	2.1	0.3
	–	20.5	–	–	20.5	1.0	21.5
	–	(16.1)	–	–	0.4	–	0.4
	–	–	–	–	–	1.0	1.0
	–	–	–	(355.5)	(355.5)	(30.7)	(386.2)
	–	0.8	–	(353.7)	(338.9)	(27.1)	(366.0)
	(5.3)	25.7	(2,150.9)	9,857.2	9,314.1	418.6	9,732.7

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2020 (in $ million)

The Group

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

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

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2020 (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 2019*		1,856.1	(171.5)	(929.8)	21.2	366.4	10,631.0	11,773.4
Effects of changes in accounting standards		–	–	–	–	–	(184.4)	(184.4)
As restated		1,856.1	(171.5)	(929.8)	21.2	366.4	10,446.6	11,589.0
Comprehensive income								
Net fair value changes on cash flow hedges	15(d)	–	–	–	–	(2,100.7)	–	(2,100.7)
Actuarial loss on revaluation of defined benefit plans		–	–	–	–	–	(4.0)	(4.0)
Other comprehensive income for the financial year, net of tax		–	–	–	–	(2,100.7)	(4.0)	(2,104.7)
Loss for the financial year		–	–	–	–	–	(283.5)	(283.5)
Total comprehensive income for the financial year		–	–	–	–	(2,100.7)	(287.5)	(2,388.2)
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Share-based compensation expense		–	–	–	17.0	–	–	17.0
Treasury shares reissued pursuant to equity compensation plans	14	–	15.5	1.0	(16.1)	–	–	0.4
Dividends	12	–	–	–	–	–	(355.5)	(355.5)
Total transactions with owners		–	15.5	1.0	0.9	–	(355.5)	(338.1)
Balance at 31 March 2020		1,856.1	(156.0)	(928.8)	22.1	(1,734.3)	9,803.6	8,862.7

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

The Company

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 March 2020 (in $ million)

	Notes	The Group FY2019/20	The Group FY2018/19*
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation		**(220.2)**	868.6
Adjustments for:			
Depreciation	21, 22	**2,134.2**	1,327.9
Impairment of property, plant and equipment	21	**14.2**	–
Amortisation of intangible assets	23	**57.5**	61.9
Impairment of trade debtors	6	**7.5**	5.7
Impairment of amount owing by a joint venture company		**61.6**	–
Writedown of inventories	6	**8.8**	5.4
Income from short-term investments	6	**(1.4)**	(1.1)
Provisions	20	**180.0**	302.2
Share-based compensation expense	5	**20.5**	21.0
Exchange differences		**(11.0)**	(2.4)
Net loss/(gain) on financial assets mandatorily measured at fair value through profit or loss ("FVTPL")	6	**0.5**	(0.7)
Fuel hedging ineffectiveness		**709.8**	–
Foreign currency hedging ineffectiveness	6	**(30.0)**	–
Amortisation of deferred loss on sale and operating leaseback transactions	6	**–**	4.3
Finance charges	7	**220.9**	116.1
Interest income	8	**(42.1)**	(41.9)
(Surplus)/Loss on disposal of aircraft, spares and spare engines		**(6.9)**	5.8
Dividends from long-term investments		**(3.2)**	(3.1)
Other non-operating items	9	**31.9**	47.4
Share of profits of joint venture companies		**(46.4)**	(23.2)
Share of losses of associated companies		**125.1**	97.4
Operating cash flow before working capital changes		**3,211.3**	2,791.3
Decrease in trade and other creditors		**(346.2)**	(28.1)
(Decrease)/Increase in sales in advance of carriage		**(674.0)**	273.3
Decrease/(Increase) in trade debtors		**660.3**	(206.1)
Increase in deposits and other debtors		**(237.0)**	(10.9)
Decrease in prepayments		**10.6**	19.7
Increase in inventories		**(18.2)**	(66.6)
Increase in deferred revenue		**144.9**	54.8
Cash generated from operations		**2,751.7**	2,827.4
Income taxes paid		**(19.8)**	(26.3)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**2,731.9**	2,801.1

* Refer to note 2(b) for the initial application of IFRS 16.

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

	Notes	The Group FY2019/20	FY2018/19*
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	36	**(5,103.5)**	(5,562.3)
Purchase of intangible assets	36	**(91.6)**	(105.4)
Proceeds from disposal of aircraft and other property, plant and equipment		**124.3**	180.2
Proceeds from sale and leaseback transactions		**117.2**	–
Purchase of long-term investments		**–**	(5.0)
Proceeds from disposal of long-term investments		**41.5**	157.6
Purchase of short-term investments		**(689.1)**	(798.8)
Proceeds from disposal of short-term investments		**661.7**	850.6
Dividends received from associated and joint venture companies		**84.0**	108.2
Dividends received from investments		**5.2**	5.2
Interest received from investments and deposits		**42.2**	47.8
Proceeds from finance leases		**9.2**	–
Proceeds from disposal of a subsidiary company, net of cash disposed		**–**	1.6
Investments in associated companies		**(141.0)**	(205.6)
Investments in joint venture companies		**(11.9)**	(40.5)
Loan to a joint venture company		**(18.1)**	–
Proceeds from disposal of associated companies		**–**	4.0
Proceeds from liquidation of an associated company		**5.1**	–
NET CASH USED IN INVESTING ACTIVITIES		**(4,964.8)**	(5,362.4)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	12	**(355.5)**	(449.8)
Dividends paid by subsidiary companies to non-controlling interests	12	**(30.7)**	(34.4)
Acquisition of non-controlling interests without a change in control		**–**	(4.7)
Issuance of share capital by subsidiary companies		**1.0**	19.5
Interest paid		**(206.0)**	(124.5)
Proceeds from issuance of bonds		**–**	1,350.0
Proceeds from borrowings		**3,985.2**	2,280.4
Repayment of borrowings		**(878.3)**	(93.7)
Repayment of lease liabilities		**(575.9)**	–
Payment of transaction costs related to borrowings		**(4.2)**	(11.1)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**1,935.6**	2,931.7
NET CASH (OUTFLOW)/INFLOW		**(297.3)**	370.4
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**2,944.0**	2,568.3
Effect of exchange rate changes		**38.6**	5.3
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**2,685.3**	2,944.0
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Fixed deposits	33	**1,283.5**	1,623.0
Cash and bank balances	33	**1,401.8**	1,321.0
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		**2,685.3**	2,944.0

* Refer to note 2(b) for the initial application of IFRS 16.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

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 2020 comprise the Company and its subsidiary companies (together referred to as "the Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

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

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 29 May 2020.

2 Summary of Significant Accounting Policies

The accounting policies applied by the Group and the Company are consistent with all periods presented in these financial statements, except as explained in note 2(b), which addresses changes in accounting policies.

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS").

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

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

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will be able to meet its liabilities as and when they fall due. The Group has generated a loss before taxation of $220.2 million (FY2018/19: profit before taxation of $868.6 million) during the year ended 31 March 2020 and as of that date, the Group and the Company's net current liabilities were $6,159.2 million (2019: $1,878.7 million) and $6,442.6 million (2019: $2,405.8 million) respectively. The Group has announced on 26 March 2020 that it is actively taking steps to build up its liquidity through a rights issue of ordinary shares and mandatory convertible bonds, together with other measures detailed in note 45, to enable the Group and the Company to continue its operations as a going concern and to meet its liabilities as and when they fall due.

(b) Changes in accounting policies

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

On 1 April 2019, the Group adopted all the new and revised standards and interpretations of IFRS ("INT IFRS") that are effective for annual financial periods beginning on or after 1 April 2019. 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 except for the adoption of IFRS 16 Leases.

2 Summary of Significant Accounting Policies (continued)

(b) Changes in accounting policies (continued)

Adoption of IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group applied the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 is recognised as an adjustment to the opening balance of general reserve at 1 April 2019, with no restatement of comparative information. The Group also applied the practical expedient to grandfather the definition of lease on transition. This means that IFRS 16 is applied to all contracts entered into before 1 April 2019 which have been identified as leases in accordance with IAS 17 and IFRIC 4. In addition, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(i) As lessee

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

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

In addition, the Group applied the following practical expedients:

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

The Group discounted lease payments using the applicable incremental borrowing rates at 1 April 2019. The rate applied is between 3.0% to 4.0%.

(ii) As lessor

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

The Group reassessed the classification of sub-leases in which the Group is a lessor. The Group reclassified two sub-leases as finance leases, resulting in the recognition of a finance lease receivable. There was no significant impact for other leases in which the Group is a lessor.

(iii) Impact on Consolidated Profit and Loss Account

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(b) Changes in accounting policies (continued)

Adoption of IFRS 16 Leases (continued)

(iv) Impact on Statements of Financial Position

	At 1 April 2019 Increase/(Decrease)	
	The Group	The Company
Equity		
General reserve	(847.4)	(184.4)
Liabilities		
Deferred account (non-current)	(38.7)	(29.9)
Deferred taxation	(117.0)	(39.8)
Long-term lease liabilities	1,742.3	890.4
Provisions (non-current)	316.7	(25.8)
Deferred account (current)	(6.6)	(4.9)
Trade and other creditors	(16.8)	(12.3)
Lease liabilities	443.0	277.8
Provisions (current)	2.4	–
Assets		
Property, plant and equipment	102.8	–
ROU assets	1,706.5	936.1
Associated companies	(282.2)	–
Other long term assets	29.1	–
Deferred account (non-current)	(44.1)	(37.0)
Prepayments	(33.2)	(21.4)
Deferred account (current)	(8.9)	(6.6)
Other short-term assets	7.9	–

(v) Reconciliation of operating lease commitments

The differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 March 2019 and the lease liabilities recognised in the balance sheet as at 1 April are as follows:

	The Group
Operating lease commitments disclosed as at 31 March 2019	2,542.9
Less: Short-term leases	(103.4)
Less: Low-value leases	(21.8)
Less: Discounting effect using the weighted average borrowing rate of 3.68%	(240.4)
Less: Leases with variable component	(15.4)
Add: Extension options which are reasonably certain to be exercised	23.4
Lease liabilities recognised as at 1 April 2019	2,185.3

2 Summary of Significant Accounting Policies (continued)

(b) Changes in accounting policies (continued)

Adoption of amendments to IFRS 9, IAS 39 and IFRS 7 interest rate benchmark reform

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 1 April 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognised in other comprehensive income that existed at 1 April 2019. For details on the impact of adoption of the standard, please refer to note 2(l)(vi).

(c) Standards issued but not yet effective

Certain new standards and amendments to standards that are effective from the Group's financial year ending 31 March 2021 onwards are as follows:

Description	Effective from
Amendments to References to Conceptual Framework in IFRS Standards	1 April 2020
Definition of a Business (Amendments to IFRS 3)	1 April 2020
Definition of Material (Amendments to IAS 1-1 and IAS 1-8)	1 April 2020
IFRS 17 Insurance Contracts	1 April 2023

(d) Basis of consolidation

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(e) Subsidiary, associated and joint venture companies

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

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

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

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

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

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

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

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

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

(f) Intangible assets

(i) Computer software

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

(ii) Deferred engine development cost

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

(iii) Brand and trademarks

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

2 Summary of Significant Accounting Policies (continued)

(f) Intangible assets (continued)

(iv) Goodwill

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

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

(v) Other intangible assets

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

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

(vi) Subsequent expenditure

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

(vii) Amortisation

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

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

- Computer software 1 – 10 years
- Licences 3 years
- Trademarks 10 years

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

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

(g) Foreign currencies

Foreign currency transactions

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(g) Foreign currencies (continued)

Foreign operations

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

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

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

(h) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Depreciation of property, plant and equipment

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

Freehold land, advance and progress payments are not depreciated.

2 Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment (continued)

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

The estimated useful lives and residual values are as follows:

Property, plant and equipment type	Useful lives	Residual values
Aircraft, spares and spare engines		
Passenger aircraft, spares and spare engines	12 – 20 years	0% to 10% of cost; or market value estimates
Embedded engine overhaul costs	4 – 10 years	Nil
Freighter aircraft	20 – 23 years	Market value estimates
Major inspection costs relating to landing gear overhauls and heavy maintenance visits	4 – 12 years	Nil
Training aircraft	5 – 15 years	10% of cost
Flight simulators	5 – 10 years	Nil
Leasehold land and buildings		
Office premises	Shorter of lease period or 30 years	Nil
Household premises	Shorter of lease period or 30 years	Nil
Other premises	Shorter of lease period or 5 years	Nil
Leasehold hotel properties held by an associated company	Lease period of 99 years, up to 2081	Nil
Others		
Plant and equipment, office and computer equipment	1 to 15 years	Nil

The residual values of certain aircraft are subject to foreign currency fluctuations and are remeasured to the prevailing exchange rates at the end of the reporting period.

(i) Leases - policy applicable under IFRS 16

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

This policy is applied to contracts entered into on or after 1 April 2019.

(i) As a Lessee

The Group recognises a ROU asset and lease liability at the lease commencement date.

ROU asset

ROU asset is initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimated cost to restore the underlying asset, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, except for embedded engine overhaul cost. The embedded engine overhaul cost is depreciated over the useful life on the same basis as those of property, plant and equipment disclosed in note 2(h). In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over their expected useful lives (estimated to be 4 to 10 years).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(i) Leases - policy applicable under IFRS 16 (continued)

(i) As a Lessee (continued)

Lease liability

The initial measurement of lease liability is measured at the present value of the unpaid lease payments discounted using the implicit rate in the lease, or if the rate cannot be easily determined, the Group shall use its incremental borrowing rate. The Group determines its incremental borrowing rate by obtaining the interest rate from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments include the following:

- Fixed payments, including in-substance fixed payments, less any incentives receivables;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if there is a change in the Group's estimate of the residual value guarantees, extension or termination options, or there is a revision to an in-substance fixed payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease components for property and training aircraft leases and account for these as one single lease component.

Interest expense arising from lease liabilities are included in repayment of leases under cash flow from financing activities in the consolidated statement of cash flows.

Short-term leases and leases of low value assets

The Group has elected not to recognise ROU assets and lease liabilities for leases of low value and short term aircraft and engine leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (refer to note 2(l)).

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

(j) Leases - policy applicable under IAS 17

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

(i) Finance lease – as lessee

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

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over their expected useful lives (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.

Major improvements and modifications to leased aircraft due to operational requirements are capitalised and depreciated over the remaining lease term period or, where appropriate, their expected useful lives (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.

(k) Inventories

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

(l) Financial instruments

(i) Recognition and initial measurement

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

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

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

a) Amortised cost: A non-equity financial asset can be measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) FVOCI: A non-equity financial asset can be measured at FVOCI only if it meets both of the following conditions:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) FVTPL: All other financial assets are classified as measured at FVTPL. Financial assets that are held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

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

Business model assessment

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

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

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

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

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

(l) **Financial instruments (continued)**

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

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

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

Reclassifications

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

Financial liabilities

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

(iii) **Derecognition**

Financial assets

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

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

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

Financial liabilities

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

(iv) **Offsetting**

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

(v) **Impairment**

Expected credit loss

The Group recognises loss allowances for expected credit loss ("ECL") on non-equity financial instruments that are not measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(v) Impairment (continued)

Expected credit loss (continued)

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- Non-equity financial instruments that are determined to have a low credit risk at the reporting date; and
- Other non-equity financial instruments (other than trade debtors) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for trade debtors are always measured at an amount equal to lifetime ECL.

The Group considers a non-equity financial instrument to have a low credit risk when its credit quality is rated to be of an investment grade by credit rating agencies.

12-month ECL is the portion of lifetime ECL that results from the default events on a financial instrument that are possible within the 12 months after the reporting date. The lifetime ECL is the expected credit loss over the term of the financial instrument, and is the shortfall of the probability weighted net present value of cash flows as compared to the carrying value of the non-equity financial asset.

The Group considers a financial guarantee contract provided on behalf of a counterparty to be in default, when the counterparty is unlikely to pay its credit obligations to the creditor or the Group in full.

Credit-impaired financial assets

At each reporting date, the Group assesses whether non-equity financial assets that are carried at amortised cost or FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(vi) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts, foreign currency option contracts, cross currency swap contracts, interest rate swap contracts, jet fuel option contracts, jet fuel and Brent and crack swap contracts to hedge its risks associated with foreign currency, interest rate and jet fuel price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair values. The Group also utilises financial liabilities to hedge its risks associated with foreign currency risks embedded within the residual values of owned aircraft.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken directly to the profit and loss account.

Designation of hedges

The Group designates certain derivatives as well as non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objective and strategy in undertaking the hedge, the economic relationship between the hedge instrument and the hedged item, the effects of credit risk on the hedge, the hedge ratio and the hedge type (cash flow or fair value).

Designation of a risk component of a hedged item is permitted when it is a separable identifiable component of the item, and the changes in the cash flows or the fair value of the item attributable to changes in the risk component is reliably measurable.

At the inception of the hedge relationship, the Group makes an assessment of whether the hedging instrument is expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item during the period for which the hedge is designated. For a cash flow hedge of a forecast transaction, the Group also assesses whether the forecast transaction is highly probable to occur and if it presents an exposure to variations in cash flows that could ultimately affect profit or loss.

2 Summary of Significant Accounting Policies (continued)

(l) Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Designation of hedges (continued)

The hedge effectiveness assessment is an assessment of the economic relationship between the hedged item and the hedging instrument, and is therefore only forward looking. There is no prescribed quantitative hedge effectiveness threshold. Hedge effectiveness is the extent to which the fair value of the hedging instrument offsets changes in the fair value of the hedged item.

The time value of an option is excluded from the designation of a financial instrument and is accounted for as a cost of hedging. The fair value changes related to time value are recognised in other comprehensive income and, depending on the nature of the hedged item, will either be transferred to profit and loss account in the same period that the underlying transaction affects profit or loss, or be capitalised into the initial carrying value of a hedged item.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interbank offered rates reform for the purpose of asserting that the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. The Group will no longer apply the amendments to its highly probable assessment of the hedged item when the uncertainty arising from interest rate benchmark reform with respect to the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued. To determine whether the designated forecast transaction is no longer expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued. The cumulative gain or loss previously recognised in the fair value reserve remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Cash flow hedges

When a derivative is designated in a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the fair value reserve. Any ineffective portion of changes in the fair value of the derivative (i.e. the extent to which changes in the fair value of the hedge instrument do not match the changes in fair value of the hedged item) is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income, and depending on the nature of the hedged item, will either be transferred to the profit or loss in the same period that the underlying transaction affects the profit and loss account or be capitalised in the initial carrying amount of a hedged item.

Fair value hedges

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset or its related CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(m) Impairment of non-financial assets (continued)

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.

(n) Loans, notes payable and borrowings

Loans, notes payable and other borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

(o) Trade and other creditors

Trade and other creditors and amounts owing to subsidiary, associated and joint venture companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

(p) Provisions

Provisions are recognised when, as a result of a past event, the Group has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic resources will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions for return costs to meet contractual minimum conditions for the return of aircraft, at the end of the lease terms for aircraft under operating leases, are recorded over the lease terms.

Other provisions include provisions for warranty claims, upgrade costs and end-of-lease liabilities. Provision for warranty claims is made for engine overhauls, repairs and maintenance of aircraft (excluding line maintenance), based on past experience of repairs.

(q) Share capital and share issuance expenses

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital, net of any tax effect.

(r) Treasury shares

When shares are reacquired by the Company, the amount of consideration paid which includes directly attributable costs, net of any tax effect, is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised in the capital reserve. Voting rights related to treasury shares are nullified and no dividends are allocated to them.

2 **Summary of Significant Accounting Policies (continued)**

(s) Taxation

(i) Current income tax

Tax recoverable and tax liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to, respectively, the tax authorities using tax rates enacted or substantively enacted at balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income taxes are recognised in the profit and loss account except to the extent that the tax relates to a business combination, or items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are not recognised for:

- Temporary differences on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- Temporary differences associated with investments in subsidiary, associated and joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised.

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

(t) Revenue

Revenue is principally earned from the carriage of passengers, cargo and mail, engineering services and tour activities, amongst others. Revenue for the Group excludes dividends from subsidiary companies and intra-group transactions.

(i) Passenger, cargo and mail

Passenger, cargo and mail sales are recognised as operating revenue when the transportation is provided. The value of unutilised tickets and airway bills is included in current liabilities as sales in advance of carriage. Breakage revenue (tickets sold and not uplifted at flight date) is recognised at flight date by estimating a percentage of tickets that will never be utilised, based on historical trends and experience. The value of airway bills is recognised as revenue if unused after one year.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(t) Revenue (continued)

(i) Passenger, cargo and mail (continued)

The Group sells certain tickets with connecting flights with one or more segments operated by its other airline partners. For segments operated by its other airline partners, the Group has determined that it is acting as an agent on behalf of other airlines as they are responsible for their portion of the contract (i.e. transportation of the passenger). The Group, as the agent, recognises revenue at the time of the travel for the net amount representing commission to be retained by the Group for any segments flown by other airlines.

The Group has applied the practical expedient and recognised the costs of selling airline travel tickets as an expense when it is incurred.

(ii) Engineering services

Revenue from repair and maintenance of aircraft, and engine and component overhaul is recognised based on the percentage of completion of the projects. The percentage of completion of the projects is determined based on the number of man-hours incurred to date against the estimated man-hours needed to complete the projects.

(iii) KrisFlyer

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised.

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 deferment of the revenue is estimated based on historical trends of breakage, which is then used to project the expected utilisation of these benefits.

(iv) Others

Revenue from tour activities is recognised upon commencement of the tours.

Revenue from sale of merchandise is recognised when the product is delivered and received by the customer.

Rental income from the lease of aircraft is recognised on a straight-line basis over the lease term.

(u) Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss, net of these expenses on a systematic basis in the same periods in which the expenses are recognised.

(v) 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.

(w) Employee benefits

(i) Equity compensation plans

The fair value determined at the grant date of the equity-settled share-based payment awards is recognised on a straight-line basis over the vesting period. In valuing the share 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.

2 Summary of Significant Accounting Policies (continued)

(w) Employee benefits (continued)

(i) Equity compensation plans (continued)

Non-market vesting performance conditions are included in the estimation of the number of shares that are expected to be awarded on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to be awarded 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 awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The share-based compensation reserve is transferred to general reserve upon cancellation or expiry of the vested awards. When the awards are released, the share-based compensation reserve is transferred to share capital if new shares are issued, or to treasury shares if the awards are satisfied by the reissuance of treasury shares.

(ii) Defined benefit plans

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Remeasurements comprising actuarial gains and losses, and the return on plan assets are recognised immediately in other comprehensive income in the period in which they arise. All expenses related to the defined benefit plans are recognised as an expense in profit or loss. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group.

(iii) Defined contribution plans

As required by law, the companies in Singapore make contributions to the Central Provident Fund scheme in Singapore, a defined contribution scheme. Certain of the Group's subsidiary companies and overseas stations outside Singapore make contributions to their respective countries' defined contribution pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed.

(iv) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(x) Aircraft maintenance and overhaul costs

The Group recognises aircraft maintenance and overhaul expenses (except heavy maintenance visits, engine overhaul and landing gear overhaul expenses) on an incurred basis. For engine overhaul costs covered by power-by-hour third-party maintenance agreements, a portion of the cost is expensed at a fixed rate per hour during the terms of the agreements. The remaining payments made are recorded as an advance payment, to the extent that it is to be utilised in the future. Upon completion of an overhaul, these amounts are transferred to property, plant and equipment and depreciated over their useful lives.

(y) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

2 Summary of Significant Accounting Policies (continued)

(z) Segment reporting

(i) Business segment

For management purposes, the Group is organised into operating segments based on the nature of the services provided which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to corporate management who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

(ii) Geographical segment

The analysis of revenue by area of original sale from airline operations is derived by allocating revenue to the area in which the sale was made. Revenue from other operations, which consist principally of engineering services, is derived in East Asia and is therefore, not shown.

Assets, which consist principally of flight and ground equipment, support the entire worldwide transportation system, and are mainly located in Singapore. An analysis of assets and capital expenditure of the Group by geographical distribution has therefore not been included.

3 Significant Accounting Estimates and Critical Judgements

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income, expenses, and disclosures made. Actual results may differ from these estimates. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of property, plant and equipment – aircraft fleet

Impairment is recognised when events and circumstances indicate that the aircraft may be impaired and the carrying amounts of the aircraft exceed the recoverable amounts. Recoverable amount is defined as the higher of an aircraft's fair value less costs to sell and its value-in-use. When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on financial budgets approved by the Management covering a specified period. Information about the Group's key underlying assumptions used in the value-in-use calculations and the related sensitivity analysis is disclosed in note 21.

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. 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 2020 was $18,979.9 million (2019: $15,494.8 million) and $15,550.3 million (2019: $12,234.3 million) respectively.

3 Significant Accounting Estimates and Critical Judgements (continued)

(c) Passenger revenue recognition

Passenger sales are recognised as operating revenue when the transportation is provided. The value of unused tickets is included as sales in advance of carriage on the statement of financial position. Certain estimates are made by the Group's passenger airlines with regards to the expected ticket breakage (tickets sold and not uplifted at flight date) to determine the amount of revenue to be recognised as revenue in the current financial year pertaining to tickets that will never be utilised.

The carrying amount of the Group's and the Company's sales in advance of carriage at 31 March 2020 was $2,041.4 million (2019: $2,715.4 million) and $1,888.3 million (2019: $2,479.8 million) respectively.

(d) Frequent flyer programme

The Company operates a frequent flyer programme called "KrisFlyer" that provides travel awards to programme members based on accumulated mileage. A portion of passenger revenue attributable to the award of frequent flyer benefits is deferred until they are utilised.

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 deferment of the revenue is estimated based on historical trends of breakage, which is then used to project the expected utilisation of these benefits.

The carrying amount of the Group's and the Company's deferred revenue at 31 March 2020 was $755.8 million (2019: $610.9 million).

(e) Aircraft maintenance and overhaul expenditure under power-by-hour agreements

The Group has entered into several power-by-hour ("PBH") engine maintenance agreements with original equipment manufacturers of aircraft engines. The monthly payments are based on the number of flying hours flown. A portion of the cost is expensed at a fixed rate per hour during the term of the PBH agreement. The remaining payments made are recorded as an advance payment, to the extent that it is to be utilised through future maintenance activities, if any, or capitalised upon completion of an overhaul.

The proportion of the amount to be expensed off and capitalised is determined based on the best estimate of the proportion of day-to-day maintenance compared to maintenance which extends the useful lives of the engine. The carrying amount of the advance payment relating to PBH agreements for the Group and the Company at 31 March 2020 was $1,433.0 million (2019: $1,249.1 million) and $1,015.1 million (2019: $969.4 million) respectively. The maintenance and repair costs covered by PBH agreements which were expensed off during the year amounted to $56.8 million (FY2018/19: $82.6 million) for the Group and $24.7 million (FY2018/19: $21.4 million) for the Company.

(f) Provision for lease return costs

Prior to the return of aircraft leased by the Group entities to the lessor, the Group entities are required to fulfil certain lease return conditions which may include the completion of certain maintenance activities to the airframe and engines and the reconfiguration of seats within the aircraft. The provision for lease return costs for these leased aircraft is determined based on the best estimate of the costs that will be incurred to fulfil the stipulated lease return conditions. The carrying amount of the provision for the Group and the Company at 31 March 2020 was $1,309.4 million (2019: $1,035.1 million) and $578.6 million (2019: $715.1 million) respectively.

(g) Hedge effectiveness of fuel derivatives

The Group has applied cash flow hedge accounting for fuel derivative contracts. Due to the expected significant capacity cuts brought about by the Covid-19 pandemic and the consequential reduction of forecasted jet fuel purchases in the ensuing year, a portion of these forecasted jet fuel purchases, for which hedge accounting had been applied previously, are no longer expected to occur. There is a high degree of estimation uncertainty inherent in assessing the duration and severity of the economic downturn caused by the Covid-19 pandemic and the consequent lifting of global travel restrictions. As a result, determining the associated recovery and forecasted future fuel consumption requires significant judgement. As a result, hedge accounting has been discontinued for these hedging relationships, and the cumulative loss previously recognised in the fair value reserve amounting to $709.8 million (2019: $nil) has been reclassified to profit or loss during the year. Please refer to note 2(l)(vi) and 41 for more details.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

4 Segment Information (in $ million)

Management has determined that the Group has the following reportable segments:

(i) The Singapore Airlines segment provides passenger and cargo air transportation under the Singapore Airlines brand with a focus on full-service passenger segment serving short and long haul markets.

(ii) The SilkAir segment provides passenger air transportation under the SilkAir brand with a focus on full-service passenger segment serving regional markets.

(iii) The Budget Aviation segment provides passenger air transportation under the Scoot brand with a focus on the low-cost passenger segment.

(iv) SIAEC segment is in the business of providing airframe maintenance and overhaul services, line maintenance, technical ground handling services and fleet management. It also manufactures aircraft cabin equipment, refurbishes aircraft galleys, provides technical and non-technical handling services and repair and overhaul of hydro-mechanical aircraft equipment.

Other services provided by the Group, such as tour activities and sale of merchandise, have been aggregated under the segment "Others". None of these segments meets any of the quantitative thresholds for determining reportable segments in FY2019/20 or FY2018/19.

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 2020 and 2019 and certain assets and liabilities information of the business segments as at those dates.

FY2019/20	Singapore Airlines	SilkAir	Budget Aviation	SIAEC	Others	Total of segments	Elimination*	Consolidated
TOTAL REVENUE								
External revenue	12,918.0	888.2	1,624.8	444.9	100.0	15,975.9	–	15,975.9
Inter-segment revenue	94.7	17.8	55.8	549.2	98.0	815.5	(815.5)	–
	13,012.7	906.0	1,680.6	994.1	198.0	16,791.4	(815.5)	15,975.9
RESULTS								
Segment result	294.2	(112.3)	(197.7)	67.7	9.5	61.4	(2.3)	59.1
Finance charges	(197.3)	(15.1)	(72.4)	(3.8)	(0.3)	(288.9)	68.0	(220.9)
Interest income	91.1	4.3	0.5	10.4	2.0	108.3	(66.2)	42.1
Surplus/(loss) on disposal of aircraft, spares and spare engines	6.8	0.2	(0.1)	–	–	6.9	–	6.9
Dividends from long-term investments	3.1	0.1	–	–	–	3.2	–	3.2
Other non-operating items	(11.0)	(4.1)	(19.1)	2.3	–	(31.9)	–	(31.9)
Share of profits of joint venture companies	1.9	–	–	44.5	–	46.4	–	46.4
Share of (losses)/profits of associated companies	(217.8)	–	(0.2)	83.4	–	(134.6)	9.5	(125.1)
Taxation	6.8	23.1	36.9	(14.0)	(2.0)	50.8	–	50.8
(Loss)/Profit for the financial year	(22.2)	(103.8)	(252.1)	190.5	9.2	(178.4)	9.0	(169.4)
Attributable to:								
Owners of the Company								(212.0)
Non-controlling interests								42.6
								(169.4)

* *Relates to inter-segment transactions eliminated on consolidation.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

4 Segment Information (in $ million) (continued)

Business segments (continued)

FY2018/19	Singapore Airlines	SilkAir	Budget Aviation	SIAEC	Others	Total of segments	Elimination*	Consolidated
TOTAL REVENUE								
External revenue	13,054.2	1,011.1	1,710.8	485.7	61.4	16,323.2	–	16,323.2
Inter-segment revenue	90.0	19.8	69.3	535.2	90.7	805.0	(805.0)	–
	13,144.2	1,030.9	1,780.1	1,020.9	152.1	17,128.2	(805.0)	16,323.2
RESULTS								
Segment result	990.5	15.2	(15.4)	56.8	12.7	1,059.8	7.3	1,067.1
Finance charges	(114.0)	(1.0)	(59.2)	(0.9)	–	(175.1)	59.0	(116.1)
Interest income	74.6	1.0	–	8.0	1.3	84.9	(43.0)	41.9
Surplus/(loss) on disposal of aircraft, spares and spare engines	4.1	(9.6)	(0.3)	–	–	(5.8)	–	(5.8)
Dividends from long-term investments	3.1	–	–	–	–	3.1	–	3.1
Other non-operating items	6.7	(59.8)	4.4	1.3	–	(47.4)	–	(47.4)
Share of profits/(losses) of joint venture companies	1.0	–	(18.2)	40.4	–	23.2	–	23.2
Share of (losses)/profits of associated companies	(170.7)	–	(0.2)	73.5	–	(97.4)	–	(97.4)
Taxation	(159.7)	1.9	29.7	(18.1)	(0.8)	(147.0)	–	(147.0)
Profit/(Loss) for the financial year	635.6	(52.3)	(59.2)	161.0	13.2	698.3	23.3	721.6
Attributable to:								
Owners of the Company								682.7
Non-controlling interests								38.9
								721.6

* *Relates to inter-segment transactions eliminated on consolidation.*

4 **Segment Information (in $ million) (continued)**

Business segments (continued)

	Singapore Airlines	SilkAir	Budget Aviation	SIAEC	Others	Total of segments	Elimination*	Consolidated
OTHER INFORMATION AS AT 31 MARCH 2020								
Segment assets	25,734.2	2,125.1	4,499.1	1,388.9	297.9	34,045.2	(1,406.1)	32,639.1
Investments in associated and joint venture companies	391.7	–	0.2	616.6	–	1,008.5	–	1,008.5
Long-term investments	54.8	0.6	–	–	9.8	65.2	–	65.2
Total assets	26,180.7	2,125.7	4,499.3	2,005.5	307.7	35,118.9	(1,406.1)	33,712.8
Segment liabilities	7,544.3	228.8	705.5	193.7	96.5	8,768.8	(1,319.9)	7,448.9
Lease liabilities	974.3	311.8	613.2	99.2	12.2	2,010.7	(50.1)	1,960.6
Long-term liabilities	1,860.7	–	15.0	–	–	1,875.7	–	1,875.7
Provisions	614.8	211.2	527.8	0.9	–	1,354.7	–	1,354.7
Defined benefit plans	111.9	0.6	–	–	–	112.5	–	112.5
Borrowings	9,411.4	–	394.7	13.2	4.6	9,823.9	–	9,823.9
Tax liabilities	1,331.4	37.3	(6.5)	37.5	4.1	1,403.8	–	1,403.8
Total liabilities	21,848.8	789.7	2,249.7	344.5	117.4	25,350.1	(1,370.0)	23,980.1
Capital expenditure	4,590.5	81.0	390.9	36.8	4.3	5,103.5	–	5,103.5
Purchase of intangible assets	68.6	–	3.4	6.8	12.8	91.6	–	91.6
Depreciation	1,654.7	160.0	261.2	72.8	3.3	2,152.0	(17.8)	2,134.2
Impairment of property, plant and equipment	9.9	–	–	4.3	–	14.2	–	14.2
Amortisation of intangible assets	46.1	1.9	3.4	3.3	2.8	57.5	–	57.5
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	89.9	10.2	9.1	12.6	0.1	121.9	–	121.9

* *Relates to inter-segment transactions eliminated on consolidation.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

4 Segment Information (in $ million) (continued)

Business segments (continued)

	Singapore Airlines	SilkAir	Budget Aviation	SIAEC	Others	Total of segments	Elimination*	Consolidated
OTHER INFORMATION AS AT 31 MARCH 2019								
Segment assets	22,753.4	1,729.9	3,888.7	1,286.2	269.2	29,927.4	(1,042.3)	28,885.1
Investments in associated and joint venture companies	726.8	–	(9.6)	559.0	–	1,276.2	–	1,276.2
Long-term investments	333.5	0.6	–	–	9.8	343.9	–	343.9
Total assets	23,813.7	1,730.5	3,879.1	1,845.2	279.0	31,547.5	(1,042.3)	30,505.2
Segment liabilities	6,567.8	272.6	677.2	218.1	90.5	7,826.2	(1,118.0)	6,708.2
Long-term liabilities	85.0	–	4.1	–	–	89.1	–	89.1
Provisions	795.4	72.9	267.7	2.2	–	1,138.2	–	1,138.2
Defined benefit plans	103.9	0.6	–	–	–	104.5	–	104.5
Borrowings	6,133.4	–	501.7	19.3	–	6,654.4	–	6,654.4
Tax liabilities	1,805.2	115.0	160.8	41.6	5.0	2,127.6	–	2,127.6
Total liabilities	15,490.7	461.1	1,611.5	281.2	95.5	17,940.0	(1,118.0)	16,822.0
Capital expenditure	4,671.9	442.7	421.7	25.0	1.0	5,562.3	–	5,562.3
Purchase of intangible assets	63.6	2.6	6.0	14.8	18.4	105.4	–	105.4
Depreciation	1,051.1	79.6	147.6	49.5	0.9	1,328.7	(0.8)	1,327.9
Impairment of property, plant and equipment	–	2.3	–	–	–	2.3	–	2.3
Amortisation of intangible assets	51.2	2.5	3.7	4.0	0.5	61.9	–	61.9
Non-cash items other than depreciation, impairment of property, plant and equipment and amortisation of intangible assets	35.7	0.6	(2.5)	4.2	0.7	38.7	–	38.7

* *Relates to inter-segment transactions eliminated on consolidation.*

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 2020 and 2019.

	By area of original sale	
	FY2019/20	**FY2018/19**
East Asia	**8,485.1**	8,966.2
Europe	**2,169.8**	2,283.0
South West Pacific	**2,114.5**	2,091.8
Americas	**970.2**	889.0
West Asia and Africa	**1,095.3**	1,028.8
Systemwide	**14,834.9**	15,258.8
Non-scheduled services and incidental revenue	**764.4**	696.4
	15,599.3	15,955.2

No single customer contributed to more than 10% of the Group's revenue during the financial years ended 31 March 2020 and 2019.

5 Staff Costs (in $ million)

	The Group	
	FY2019/20	**FY2018/19**
Salary, bonuses and other costs	**2,323.3**	2,583.4
CPF, other defined contributions and defined benefit expense	**219.8**	212.5
Share-based compensation expense	**20.5**	21.0
	2,563.6	2,816.9

The Group contributes to several post-employment defined benefit plans for employees at several overseas locations. Employees may contribute in some of these plans and these contributions are matched in varying amounts by the Group. Defined benefit expense for the Group was $9.2 million for FY2019/20 (FY2018/19: $9.3 million). As this is not material to the total staff costs of the Group for FY2019/20 and FY2018/19, additional disclosures of the defined benefit plans are not shown.

Included in staff costs for FY2019/20 are wage support of $242.6 million from the Singapore Government's enhanced measures under the Stabilisation and Support Package.

Share-based compensation arrangements

As at 31 March 2020, the Group has the following share-based compensation arrangements:

(a) Share-based incentive plans (equity-settled)

The Singapore Airlines Limited Restricted Share Plan ("RSP 2014") and Performance Share Plan ("PSP 2014") are share-based incentive plans for senior executives and key Senior Management, which were approved by the shareholders of the Company on 30 July 2014.

The RSP 2014 awards fully paid ordinary shares of the Company, conditional on position and individual performance targets set at the start of the performance period based on medium-term Group and Company objectives.

The PSP 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(a) Share-based incentive plans (equity-settled) (continued)

Key terms and conditions related to the grants under these programmes are as follows:

Plans	Vesting Conditions	Performance conditions^	Payout
RSP 2014	Awards granted prior to FY2016/17 • Based on meeting stated performance conditions over a two-year performance period, 50% of award vests. Awards granted in and after FY2016/17 • Based on meeting stated performance conditions over a one-year performance period, one-third of award vests. • Balance vests equally over the subsequent two years with fulfilment of service requirements.	At both Company and Group level • EBITDAR# Margin • Value Added per $ Employment Cost	0% - 150%*
PSP 2014	• Based on meeting stated performance conditions over a three-year performance period.	• Absolute Total Shareholder Return ("TSR") outperform Cost of Equity • Relative TSR against selected airline peer index companies	0% - 200%*
Deferred share award ("DSA")	• Awards cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition and provided that individual performance remains satisfactory. • Additional dividend kicker upon final vesting.	None	100%
Transformation share award ("TSA")	• Based on meeting performance conditions over a one-year performance period, 50% of award vests. • Balance vests equally over the subsequent two years with fulfilment of service requirements. • Additional 20% equity kicker of final award upon final vesting.	• Assessment of the success of transformation by Board Compensation and Industrial Relations Committee	0% - 200%*

^ *For non-market conditions, achievement factors are determined based on inputs from the Board Compensation & Industrial Relations Committee for the purpose of accrual for the share-based incentive plans until the achievement of the targets can be accurately ascertained.*

EBITDAR denotes Earnings before Interest, Taxes, Depreciation, Amortisation and Rentals on leased aircraft.

* *The payout depends on the achievement of pre-set performance targets over the performance period.*

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(a) Share-based incentive plans (equity-settled) (continued)

Movement of share awards during the financial year

	Number of Share Awards				
Date of grant	Balance at 1 April 2019/ date of grant	Adjustment	Cancelled^	Vested	Balance at 31 March 2020
RSP 2014					
03.07.2015	173,333	–	–	(173,333)	–
18.07.2016	246,232	–	–	(246,232)	–
19.07.2017	751,626	–	(4,160)	(389,136)	358,330
19.07.2018	899,265	(125,395)#	(4,826)	(264,190)	504,854
19.07.2019	1,173,200	–	(10,000)	–	1,163,200
	3,243,656	(125,395)	(18,986)	(1,072,891)	2,026,384
PSP 2014					
18.07.2016	240,900	(182,140)#	–	(58,760)	–
19.07.2017	217,426	–	–	–	217,426
19.07.2018	285,996	–	–	–	285,996
19.07.2019	429,000	–	–	–	429,000
	1,173,322	(182,140)	–	(58,760)	932,422
DSA					
01.09.2016	65,740	5,000*	–	(70,740)	–
06.09.2017	94,070	–	–	–	94,070
11.09.2018	119,090	–	–	–	119,090
	278,900	5,000	–	(70,740)	213,160
TSA					
19.07.2018	374,469	25,331#	–	(199,900)	199,900
19.07.2019	455,005	–	–	–	455,005
	829,474	25,331	–	(199,900)	654,905

\# *Adjustment at the end of performance period upon meeting performance targets and adjustment for number of days in service for retirees.*

* *Adjustment at the end of performance period for Accumulated Dividend Yield.*

^ *Adjustment for cancelled share awards due to resignation of staff.*

Since the commencement of the RSP 2014 and PSP 2014 plans in July 2014, 7,039,731 awards have been granted.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

(b) 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:

	FY2019/20		
	RSP 2014	**PSP 2014**	**TSA**
Valuation Method	Monte Carlo Simulation		
Expected dividend paid yield (%)	Management's forecast in line with dividend policy		
Expected volatility (%)	12.48 - 14.95	13.71	12.48 - 14.95
Risk-free interest rate (%)	1.67 - 1.70	1.69	1.67 - 1.70
Expected term (years)	0.95 - 2.95	2.95	0.95 - 2.95
Share price at date of grant ($)	9.52	9.52	9.52
Estimated fair value ($)	8.61 - 9.22	10.27	8.61 - 9.22

	FY2018/19			
	RSP 2014	**PSP 2014**	**DSA**	**TSA**
Valuation Method	Monte Carlo Simulation			
Expected dividend paid yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	14.09 - 16.41	14.51	14.79	14.09 - 16.41
Risk-free interest rate (%)	1.70 - 1.92	1.92	2.02	1.70 - 1.92
Expected term (years)	0.95 - 2.95	2.95	3.00	0.95 - 2.95
Share price at date of grant ($)	10.72	10.72	9.61	10.72
Estimated fair value ($)	9.52 - 10.31	9.91	8.56	9.52 - 10.31

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period that is commensurate 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	
	FY2019/20	**FY2018/19**
Interest income from short-term investments	**(1.2)**	(1.0)
Dividend income from short-term investments	**(0.2)**	(0.1)
Income from operating lease of aircraft	**(67.5)**	(61.0)
Amortisation of deferred loss on sale and operating leaseback transactions	**–**	4.3
Loss/(Gain) on disposal of short-term investments	**0.7**	(1.2)
Remuneration for auditors of the Company		
Audit fees	**1.8**	1.7
Non-audit fees	**0.4**	1.1
Bad debts written off	**1.4**	0.1
Impairment of trade debtors	**7.5**	5.7
Writedown of inventories	**8.8**	5.4
Exchange loss, net	**75.3**	77.6
Currency hedging gain	**(16.1)**	(26.6)
Foreign currency hedging ineffectiveness	**(30.0)**	–
Fuel hedging loss/(gain) recognised in "Fuel costs"	**130.2**	(413.3)
Net loss/(gain) on financial assets mandatorily measured at FVTPL	**0.5**	(0.7)
Expenses relating to short-term leases	**62.1**	–
Expenses relating to low value leases	**3.5**	–

7 Finance Charges (in $ million)

	The Group	
	FY2019/20	FY2018/19
Notes payable	**138.6**	105.0
Bank loans	**65.9**	30.8
Amortisation of transaction costs related to borrowings	**1.8**	0.6
Commitment fees	**2.3**	2.1
Lease liabilities	**75.7**	–
Interest paid and capitalised on qualifying assets	**(63.4)**	(22.4)
	220.9	116.1

Borrowing costs on qualifying assets are capitalised using an average interest rate of 3.0% (FY2018/19: 3.0%).

8 Interest Income (in $ million)

	The Group	
	FY2019/20	FY2018/19
Interest income from fixed deposits and investments	**40.9**	41.9
Interest income from sub-leasing of ROU assets	**1.2**	–
	42.1	41.9

9 Other Non-Operating Items (in $ million)

	The Group	
	FY2019/20	FY2018/19
Surplus on disposal of other property, plant and equipment	**2.5**	7.9
Gain on sale and leaseback transactions	**1.8**	–
Loss on liquidation of an associated company	**(0.2)**	–
Surplus on disposal of a subsidiary company	**–**	0.3
Impairment on long-term investments	**(2.4)**	–
Loss on disposal of an associated company	**–**	(0.1)
Net gain on financial assets mandatorily measured at FVTPL	**4.7**	7.3
Provision for expected credit losses on investments and loans and guarantee to a joint venture company	**(28.3)**	–
Loss on dilution of interest in an associated company	**–**	(0.6)
Competition-related settlements	**(0.6)**	(6.8)
Refleeting and restructuring costs	**(6.5)**	(59.8)
Provision for early lease termination	**(2.9)**	(7.0)
Writeback of provision for return cost in relation to a formerly owned associated company	**–**	20.7
Provision for onerous aircraft leases	**–**	(9.3)
	(31.9)	(47.4)

10 Taxation (in $ million)

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2020 and 2019 are:

	The Group	
	FY2019/20	**FY2018/19**
Current taxation		
Provision for the year	**27.1**	28.0
Over provision in respect of prior years	**(23.5)**	(11.2)
	3.6	16.8
Deferred taxation (refer to note 17)		
Movement in temporary differences	**(57.8)**	155.2
Under/(Over) provision in respect of prior years	**3.4**	(25.0)
	(54.4)	130.2
	(50.8)	147.0

Deferred taxation related to other comprehensive income:

	The Group	
	FY2019/20	**FY2018/19**
Cash flow hedges	**(535.0)**	23.0
Actuarial loss on revaluation of defined benefit plans	**(0.9)**	(0.9)
	(535.9)	22.1

The Group has tax losses and deductible temporary differences (for which no deferred tax asset has been recognised) of approximately $109.3 million (2019: $66.0 million) and $1.7 million (2019: $2.0 million) respectively that are available for offset against future taxable profits of the companies. This is due to the uncertainty of the recoverability of the deferred tax asset.

A reconciliation between taxation expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 March is as follows:

	The Group	
	FY2019/20	**FY2018/19**
(Loss)/Profit before taxation	**(220.2)**	868.6
Add: Share of losses of associated and joint venture companies	**78.7**	74.2
	(141.5)	942.8
Taxation at statutory corporate tax rate of 17.0%	**(24.1)**	160.3
Adjustments for:		
Income not subject to tax	**(45.5)**	(15.5)
Expenses not deductible for tax purposes	**26.1**	30.0
Higher effective tax rates of other countries	**6.2**	8.0
Over provision in respect of prior years, net	**(20.1)**	(36.2)
Tax benefits not recognised	**8.2**	2.8
Previously unrecognised tax benefits	**(0.6)**	(1.9)
Others	**(1.0)**	(0.5)
Taxation	**(50.8)**	147.0

11 Earnings Per Share

	The Group			
	FY2019/20		FY2018/19	
	Basic	**Diluted**	**Basic**	**Diluted**
(Loss)/Profit attributable to owners of the Company (in $ million)	**(212.0)**	**(212.0)**	682.7	682.7
Adjustment for the potential dilution from share-based incentive plans of subsidiary companies (in $ million)	**–**	**(0.3)**	–	(0.3)
Adjusted net (loss)/profit attributable to owners of the Company (in $ million)	**(212.0)**	**(212.3)**	682.7	682.4
Weighted average number of ordinary shares in issue (in million)	**1,184.7**	**1,184.7**	1,183.3	1,183.3
Adjustment for dilutive potential ordinary shares (in million)	**–**	**–**	–	5.2
Weighted average number of ordinary shares in issue used for computing earnings per share (in million)	**1,184.7**	**1,184.7**	1,183.3	1,188.5
(Loss)/Earnings per share (cents)	**(17.9)**	**(17.9)**	57.7	57.4

Basic earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

For purposes of calculating diluted earnings per share, the (loss)/profit attributable to owners of the Company is adjusted to take into account the potential dilution from share-based incentive plans 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 share-based incentive plans of the Company.

The average market value of the Company's shares for purposes of calculating the potential dilution from share-based incentive plans was based on quoted market prices for the period.

12 Dividends Paid and Proposed (in $ million)

	The Group and the Company	
	FY2019/20	**FY2018/19**
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 22.0 cents per share in respect of FY2018/19 (FY2017/18: 30.0 cents per share in respect of FY2017/18)	**260.7**	355.1
Interim dividend of 8.0 cents per share in respect of FY2019/20 (FY2018/19: 8.0 cents per share in respect of FY2018/19)	**94.8**	94.7
	355.5	449.8

No final tax exempt (one-tier) dividend was proposed for the financial year ended 31 March 2020.

During the financial year, total dividends of $30.7 million (FY2018/19: $34.4 million) were paid to non-controlling interests.

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For The Financial Year Ended 31 March 2020

13 Share Capital (in $ million)

	The Group and the Company			
	Number of shares		Amount	
	2020	2019	2020	2019
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 (FY2018/19: nil) upon vesting of share-based incentive plans.

14 Treasury Shares (in $ million)

	The Group and the Company	
	31 March	
	2020	2019
Balance at 1 April	**(171.5)**	(183.5)
Treasury shares reissued pursuant to equity compensation plans:		
- Transferred from share-based compensation reserve	**15.5**	12.0
Balance at 31 March	**(156.0)**	(171.5)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the financial year, the Company did not purchase any treasury shares (FY2018/19: nil).

The Company reissued 1,463,191 (FY2018/19: 1,132,292) treasury shares pursuant to share-based incentive plans and 60,900 (FY2018/19: nil) treasury shares on payment of Directors' remuneration. The number of treasury shares as at 31 March 2020 was 14,722,694 (2019: 16,185,885).

15 Other Reserves (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Capital reserve	**(112.7)**	(124.3)	**(928.8)**	(929.8)
Foreign currency translation reserve	**(5.3)**	(33.2)	**–**	–
Share-based compensation reserve	**25.7**	24.9	**22.1**	21.2
Fair value reserve	**(2,150.9)**	459.7	**(1,734.3)**	366.4
General reserve	**9,857.2**	11,275.1	**9,803.6**	10,631.0
	7,614.0	11,602.2	**7,162.6**	10,088.8

(a) Capital reserve

Capital reserve for the Group mainly arose from the loss on the acquisition of non-controlling interests in a subsidiary company, revaluation of land and buildings owned by Ritz-Carlton Millenia Properties Private Limited, an associated company, and the gains or losses on the reissuance of treasury shares.

Capital reserve for the Company mainly arose from the re-integration of SIA Cargo in FY2018/19 and the gains or losses on the reissuance of treasury shares.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Share-based compensation reserve

Share-based compensation reserve consists of equity-settled share options and awards granted to employees, that is made up of the cumulative value of services received from employees recorded on grant of equity-settled share awards.

(d) Fair value reserve

Fair value reserve records the cumulative fair value changes of financial assets measured at FVOCI and the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be effective hedges.

Breakdown of the fair value reserves is as follows:

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Derivative financial instruments designated as hedging instruments	**(2,150.9)**	459.7	**(1,734.3)**	366.4

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

15 Other Reserves (in $ million) (continued)

(d) Fair value reserve (continued)

Fair value changes of derivative financial instruments designated as hedging instruments in cash flow hedges:

	The Group		The Company	
	31 March		31 March	
	2020	2019	2020	2019
(Loss)/Gain on fair value changes	**(3,235.3)**	480.2	**(2,614.2)**	404.0
Discontinued fuel hedges reclassified to profit or loss, recognised in "Fuel hedging ineffectiveness"	**589.1**	–	**487.6**	–
Discontinued foreign currency hedges reclassified to profit or loss, recognised in "Other operating expenses"	**(24.9)**	–	**(21.2)**	–
Recognised in the carrying value of non-financial assets on occurrence of capital expenditure commitments	**(27.7)**	44.0	**(27.7)**	36.4
Recognised in the profit and loss account on occurrence of:				
Fuel hedging contracts recognised in "Fuel costs"	**108.0**	(343.1)	**87.1**	(275.2)
Foreign currency contracts recognised in "Other operating expenses"	**(11.5)**	(22.1)	**(12.3)**	(23.5)
	(2,602.3)	159.0	**(2,100.7)**	141.7

(e) General reserve

General reserve comprises mainly retained earnings of the Group and the Company. Movements in the Group's and the Company's general reserves are set out in the Statements of Changes in Equity respectively.

16 Deferred Account (in $ million)

	The Group		The Company	
	31 March		31 March	
	2020	2019	2020	2019
Deferred loss on sale and operating leaseback transactions	**–**	(7.7)	**–**	(8.8)
	–	(7.7)	**–**	(8.8)
Deferred credit	**64.9**	83.5	**63.0**	78.2
	64.9	75.8	**63.0**	69.4
Presented as:				
- Current assets	**–**	(8.9)	**–**	(6.6)
- Non-current assets	**–**	(44.1)	**–**	(37.0)
- Current liabilities	**31.6**	44.9	**29.7**	37.9
- Non-current liabilities	**33.3**	83.9	**33.3**	75.1
	64.9	75.8	**63.0**	69.4

17 Deferred Taxation (in $ million)

	The Group				The Company	
	Statement of financial position		Profit and loss		Statement of financial position	
	31 March				31 March	
	2020	2019	FY2019/20	FY2018/19	2020	2019
The deferred taxation arises as a result of:						
Deferred tax liabilities						
Differences in depreciation	**2,292.1**	2,003.3	**(1.9)**	142.6	**1,862.3**	1,686.9
Revaluation to fair value						
- fuel hedging contracts	**–**	117.0	**–**	–	**–**	97.2
- currency hedging contracts	**12.4**	1.7	**–**	–	**10.8**	1.3
- cross currency swap contracts	**–**	25.5	**–**	–	**–**	25.4
- interest rate swap contracts	**4.3**	–	**–**	–	**4.3**	–
Other temporary differences	**21.7**	20.4	**(6.8)**	1.4	**12.2**	16.8
Gross deferred tax liabilities	**2,330.5**	2,167.9	**(8.7)**	144.0	**1,889.6**	1,827.6
Deferred tax assets						
Unabsorbed capital allowances and tax losses	**(78.6)**	(2.1)	**(77.6)**	(0.6)	**(40.0)**	–
Lease liabilities	**(315.4)**	–	**42.2**	–	**(161.5)**	–
Revaluation to fair value						
- fuel hedging contracts	**(438.7)**	(24.2)	**–**	–	**(352.3)**	(23.2)
- currency hedging contracts	**(0.9)**	(0.9)	**–**	–	**(0.9)**	(0.8)
- cross currency swap contracts	**(0.5)**	(26.8)	**–**	–	**(0.5)**	(25.8)
- interest rate swap contracts	**(21.7)**	(2.4)	**–**	–	**(18.2)**	(2.1)
Other temporary differences	**(139.4)**	(71.2)	**(10.3)**	(13.2)	**(24.0)**	(25.5)
Gross deferred tax assets	**(995.2)**	(127.6)	**(45.7)**	(13.8)	**(597.4)**	(77.4)
Net deferred tax liabilities	**1,335.3**	2,040.3			**1,292.2**	1,750.2
Deferred tax charged to profit and loss			**(54.4)**	130.2		
Deferred tax charged to equity	**(652.9)**	22.1			**(469.1)**	28.3

At the end of the reporting period, deferred tax liability of $0.6 million (2019: $0.7 million) has been recognised for taxes that would be payable on the undistributed earnings of one of the Group's subsidiary companies.

For the other subsidiary companies of the Group, no deferred tax liability has been recognised as the Group has determined that undistributed earnings of these subsidiary companies will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to $11.2 million (2019: $11.2 million). The deferred tax liability is estimated to be $3.4 million (2019: $3.3 million).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

18 Borrowings (in $ million)

	The Group 31 March 2020	The Group 31 March 2019	The Company 31 March 2020	The Company 31 March 2019
Current Liabilities - Borrowings				
Notes payable	**500.0**	–	**500.0**	–
Loans	**2,161.0**	231.1	**2,101.1**	159.8
	2,661.0	231.1	**2,601.1**	159.8
Non-current Liabilities - Borrowings				
Notes payable	**3,877.6**	4,377.0	**3,877.6**	4,377.0
Loans	**3,285.3**	2,046.3	**2,932.7**	1,596.6
	7,162.9	6,423.3	**6,810.3**	5,973.6

Notes payable

Notes payable as at 31 March 2020 comprised unsecured notes issued by the Company. The details are set out below.

Series	Currency	Fixed interest rate per annum	Year of maturity	31 March 2020 Face Value	31 March 2020 Carrying value	31 March 2019 Face Value	31 March 2019 Carrying value
SGD5 Billion Multicurrency Medium Term Note Programme							
001	SGD	3.22%	2020	**500.0**	**500.0**	500.0	500.0
002	SGD	3.145%	2021	**200.0**	**200.0**	200.0	200.0
003	SGD	3.75%	2024	**300.0**	**300.0**	300.0	300.0
004	SGD	3.13%	2026	**630.0***	**632.0**	630.0*	632.3
005	SGD	3.035%	2025	**700.0**	**699.2**	700.0	699.0
006	SGD	3.13%	2027	**700.0**	**698.9**	700.0	698.8
007	SGD	3.16%	2023	**600.0**	**599.3**	600.0	599.2
SGD2 Billion Medium Term Bond Programme							
001	SGD	3.03%	2024	**750.0**	**748.2**	750.0	747.7
				4,380.0	**4,377.6**	4,380.0	4,377.0

* Comprised $430 million in aggregate principal amount issued on 17 November 2016 and $200 million in aggregate principal amount issued on 17 October 2017 that was consolidated into Series 004.

18 Borrowings (in $ million) (continued)

Loans

The Group

Type	Currency	Interest rate per annum	Year of maturity	31 March 2020 Face Value	31 March 2020 Carrying value	31 March 2019 Face Value	31 March 2019 Carrying value
Fixed Rate (Post interest rate and cross currency swaps)							
Secured bank loan	SGD	2.86%	2028	**780.7**	**779.0**	860.7	858.6
Secured bank loan	SGD	2.92%	2028	**396.0**	**393.3**	444.0	441.0
Secured bank loan	SGD	2.62%	2029	**820.2**	**818.4**	900.0	897.8
Secured bank loan	SGD	0.34%	2029	**146.3**	**145.9**	–	–
Secured bank loan	SGD	0.35%	2029	**146.6**	**146.4**	–	–
Secured bank loan	SGD	2.92% - 4.11%	2024	**–**	**–**	63.4	59.4
Secured bank loan	EUR	0.46%	2029	**152.8**	**152.4**	–	–
Secured bank loan	EUR	0.65% - 0.68%	2029-2030	**928.4**	**926.1**	–	–
Secured bank loan	JPY	0.41%	2029	**294.6**	**293.8**	–	–
Unsecured bank loan	SGD	0.71% - 1.53%	2020	**1,400.0**	**1,400.0**	–	–
Unsecured bank loan	USD	1.30%	2020	**170.9**	**170.9**	–	–
Unsecured bank loan	EUR	0.38%	2020	**200.9**	**200.9**	–	–
Unsecured bank loan	SGD	2.03% - 2.16%	2020	**1.5**	**1.4**	1.3	1.3
Floating rate							
Revolving credit facility	USD	4.00% - 4.06%	2020	**–**	**–**	1.4	1.4
Revolving credit facility	USD	3.20%	2020	**1.5**	**1.5**	–	–
Revolving credit facility	SGD	2.26%	2020	**3.0**	**3.0**	–	–
Unsecured bank loan	USD	3.20%	2022	**11.7**	**11.7**	–	–
Unsecured bank loan	USD	4.26%	2022	**–**	**–**	17.9	17.9
Trust receipt	SGD	2.37%	2020	**1.6**	**1.6**	–	–
				5,456.7	**5,446.3**	2,288.7	2,277.4

The Company

Type	Currency	Interest rate per annum	Year of maturity	31 March 2020 Face Value	31 March 2020 Carrying value	31 March 2019 Face Value	31 March 2019 Carrying value
Fixed Rate (Post interest rate and cross currency swaps)							
Secured bank loan	SGD	2.86%	2028	**780.7**	**779.0**	860.7	858.6
Secured bank loan	SGD	2.62%	2029	**820.2**	**818.4**	900.0	897.8
Secured bank loan	SGD	0.34%	2029	**146.3**	**145.9**	–	–
Secured bank loan	SGD	0.35%	2029	**146.6**	**146.4**	–	–
Fixed rate							
Secured bank loan	EUR	0.46%	2029	**152.8**	**152.4**	–	–
Secured bank loan	EUR	0.65% - 0.68%	2029-2030	**928.4**	**926.1**	–	–
Secured bank loan	JPY	0.41%	2029	**294.6**	**293.8**	–	–
Unsecured bank loan	SGD	0.71% - 1.53%	2020	**1,400.0**	**1,400.0**	–	–
Unsecured bank loan	USD	1.30%	2020	**170.9**	**170.9**	–	–
Unsecured bank loan	EUR	0.38%	2020	**200.9**	**200.9**	–	–
				5,041.4	**5,033.8**	1,760.7	1,756.4

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

19 Other Long-term Liabilities (in $ million)

	The Group		The Company	
	31 March		31 March	
	2020	2019	**2020**	2019
Maintenance reserve	**28.2**	19.9	**28.2**	19.9
Derivative liabilities (refer to note 41)	**1,847.5**	69.2	**1,832.5**	65.1
	1,875.7	89.1	**1,860.7**	85.0

20 Provisions (in $ million)

Included are provisions for return costs for leased aircraft, onerous leases, warranty claims and crew gratuity. 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 2018	1,100.8	16.5	73.3	1,190.6
Provision during the year	279.6	9.3	29.6	318.5
Provision written back during the year	(20.7)	–	–	(20.7)
Provision utilised during the year	(324.6)	(8.2)	(17.4)	(350.2)
Balance at 31 March 2019	1,035.1	17.6	85.5	1,138.2
Current	393.8	7.9	34.0	435.7
Non-current	641.3	9.7	51.5	702.5
	1,035.1	17.6	85.5	1,138.2
Balance at 1 April 2019	1,035.1	17.6	85.5	1,138.2
Effects of adopting IFRS 16	354.6	(9.7)	(25.8)	319.1
Provision during the year	191.3	–	19.9	211.2
Provision written back during the year	(30.0)	–	(1.2)	(31.2)
Provision utilised during the year	(241.6)	(3.5)	(37.5)	(282.6)
Balance at 31 March 2020	1,309.4	4.4	40.9	1,354.7
Current	343.8	4.4	15.8	364.0
Non-current	965.6	–	25.1	990.7
	1,309.4	4.4	40.9	1,354.7

20 Provisions (in $ million) (continued)

An analysis of the provisions is as follows: (continued)

	The Company		
	Return costs for leased aircraft	Others	Total
Balance at 1 April 2018	833.1	69.4	902.5
Provision during the year	154.0	27.8	181.8
Provision utilised during the year	(272.0)	(16.9)	(288.9)
Balance at 31 March 2019	715.1	80.3	795.4
Current	334.5	31.1	365.6
Non-current	380.6	49.2	429.8
	715.1	80.3	795.4
Balance at 1 April 2019	715.1	80.3	795.4
Effects of adopting IFRS 16	–	(25.8)	(25.8)
Provision during the year	64.1	17.5	81.6
Provision utilised during the year	(200.6)	(35.8)	(236.4)
Balance at 31 March 2020	578.6	36.2	614.8
Current	293.1	13.4	306.5
Non-current	285.5	22.8	308.3
	578.6	36.2	614.8

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

21 Property, Plant and Equipment (in $ million)

The Group

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2018	13,911.0	585.5	288.8
Additions	145.9	32.4	40.9
Transfers	5,630.0	0.4	(8.8)
Disposals of a subsidiary company	–	–	–
Disposals	(1,008.4)	(35.3)	(5.4)
Write-off	–	–	–
Exchange differences	–	0.2	–
At 31 March 2019	18,678.5	583.2	315.5
Effects of adopting IFRS 16	35.5	–	–
Additions	216.6	37.5	19.9
Transfers	5,040.2	3.5	(1.1)
Transfer to assets held for sale	–	(58.8)	–
Disposals	(441.3)	(14.7)	(13.1)
Exchange differences	45.0	0.3	–
At 31 March 2020	23,574.5	551.0	321.2
Accumulated depreciation and impairment losses			
At 1 April 2018	2,792.4	321.0	121.8
Depreciation	1,194.7	24.9	14.5
Impairment losses	–	2.3	–
Transfers	9.2	–	(9.2)
Disposal of a subsidiary company	–	–	–
Disposals	(812.6)	(7.3)	(1.5)
Exchange differences	–	0.1	–
At 31 March 2019	3,183.7	341.0	125.6
Effects of adopting IFRS 16	(5.7)	–	–
Depreciation	1,547.6	23.9	23.2
Impairment losses	–	14.2	–
Transfers	–	–	–
Transfer to assets held for sale	–	(42.7)	–
Disposals	(131.0)	(8.3)	(9.9)
Exchange differences	–	0.2	–
At 31 March 2020	4,594.6	328.3	138.9
Net book value			
At 31 March 2019	15,494.8	242.2	189.9
At 31 March 2020	18,979.9	222.7	182.3

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	135.9	631.1	786.0	313.5	6,153.8	22,821.3
–	–	0.4	23.6	11.2	5,350.3	5,604.7
–	–	0.1	8.9	9.9	(5,640.5)	–
–	–	–	(2.0)	(0.4)	–	(2.4)
–	(0.5)	–	(121.1)	(9.9)	–	(1,180.6)
–	–	–	–	–	(35.3)	(35.3)
–	–	1.4	1.4	0.2	–	3.2
15.7	135.4	633.0	696.8	324.5	5,828.3	27,210.9
–	–	–	–	–	61.6	97.1
–	–	0.9	16.6	14.8	4,905.5	5,211.8
–	–	(0.1)	58.4	13.6	(5,114.5)	–
–	–	–	–	–	–	(58.8)
–	–	(2.3)	(45.9)	(6.0)	(0.1)	(523.4)
–	–	2.3	2.8	0.2	0.1	50.7
15.7	135.4	633.8	728.7	347.1	5,680.9	31,988.3
–	122.1	477.1	554.1	263.6	–	4,652.1
–	2.9	12.0	57.3	21.6	–	1,327.9
–	–	–	–	–	–	2.3
–	–	–	–	–	–	–
–	–	–	(1.2)	(0.3)	–	(1.5)
–	(0.5)	–	(115.7)	(9.8)	–	(947.4)
–	–	0.3	0.7	0.1	–	1.2
–	124.5	489.4	495.2	275.2	–	5,034.6
–	–	–	–	–	–	(5.7)
–	2.9	12.0	69.2	22.5	–	1,701.3
–	–	–	–	–	–	14.2
–	–	(0.1)	–	0.1	–	–
–	–	–	–	–	–	(42.7)
–	–	(2.2)	(44.9)	(5.9)	–	(202.2)
–	–	0.6	2.0	0.2	–	3.0
–	127.4	499.7	521.5	292.1	–	6,502.5
15.7	10.9	143.6	201.6	49.3	5,828.3	22,176.3
15.7	8.0	134.1	207.2	55.0	5,680.9	25,485.8

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

21 Property, Plant and Equipment (in $ million) (continued)

The Company

	Aircraft	Aircraft spares	Aircraft spare engines
Cost			
At 1 April 2018	10,024.6	384.5	95.3
Effects of integration of SIA Cargo	198.2	19.9	6.0
Additions	140.5	29.0	41.0
Transfers	4,972.1	–	(18.2)
Disposals	(891.3)	(29.2)	(5.4)
At 31 March 2019	14,444.1	404.2	118.7
Additions	214.3	27.5	19.9
Transfers	4,575.1	–	(14.9)
Disposals	(305.7)	(9.7)	(13.1)
Exchange differences	26.7	–	–
At 31 March 2020	18,954.5	422.0	110.6
Accumulated depreciation and impairment losses			
At 1 April 2018	1,948.0	216.1	30.2
Depreciation	978.8	12.2	7.2
Transfers	9.2	–	(9.2)
Disposals	(726.2)	(4.7)	(1.5)
At 31 March 2019	2,209.8	223.6	26.7
Depreciation	1,307.0	12.5	15.0
Impairment losses	–	9.9	–
Disposals	(112.6)	(4.7)	(9.9)
At 31 March 2020	3,404.2	241.3	31.8
Net book value			
At 31 March 2019	12,234.3	180.6	92.0
At 31 March 2020	15,550.3	180.7	78.8

Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Advance and progress payments	Total
15.7	135.9	332.3	444.2	229.6	5,148.4	16,810.5
			11.9	0.4	–	236.4
–	–	–	5.8	7.8	4,478.2	4,702.3
–	–	–	7.7	5.5	(4,967.1)	–
–	(0.5)	–	(111.0)	(5.2)	(59.6)	(1,102.2)
15.7	135.4	332.3	358.6	238.1	4,599.9	20,647.0
–	–	–	2.5	13.1	4,362.5	4,639.8
–	–	–	47.8	8.5	(4,616.5)	–
–	–	(2.2)	(30.1)	(4.6)	(50.5)	(415.9)
–	–	–	–	–	–	26.7
15.7	135.4	330.1	378.8	255.1	4,295.4	24,897.6
–	122.1	318.0	290.9	202.9	–	3,128.2
–	2.9	1.8	36.2	12.0	–	1,051.1
–	–	–	–	–	–	–
–	(0.5)	–	(105.8)	(5.1)	–	(843.8)
–	124.5	319.8	221.3	209.8	–	3,335.5
–	2.9	1.8	48.0	13.3	–	1,400.5
–	–	–	–	–	–	9.9
–	–	(2.0)	(30.1)	(4.6)	–	(163.9)
–	127.4	319.6	239.2	218.5	–	4,582.0
15.7	10.9	12.5	137.3	28.3	4,599.9	17,311.5
15.7	8.0	10.5	139.6	36.6	4,295.4	20,315.6

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

21 Property, Plant and Equipment (in $ million) (continued)

Assets leased out as operating leases

	The Group and the Company	
	31 March	
	2020	**2019**
Net book value of property, plant and equipment leased out as operating leases:		
- aircraft	**83.1**	–
	83.1	–

Assets held as security

The Company's aircraft with carrying amount of $3,282.5 million (2019: $1,545.5 million) are pledged as security to the banks.

In the previous financial year, Tiger Airways Holdings Pte Ltd's ("TAH") aircraft with carrying amount of $106.1 million were mortgaged to the banks under European Export Credit Agency financing. The loans were fully repaid in FY2019/20.

Scoot Tigerair Pte. Ltd.'s aircraft with carrying amount of $442.0 million (2019: $467.8 million) are pledged as security to the banks.

SilkAir (Singapore) Private Limited's ("SilkAir") spare engines with carrying amounts of $11.1 million (2019: $12.0 million) are pledged as security for the amounts owed to the original equipment manufacturer and service credits issued to SilkAir.

Reclassification to assets held for sale

During the year, certain aircraft spares were classified as held for sale as the Group had decided to sell these aircraft spares following the cessation of certain inventory management contracts. The sale is expected to be completed within one year.

	The Group
Balance as at 1 April 2019	–
Reclassification from property, plant and equipment	16.1
Disposal during the year	(1.9)
Balance as at 31 March 2020	14.2

Impairment of aircraft spares

In FY2019/20, the carrying amounts of the aircraft spares exceeded the recoverable amounts and the Group recognised an impairment loss of $14.2 million (FY2018/19: $2.3 million) on its aircraft spares. The amount in FY2018/19 was part of the refleeting and restructuring costs classified as a non-operating item (refer to note 9).

Impairment test

In light of the Covid-19 pandemic and its detrimental effect on the travel industry caused by global travel restrictions and border controls, the Group's significant reduction in its capacity has led to a deterioration to its profits and cash flows. Management has determined that this event is an indicator that the Property, Plant and Equipment and Intangible Assets may be impaired. Management's impairment test included the following CGUs:

Full Service Carrier ("FSC") CGU

The recoverable amount of the FSC 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 financial forecasts which were approved include Management's planned recovery from Covid-19 related global travel restrictions and border controls. The post-tax discount rate applied to cash flow projections is 7.0% and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the five-year period is 4.5%.

21 **Property, Plant and Equipment (in $ million) (continued)**

Low-Cost Carrier ("LCC") CGU

The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a six-year period (2019: three-year period). The financial forecasts which were approved include Management's planned recovery from Covid-19 related global travel restrictions and border controls. The six-year period reflects the CGU's steady state of operations arising from the significant committed capital expenditure of the CGU in the forecast period. The post-tax discount rate applied to cash flow projections is 7.0% (2019: 7.0%) and the forecast long-term growth rate used to extrapolate the cash flow projections beyond the six-year period (2019: three-year period) is 5.5% (2019: 4.5%).

Sensitivity Analysis

The calculations of value-in-use for the FSC and LCC CGUs are most sensitive to the following assumptions:

Yield – The forecast yield is set with regards to the CGU's historical performance, operation plans and expected economic and market conditions. The forecast yield does not exceed historical yield achieved.

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.

The impairment assessment is sensitive to changes to these assumptions and any significant adverse movements in these assumptions could impact the results of the impairment test.

22 **Right-of-Use Assets (in $ million)**

The Group

	Aircraft	Aircraft spare engines	Leasehold land and buildings	Plant and equipment	Office and computer equipment	Total
At 1 April 2019	1,524.1	26.4	152.7	3.1	0.2	1,706.5
Additions	106.8	–	99.0	0.6	0.1	206.5
Reassessment and modifications	3.8	(0.1)	(6.1)	–	–	(2.4)
Depreciation	(357.1)	(8.8)	(65.8)	(1.1)	(0.1)	(432.9)
At 31 March 2020	1,277.6	17.5	179.8	2.6	0.2	1,477.7

The Company

	Aircraft	Aircraft spare engines	Leasehold land and buildings	Plant and equipment	Total
At 1 April 2019	802.2	24.5	109.4	–	936.1
Additions	–	–	68.2	0.4	68.6
Reassessment and modifications	–	–	(4.9)	–	(4.9)
Depreciation	(194.8)	(7.6)	(51.7)	(0.1)	(254.2)
Novation from a subsidiary company	–	–	0.1	–	0.1
At 31 March 2020	607.4	16.9	121.1	0.3	745.7

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

23 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 2018	170.4	75.9	25.0	606.2	61.8	26.7	966.0
Additions	14.0	–	–	41.4	10.3	47.3	113.0
Disposals	–	–	–	(2.2)	(34.2)	–	(36.4)
Transfers	–	–	–	48.4	–	(48.4)	–
Disposal of a subsidiary company	–	–	–	(4.3)	–	–	(4.3)
Write-off	–	–	–	(6.9)	–	–	(6.9)
Exchange differences	–	–	–	–	2.5	–	2.5
At 31 March 2019	184.4	75.9	25.0	682.6	40.4	25.6	1,033.9
Additions	–	–	–	45.3	3.1	43.2	91.6
Disposals	–	–	–	(7.8)	–	–	(7.8)
Transfers	–	–	–	25.0	–	(25.0)	–
Exchange differences	–	–	–	0.1	2.3	–	2.4
At 31 March 2020	184.4	75.9	25.0	745.2	45.8	43.8	1,120.1
Accumulated amortisation and impairment losses							
At 1 April 2018	–	75.9	25.0	426.5	3.3	–	530.7
Amortisation	–	–	–	60.0	1.9	–	61.9
Disposals	–	–	–	(2.1)	–	–	(2.1)
Disposal of a subsidiary company	–	–	–	(4.3)	–	–	(4.3)
Write-off	–	–	–	(3.8)	–	–	(3.8)
Exchange differences	–	–	–	–	0.2	–	0.2
At 31 March 2019	–	75.9	25.0	476.3	5.4	–	582.6
Amortisation	–	–	–	55.9	1.6	–	57.5
Disposals	–	–	–	(7.8)	–	–	(7.8)
Exchange differences	–	–	–	0.1	0.7	–	0.8
At 31 March 2020	–	75.9	25.0	524.5	7.7	–	633.1
Net book value							
At 31 March 2019	184.4	–	–	206.3	35.0	25.6	451.3
At 31 March 2020	184.4	–	–	220.7	38.1	43.8	487.0

Goodwill

In FY2018/19, the addition to goodwill was due to the changes in ownership interests in KrisShop Pte Ltd ("KrisShop"). Further details are disclosed in note 24(f).

23 Intangible Assets (in $ million) (continued)

The Company

	Computer software and others	Advance and progress payments	Total
Cost			
At 1 April 2018	504.3	19.1	523.4
Effects of integration of SIA Cargo	1.6	0.2	1.8
Additions	32.3	31.4	63.7
Disposals	(0.2)	–	(0.2)
Transfers	39.6	(39.6)	–
At 31 March 2019	577.6	11.1	588.7
Additions	31.2	37.4	68.6
Disposals	(6.9)	–	(6.9)
Transfers	17.1	(17.1)	–
At 31 March 2020	619.0	31.4	650.4
Accumulated amortisation			
At 1 April 2018	343.6	–	343.6
Amortisation	51.2	–	51.2
Disposals	(0.2)	–	(0.2)
At 31 March 2019	394.6	–	394.6
Amortisation	46.1	–	46.1
Disposals	(6.9)	–	(6.9)
At 31 March 2020	433.8	–	433.8
Net book value			
At 31 March 2019	183.0	11.1	194.1
At 31 March 2020	185.2	31.4	216.6

Impairment testing of goodwill, brand and trademarks

The goodwill acquired through the acquisition of TAH has an indefinite useful life and is included in the LCC CGU. Please refer to note 21 for the impairment assessment of the LCC CGU.

24 Subsidiary Companies (in $ million)

	The Company 31 March 2020	The Company 31 March 2019
Investment in subsidiary companies	**3,417.9**	3,409.6
Accumulated impairment losses	**(52.7)**	(52.7)
Effects of integration of SIA Cargo	**(1,405.0)**	(1,405.0)
	1,960.2	1,951.9
Long-term loans to subsidiary companies	**2,224.5**	1,649.5
Amount owing by a subsidiary company	**598.5**	–
Accumulated impairment loss	**(13.3)**	(10.2)
	4,769.9	3,591.2

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For The Financial Year Ended 31 March 2020

24 Subsidiary Companies (in $ million) (continued)

During the financial year:

1. SIA incorporated a wholly-owned subsidiary company, Encounters Pte. Ltd. ("EPL") on 29 August 2019. As at 31 March 2020, SIA had a total capital contribution in EPL of $2.0 million.

2. The Company injected approximately $2.3 million in KrisShop Pte Ltd. ("KrisShop"). There was no change in the Group's 70% equity stake in KrisShop after the capital injection.

3. The 100% equity stake in Tradewinds Tours and Travel Private Limited was transferred from SilkAir to the Company at $4.0 million.

(a) Composition of the Group

The subsidiary companies are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 March 2020	2019
SIA Engineering Company Limited(1) and its subsidiaries	Engineering services	Singapore	**77.7**	77.7
NexGen Network (1) Holding Pte. Ltd.(1)	Investment holding	Singapore	**77.7**	77.7
NexGen Network (2) Holding Pte. Ltd.(1)	Investment holding	Singapore	**77.7**	77.7
SIAEC Global Private Limited(1)	Investment holding	Singapore	**77.7**	77.7
SIA Engineering (USA), Inc.(4)	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	**77.7**	77.7
SIA Engineering Japan Corporation(5)	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Japan	**77.7**	77.7
Singapore Aero Support Services Pte. Ltd.(1)	Maintenance, repair and overhaul of aircraft and cabin components/systems	Singapore	**77.7**	77.7
Heavy Maintenance Singapore Services Pte. Ltd.(1)	Provide airframe maintenance component overhaul services	Singapore	**50.5**	50.5
SIA Engineering (Philippines) Corporation(2)	Provide airframe maintenance component overhaul services	Philippines	**50.5**	50.5
Additive Flight Solutions Pte. Ltd.(1)*	Additive manufacturing of aircraft cabin parts and tooling for the aerospace industry	Singapore	**46.6**	46.6
Aerospace Component Engineering Services Pte. Limited(1)*	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	**39.6**	39.6
Aviation Partnership (Philippines) Corporation(2)*	Provide aircraft maintenance services including technical and non-technical handling at the airport	Philippines	**39.6**	39.6

24 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 March 2020	2019
Budget Aviation Holdings Pte. Ltd.[(1)] and its subsidiaries	Investment holding	Singapore	**100.0**	100.0
Tiger Airways Holdings Pte. Ltd.[(1)]	Investment holding	Singapore	**100.0**	100.0
Scoot Tigerair Pte. Ltd.[(1)]	Air transportation	Singapore	**100.0**	100.0
Roar Aviation Pte. Ltd.[(1)]	Investment holding	Singapore	**100.0**	100.0
Simple Holidays Pte.Ltd.[(1)]	Reservation service activities	Singapore	**100.0**	100.0
Cargo Community Network Pte Ltd[(1)] and its subsidiary	Providing and marketing of cargo community system	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
Encounters Pte. Ltd.[(1)]	Travel booking and related services through an online portal	Singapore	**100.0**	–
SilkAir (Singapore) Private Limited[(1)]	Air transportation	Singapore	**100.0**	100.0
Singapore Airlines Cargo Pte Ltd[(1)]	Inactive	Singapore	**100.0**	100.0
Singapore Aviation and General Insurance Company (Pte) Limited[(1)]	Aviation insurance	Singapore	**100.0**	100.0
Singapore Flying College Pte Ltd[(1)]	Training of pilots	Singapore	**100.0**	100.0
Sing-Bi Funds Private Limited[(1)]	Investment holding	Singapore	**100.0**	100.0
Tradewinds Tours & Travel Private Limited[(1)]	Tour wholesaling	Singapore	**100.0**	100.0
KrisShop Pte. Ltd.[(1)]	Travel-related retail operations	Singapore	**70.0**	70.0

(1) *Audited by KPMG LLP, Singapore*

(2) *Audited by member firms of KPMG International in the respective countries*

(3) *Audited by Shanghai HDDY Certified Public Accountants Co., Ltd*

(4) *Not required to be audited under the law in country of incorporation*

(5) *Not required to be audited in the current financial year*

* *The company is considered a subsidiary of the Group by virtue of the management control over financial and operating policies of the company*

\+ *Financial year end 31 December*

Special purpose entities ("SPEs")

Details of the operating SPEs controlled and consolidated by the Group at the end of financial year are as follows:

Name of entity	Purpose of special purpose entity	Country of incorporation
Winnie Aircraft Limited	Financing of aircraft	Mauritius
Falcon Aircraft Limited	Financing of aircraft	Mauritius

The SPEs are held by Tiger Airways Holdings Pte. Ltd. and are audited by Ernst & Young LLP, Mauritius.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

24 Subsidiary Companies (in $ million) (continued)

(a) Composition of the Group (continued)

Special purpose entities ("SPEs") (continued)

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.

(b) Interest in subsidiary company with material non-controlling interests ("NCI")

The Group has the following subsidiary company that has NCI that are material to the Group:

	SIA Engineering Company Group of Companies 31 March	
	2020	**2019**
Proportion of ownership interest held by NCI	**22.3%**	22.3%
Profit allocated to NCI during the reporting period	**40.0**	35.9
Accumulated NCI at the end of reporting period	**396.1**	375.7
Dividends paid to NCI	**28.8**	32.9

(c) Summarised financial information about subsidiary company with material NCI

Summarised financial information before intercompany eliminations of the subsidiary company with material non-controlling interests are as follows:

Summarised statement of financial position

	SIA Engineering Company Group of Companies 31 March	
	2020	**2019**
Current		
Assets	**998.1**	965.0
Liabilities	**(240.8)**	(245.5)
Net current assets	**757.3**	719.5
Non-current		
Assets	**1,007.4**	880.2
Liabilities	**(103.7)**	(35.7)
Net non-current assets	**903.7**	844.5
Net assets	**1,661.0**	1,564.0

24 **Subsidiary Companies (in $ million) (continued)**

(d) **Summarised statement of comprehensive income of subsidiary company with material NCI**

	SIA Engineering Company Group of Companies	
	FY2019/20	**FY2018/19**
Revenue	**994.1**	1,020.9
Profit before tax	**204.5**	179.1
Taxation	**(14.0)**	(18.1)
Profit after tax	**190.5**	161.0
Other comprehensive income	**26.9**	17.0
Total comprehensive income	**217.4**	178.0

(e) **Other summarised information about subsidiary company with material NCI**

	SIA Engineering Company Group of Companies	
	FY2019/20	**FY2018/19**
Net cash flow from operations	**91.0**	75.4
Acquisition of significant property, plant and equipment	**(36.8)**	(25.0)

(f) **Changes in ownership interests in a subsidiary company - KrisShop**

FY2018/19

On 23 November 2018, the Company, through its subsidiary company, KrisShop, entered into a business transfer agreement with DFASS SATS Pte. Ltd. to acquire the business of providing services and merchandise to the Group. SIA invested approximately $24.9 million in KrisShop and holds 70% stake after the business combination.

(i) **Fair value of identifiable assets**

The following table summarises the recognised amounts of assets acquired and at the date of acquisition:

	FY2018/19
Inventories	14.8
Plant and equipment	0.3
Software	1.6
	16.7
Goodwill	14.0
Total cash consideration transferred	30.7

(ii) **Measurement of fair values**

The book values of identifiable assets acquired approximate fair value.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

25 Associated Companies (in $ million)

	The Group		The Company	
	31 March		31 March	
	2020	2019	2020	2019
Investment in associated companies	**828.9**	1,116.4	**905.3**	764.6
Accumulated impairment losses	**(11.9)**	(11.9)	**(785.0)**	(209.4)
	817.0	1,104.5	**120.3**	555.2

During the financial year:

1. The Company injected $140.7 million in TATA SIA Airlines Limited ("TATA-SIA"). There was no change in the Group's 49% equity stake in TATA-SIA after the capital injection. Management performed an impairment test for the investment in TATA-SIA, which had been incurring losses historically. An impairment loss of $231.8 million was recognised by the Company to write down the cost of investment to its estimated recoverable amount.

2. Management performed an impairment review for the investment in Virgin Australia Holdings Limited ("VAH"), which has been incurring losses. The Covid-19 pandemic has a significant impact on VAH operations. On 31 March 2020, VAH announced that it had requested financial support from the Australian Government. Subsequently, on 21 April 2020, VAH announced that it has entered voluntary administration. An impairment loss of $343.8 million was recognised by the Company to write down the cost of investment in VAH to zero.

3. Ritz-Carlton, Millenia Singapore Properties Private Limited recorded a revaluation gain of $65.3 million from its annual revaluation exercise of its land and building. The Group's share of the revaluation gain of $13.1 million as at 31 March 2020 is included under the share of post-acquisition capital reserve.

4. SIAEC liquidated International Aerospace Tubes-Asia Pte. Ltd. ("IAT"). A loss on disposal of $0.2 million was recorded in the profit or loss and IAT ceased to be an associated company.

5. SIAEC invested approximately $0.3 million in Line Maintenance Partnership (Thailand) Company Limited.

6. SIAEC invested approximately $7,000 in GE Aviation, Overhaul Services - Singapore Pte. Ltd..

The associated companies are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 March 2020	2019
Held by the Company				
TATA SIA Airlines Limited(5)	Domestic and International full service scheduled passenger airlines services	India	**49.0**	49.0
Airbus Asia Training Centre Pte. Ltd. (6)(c)	Flight training services	Singapore	**45.0**	45.0
Virgin Australia Holdings Limited(2)(a)	Air transportation	Australia	**20.0**	20.0
Ritz-Calton, Millenia Singapore Properties Private Limited(3)(c)	Hotel ownership and management	Singapore	**20.0**	20.0

25 **Associated Companies (in $ million) (continued)**

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 March 2020	2019
Held by SIAEC				
Boeing Asia Pacific Aviation Services Pte. Ltd.[4][c]	Provide engineering, material management and fleet support solutions	Singapore	**38.1**	38.1
Eagle Services Asia Private Limited[3][c]	Repair and overhaul of aircraft engines	Singapore	**38.1**	38.1
Fuel Accessory Service Technologies Pte Ltd[3][b]	Repair and overhaul of engine fuel components and accessories	Singapore	**38.1**	38.1
GE Aviation, Overhaul Services – Singapore Pte. Ltd[13][c]	Repair and servicing of aircraft and spacecraft (including aircraft engines and other parts)	Singapore	**38.1**	–
Line Maintenance Partnership (Thailand) Company Limited[13][c]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Thailand	**38.1**	–
Moog Aircraft Services Asia Pte. Ltd.[6]	Repair and overhaul services for flight control systems	Singapore	**38.1**	38.1
PT JAS Aero-Engineering Services[9][c]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	**38.1**	38.1
Southern Airports Aircraft Maintenance Services Company Limited[5][c]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	**38.1**	38.1
Component Aerospace Singapore Pte. Ltd.[3][b]	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	**36.1**	36.1
JAMCO Aero Design & Engineering Private Limited[12]	Providing turnkey solutions for aircrafts interior modifications	Singapore	**35.0**	35.0
Panasonic Avionic Services Singapore Pte. Ltd.[1]	Provide line maintenance and repair services of in-flight entertainment systems	Singapore	**33.0**	33.0
Goodrich Aerostructures Service Centre-Asia Pte. Ltd.[3][c]	Repair and overhaul of aircraft nacelles, thrust reserves and pylons	Singapore	**31.1**	31.1
Pan Asia Pacific Aviation Services Limited[8]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	**31.1**	31.1

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For The Financial Year Ended 31 March 2020

25 Associated Companies (in $ million) (continued)

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 March 2020	2019
Safran Electronics & Defense Services Asia Pte. Ltd.[(10)(c)]	Provide avionics maintenance, repair and overhaul services	Singapore	**31.1**	31.1
Safran Landing Systems Services Singapore Pte. Ltd.[(10)(c)]	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	**31.1**	31.1
Asian Surface Technologies Pte Ltd[(7)(c)]	Repair and overhaul of aircraft engine fan blades	Singapore	**30.5**	30.5
Turbine Coating Services Pte Ltd[(3)(b)*]	Repair and overhaul of aircraft engine turbine airfoils	Singapore	**19.0**	19.0
International Aerospace Tubes-Asia Pte. Ltd.[(3)(c)]	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	Singapore	**–**	25.9
<u>Held by Scoot Tigerair</u>				
Air Black Box Asia Pacific Pte. Ltd.[(11)(c)**]	Provision of support services to air transportation	Singapore	**13.0**	13.0

(1) *Audited by KPMG LLP, Singapore*
(2) *Audited by member firms of KPMG International*
(3) *Audited by PricewaterhouseCoopers LLP, Singapore*
(4) *Audited by Deloitte & Touche, Singapore*
(5) *Audited by member firms of Deloitte & Touche*
(6) *Audited by Ernst & Young LLP, Singapore*
(7) *Audited by RSM Chio Lim, Singapore*
(8) *Audited by BDO Limited, Hong Kong*
(9) *Audited by Ernst & Young LLP, Indonesia*
(10) *Audited by Mazars LLP, Singapore*
(11) *Audited by Wong, Lee & Associates LLP*
(12) *Audited by Grant Thornton LLP, Singapore*
(13) *Not required to be audited in the current financial year*
(a) *Financial year end 30 June*
(b) *Financial year end 30 November*
(c) *Financial year end 31 December*
* *The Group has significant influence in these entities through its holdings in SIAEC*
** *The Group has significant influence by virtue of the board representation*

The carrying amounts of the investment in associated companies are as follows:

	The Group 31 March 2020	2019
Virgin Australia Holdings Limited	**–**	314.8
TATA-SIA	**77.8**	137.9
Eagle Services Asia Private Limited ("ESA")	**228.4**	189.0
Other associated companies	**510.8**	462.8
	817.0	1,104.5

The activities of the associated companies are strategic to the Group's activities.

25 Associated Companies (in $ million) (continued)

The Group has three (2019: two) associated companies that are material and a number of associated companies that are individually immaterial to the Group. The following summarises the financial information of each of the Group's material associated companies based on their respective (consolidated) financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisitions and differences in the Group's accounting policies.

Summarised statement of financial position

	VAH		TATA-SIA		ESA	
	31 March		31 March		31 March	
	2020	2019	2020	2019	2020	2019
Current assets	**1,303.6**	1,626.0	**225.9**	188.6	**657.5**	425.3
Non-current assets	**4,650.7**	4,188.5	**1,638.6**	318.8	**162.2**	140.6
Total assets	**5,954.3**	5,814.5	**1,864.5**	507.4	**819.7**	565.9
Current liabilities	**(2,429.0)**	(2,831.2)	**(191.4)**	(114.2)	**(331.3)**	(163.2)
Non-current liabilities	**(4,929.6)**	(2,028.6)	**(1,514.3)**	(111.8)	**(22.2)**	(17.0)
Total liabilities	**(7,358.6)**	(4,859.8)	**(1,705.7)**	(226.0)	**(353.5)**	(180.2)
Net assets	**(1,404.3)**	954.7	**158.8**	281.4	**466.2**	385.7
Share of net assets	**(281.4)**	190.2	**77.8**	137.9	**228.4**	189.0

Summarised statement of comprehensive income

	VAH		TATA-SIA		ESA	
	FY2019/20	FY2018/19	FY2019/20	FY2018/19	FY2019/20	FY2018/19
(Loss)/Profit after tax	**(281.8)**	(499.5)	**(349.0)**	(161.5)	**86.1**	73.2
Other comprehensive income	**(3.4)**	(16.9)	**–**	–	**–**	–
Total comprehensive income	**(285.2)**	(516.4)	**(349.0)**	(161.5)	**86.1**	73.2

Dividends of approximately $13.3 million (FY2018/19: $27.6 million) were received from ESA during the financial year.

The Group's carrying amount of VAH has been capped at zero. Losses totalling $36.8 million and other comprehensive income of $137.5 million of VAH have not been recognised because the Group has no obligation in respect of its losses.

In the previous financial year, the Group's carrying amount of VAH amounted to $314.8 million and included goodwill of $117.1 million and other acquisition related adjustments of $7.5 million. The fair value of the Group's ownership interest in VAH, which is determined based on its quoted market price and the value of other contractual arrangements exceeded its carrying amount. The fair value is classified as Level 2 under the fair value hierarchy.

Aggregate information about the Group's share of the results of the associated companies that are not individually material is as follows:

Summarised statement of comprehensive income

	Immaterial associates	
	FY2019/20	FY2018/19
Profit after tax	**60.2**	45.7
Other comprehensive income	**13.1**	20.8
Total comprehensive income	**73.3**	66.5

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For The Financial Year Ended 31 March 2020

26 Joint Venture Companies (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Investment in joint venture companies	**191.5**	171.7	**32.3**	30.6

During the financial year:

1. The Company injected $1.7 million in Singapore CAE Flight Training Pte. Ltd. ("SCFT"). There was no change in the Group's 50% equity stake in SCFT after the capital injection.

2. TAH injected $10.2 million in NokScoot Airlines Co.,Ltd. ("NokScoot"). There was no change in the Group's 49% equity stake in NokScoot after the capital injection.

The joint venture companies are:

	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 March 2020	2019
Held by SIAEC				
Singapore Aero Engine Services Pte Ltd [(1)]	Repair and overhaul of aircraft engines	Singapore	**38.9**	38.9
Held by Scoot Tigerair				
NokScoot Airlines Co., Ltd. [(2)]	Air transportation	Thailand	**49.0**	49.0
Held by the Company				
Singapore CAE Flight Training Pte. Ltd. [(3)]	Flight training services	Singapore	**50.0**	50.0

(1) *Audited by KPMG LLP, Singapore, and financial year end of 31 December.*
(2) *Audited by Deloitte & Touche Tohmatsu Jaiyos Audit Co. Ltd, Thailand and financial year end of 31 December.*
(3) *Audited by PricewaterhouseCoopers LLP, Singapore, and financial year end of 31 March.*

The Group jointly controls all the joint venture companies with other partners under contractual agreements that require unanimous consent for all major decisions over the relevant activities; they are all equity accounted.

The carrying amounts of the investments are as follows:

	The Group 31 March	
	2020	**2019**
Singapore Aero Engine Services Pte Ltd ("SAESL")	**159.2**	154.7
Other joint venture companies	**32.3**	17.0
	191.5	171.7

The activities of SAESL are strategic to the Group's activities.

Dividends of approximately $38.4 million (FY2018/19: $36.3 million) were received from SAESL during the financial year.

26 Joint Venture Companies (in $ million) (continued)

Summarised financial information in respect of SAESL, which is material to the Group, is as follows:

Summarised statement of financial position

	SAESL 31 March	
	2020	**2019**
Cash and short-term deposits	**23.4**	28.6
Other current assets	**957.0**	754.0
Total current assets	**980.4**	782.6
Non-current assets	**325.0**	318.7
Total assets	**1,305.4**	1,101.3
Current liabilities	**(680.8)**	(528.6)
Non-current liabilities	**(306.2)**	(263.3)
Total liabilities	**(987.0)**	(791.9)
Net assets	**318.4**	309.4

Summarised statement of comprehensive income

	SAESL	
	FY2019/20	**FY2018/19**
Revenue	**2,914.5**	2,113.0
Depreciation and amortisation	**(30.6)**	(22.3)
Interest income	**0.1**	0.1
Interest expense	**(10.3)**	(7.6)
Profit before tax	**94.9**	87.2
Taxation	**(5.8)**	(6.5)
Profit after tax	**89.1**	80.7
Other comprehensive income	**(19.7)**	(12.5)
Total comprehensive income	**69.4**	68.2

The summarised financial information presented is extracted from the financial statements of SAESL prepared in accordance with IFRS.

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	
	2020	**2019**
Current assets	**50.7**	53.8
Non-current assets	**103.3**	74.3
Total assets	**154.0**	128.1
Current liabilities	**(98.8)**	(74.7)
Non-current liabilities	**(76.5)**	(53.1)
Total liabilities	**(175.3)**	(127.8)
Net (liabilities)/assets	**(21.3)**	0.3

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

26 Joint Venture Companies (in $ million) (continued)

The Group's share of the results is as follows:

	The Group	
	FY2019/20	**FY2018/19**
Profit/(Loss) after tax and total comprehensive income	**3.4**	(17.8)

The Group has not recognised losses totalling $53.6 million (FY2018/19: $16.7 million) in relation to its interests in joint venture companies because the Group has no obligation in respect of these losses.

27 Long-Term Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Quoted				
Non-equity investments	**17.6**	63.9	**17.6**	63.9
Unquoted				
Non-equity investments	**–**	229.9	**–**	229.9
Equity investments	**47.6**	50.1	**37.2**	39.7
	65.2	343.9	**54.8**	333.5

The Group's non-equity investments comprised investments in corporate bonds.

The interest rates for quoted non-equity investments range from 3.08% to 3.25% (FY2018/19: 3.01% to 4.30%) per annum.

28 Other Long-Term Assets (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Deposits	**119.8**	127.6	**–**	0.1
Prepayment	**10.6**	13.8	**–**	–
Amount owing by a joint venture company	**7.8**	8.1	**7.8**	8.1
Other receivables	**170.3**	180.1	**122.4**	151.4
Derivative assets (refer to note 41)	**37.2**	384.1	**37.2**	384.1
	345.7	713.7	**167.4**	543.7

The Group's other receivables are stated at amortised cost and are expected to be received over a period of two to nine years.

29 Inventories (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Technical stocks and stores	**199.7**	189.3	**152.3**	142.1
Catering and general stocks	**39.6**	40.6	**16.1**	15.5
Total inventories at lower of cost and net realisable value	**239.3**	229.9	**168.4**	157.6

The cost of inventories recognised as an expense amounted to $151.0 million (FY2018/19: $131.5 million).

30 Trade Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Trade debtors	**672.7**	1,392.9	**435.3**	1,120.0
Contract assets	**114.4**	99.7	**–**	–
Amounts owing by:				
associated companies	**7.6**	3.5	**0.7**	0.2
joint venture companies	**25.8**	31.1	**4.5**	18.6
	820.5	1,527.2	**440.5**	1,138.8
Amounts owing by:				
subsidiary companies	**–**	–	**200.4**	3.7
	820.5	1,527.2	**640.9**	1,142.5

Trade debtors are non-interest bearing. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless the Group writes off the amount ascertained to be uncollectible. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days ageing of debtor balances) are considered indicators that the trade debtor is impaired. Individual trade debtor is written off when Management deems the amount not to be collectible.

Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade debtors when the rights become unconditional. This usually occurs when the Group invoices the customers.

Amounts owing by subsidiary, associated and joint venture companies are unsecured, trade-related, non-interest bearing and repayable on demand. The amounts are stated at net of accumulated impairment losses.

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For The Financial Year Ended 31 March 2020

30 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	
	2020	**2019**	**2020**	**2019**
Not past due and not impaired	**748.0**	1,379.6	**609.5**	1,049.6
Past due but not impaired	**71.5**	141.1	**30.3**	86.2
	819.5	1,520.7	**639.8**	1,135.8
Impaired trade debtors - collectively assessed	**5.1**	10.6	**3.1**	8.2
Less: Accumulated impairment losses	**(4.1)**	(4.1)	**(2.0)**	(1.5)
	1.0	6.5	**1.1**	6.7
Impaired trade debtors - individually assessed				
Customers in bankruptcy or other financial reorganisation	**3.6**	–	**–**	–
Customers who default in payment within stipulated framework of IATA Clearing House or Bank Settlement Plan	**5.2**	5.7	**5.3**	5.7
Less: Accumulated impairment losses	**(8.8)**	(5.7)	**(5.3)**	(5.7)
	–	–	**–**	–
Impaired amounts owing by associated companies - individually assessed	**3.6**	–	**–**	–
Impaired amounts owing by joint venture companies - individually assessed	**61.6**	–	**57.5**	–
Less: Accumulated impairment losses	**(65.2)**	–	**(57.5)**	–
	–	–	**–**	–
Total trade debtors, net	**820.5**	1,527.2	**640.9**	1,142.5

Included in trade and other debtors are amounts owing by related parties of $41.5 million (2019: $58.0 million) and $35.1 million (2019: $27.6 million) for the Group and Company respectively.

Trade debtors are stated after accumulated impairment losses. An analysis of the accumulated impairment losses is as follows:

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Balance at 1 April	**9.8**	4.2	**7.2**	1.7
Provided during the year for trade debtors	**69.1**	5.7	**57.9**	5.6
Written off during the year	**(0.8)**	(0.1)	**(0.3)**	(0.1)
Balance at 31 March	**78.1**	9.8	**64.8**	7.2
Bad debts written off directly to profit and loss account, net of debts recovered	**1.4**	0.1	**0.3**	(0.2)

As at 31 March 2020, the composition of trade debtors held in foreign currencies by the Group is as follows: USD – 47.3% (2019: 22.1%), AUD – 2.8% (2019: 6.9%), EUR – 3.2% (2019: 8.6%), GBP – 5.1% (2019: 4.0%) and JPY – 0.9% (2019: 2.6%).

31 Deposits and Other Debtors (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Deposits	**25.0**	24.0	**11.3**	10.3
Other debtors	**305.8**	69.8	**286.4**	53.4
	330.8	93.8	**297.7**	63.7

32 Investments (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Quoted				
Equity investments	**0.1**	–	**–**	–
Non-equity investments	**190.7**	116.8	**142.6**	68.5
Unquoted				
Non-equity investments	**232.7**	–	**232.7**	–
	423.5	116.8	**375.3**	68.5

The Group's non-equity investments comprised investments in government securities, corporate bonds, investment funds and money market funds. These investments are held to manage the Group's liquidity needs.

The interest rates for quoted and unquoted non-equity investments range from 0% to 5.50% (FY2018/19: 0.78% to 5.60%) and 1.00% (FY2018/19: nil) per annum respectively.

33 Cash and Bank Balances (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Short-term deposits	**1,283.5**	1,623.0	**1,260.6**	1,582.1
Cash and bank balances	**1,401.8**	1,321.0	**1,261.3**	1,133.9
	2,685.3	2,944.0	**2,521.9**	2,716.0

As at 31 March 2020, the composition of cash and bank balances held in foreign currencies by the Group is as follows: USD – 20.5% (2019: 15.3%), EUR – 8.8% (2019: 0.7%), AUD – 1.6% (2019: 1.2%) and CNY – 1.8% (2019: 0.6%).

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.80% to 2.55% (FY2018/19: 1.96% to 3.05%) 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 1.46% (FY2018/19: 2.28%) per annum.

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For The Financial Year Ended 31 March 2020

34 Trade and Other Creditors (in $ million)

	The Group 31 March		The Company 31 March	
	2020	**2019**	**2020**	**2019**
Trade creditors	**2,924.6**	3,075.2	**2,205.1**	2,259.7
Accrued interest	**46.2**	45.4	**43.4**	42.1
Contract liabilities	**16.4**	33.5	**–**	–
Amounts owing to associated companies	**2.8**	3.0	**1.1**	1.4
Amounts owing to joint venture companies	**26.0**	6.5	**0.9**	1.0
	3,016.0	3,163.6	**2,250.5**	2,304.2
Funds from subsidiary companies	**–**	–	**830.2**	606.2
Amounts owing to subsidiary companies	**–**	–	**191.3**	365.6
	–	–	**1,021.5**	971.8

Trade and other creditors are non-interest bearing. As at 31 March 2020, 11.6% (2019: 14.2%) 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 $175.6 million (2019: $233.7 million) and $142.5 million (2019: $177.9 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 0.60% to 2.33% (FY2018/19: 1.75% to 2.30%) per annum for SGD funds, and 0.25% to 2.62% (FY2018/19: 2.34% to 3.30%) per annum for USD funds.

As at 31 March 2020, 41.0% (2019: 19.7%) of the funds from subsidiary companies were denominated in USD.

Amounts owing to related parties, subsidiary, associated and joint venture companies are unsecured, trade-related, non-interest bearing and repayable on demand.

35 Sales in Advance of Carriage and Deferred Revenue (in $ million)

Sales in advance of carriage and deferred revenue are recognised as revenue when the Group fulfils its performance obligation under the contract with the customer. The significant changes in these liabilities during the year are as follows:

	The Group		The Company	
	FY2019/20	**FY2018/19**	**FY2019/20**	**FY2018/19**
Revenue recognised that was included in the balance at the beginning of the year				
- Sales in advance of carriage	**2,715.4**	2,442.1	**2,479.8**	2,205.9
- Deferred revenue	**610.9**	556.1	**610.9**	556.1
Increases due to cash received, excluding amounts recognised as revenue during the year				
- Sales in advance of carriage	**2,041.4**	2,715.4	**1,888.3**	2,479.8
- Deferred revenue	**755.8**	610.9	**755.8**	610.9

Deferred revenue relates to KrisFlyer miles expected to be redeemed. The Group expects the majority of these miles to be redeemed within three years.

All tickets sold at any given point of time typically have travel dates extending up to 12 months. However, certain modifications have been made to extend the validity of some tickets due to the Covid-19 situation. As a result, the balance of the sales in advance of carriage liability represents activity that will typically be recognised in the next 12 months.

36 Analysis of Capital Expenditure Cash Flow (in $ million)

	The Group	
	FY2019/20	**FY2018/19**
Purchase of property, plant and equipment	**5,211.8**	5,604.7
Property, plant and equipment acquired under credit terms	**(44.9)**	(20.0)
Interest capitalised	**(63.4)**	(22.4)
Cash invested in capital expenditure	**5,103.5**	5,562.3
Purchase of intangible assets	**91.6**	113.0
Intangible assets acquired under credit terms	**–**	(7.6)
Cash invested in purchase of intangible assets	**91.6**	105.4

37 Capital Expenditure Commitments (in $ million)

The Group and the Company have commitments for capital expenditure. Such commitments aggregated $19,895.4 million (2019: $22,439.7 million) for the Group and $14,406.5 million (2019: $17,586.2 million) for the Company. The commitments relate principally to the acquisition of aircraft fleet and related equipment.

In addition, the Group's share of associated companies' and joint venture companies' commitments for capital expenditure totaled $1,720.6 million (2019: $1,671.1 million) and $19.0 million (2019: $8.9 million) respectively.

38 Leases (in $ million)

(a) As lessee

As disclosed in note 2(b), the Group has adopted IFRS 16 on 1 April 2019. Prior to that, all the leases were classified as operating leases under IAS 17. The lease payments have been recognised as ROU assets and lease liabilities on the statement of financial position.

<u>Aircraft</u>

The Company leases three B777-300ERs, nine A330-300s and four A380-800s at fixed rental rates. The original lease terms range from eight to 12 years.

For flexibility in fleet planning, most leases include extension options. The extension options provide for lease renewals up to a maximum of five years. In addition, there are three early termination options that allow termination of the leases up to two years prior to original lease expiry. Sub-leasing is allowed under all the lease arrangements.

SilkAir leases two A319-100s, seven A320-200s, and nine B737-800s at fixed rental rates. The original lease terms for the two A319-100s range from 11.2 to 11.5 years, and SilkAir holds options to extend the leases for up to a maximum of three years. The original lease terms for the seven A320-200s range from 6.6 to 11.8 years, and SilkAir holds options to extend the leases up to a maximum of three years. The original lease terms for the nine B737-800s range from 9.8 to 10.5 years, and SilkAir holds options to extend the leases for up to a maximum of four years. Sub-leasing is allowed under all the lease arrangements.

As of 31 March 2020, Budget Aviation Holdings ("BAH") Group has leased 24 A320-200s and two A320neos. The lease of two A320neo aircraft were entered into during the year through sale and leaseback agreement to mitigate BAH Group's exposure to residual value risk of the aircraft. BAH Group recorded gross proceeds of $117.2 million from the sale and leaseback. The original lease terms on the aircraft are for 12 years. None of the lease agreements confer on BAH Group 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.

During the year, BAH Group has also entered into lease agreements for 10 A321 aircraft. The lease terms on the aircraft are for 12 years. These leases have not commenced as of 31 March 2020. It is estimated that these committed leases would result in an increase in lease liabilities of $626.5 million.

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For The Financial Year Ended 31 March 2020

38 Leases (in $ million) (continued)

(a) As lessee (continued)

Spare engines

The Company has lease agreements for four GE90-115B engines and two Trent 800 engines with fixed rental rates. The original lease term for each spare engine is approximately six years with extension options of 12 months. As at 31 March 2020, the two Trent 800 engine leases are classified as short-term leases from the effective date of adoption of IFRS 16.

BAH Group leases two spare engines. The original lease terms on the engines are 12 years. Sub-leasing is allowed under all the lease arrangements.

Property and equipment

The Group has entered into lease agreements for office and computer equipment, leasehold land and buildings. These non-cancellable leases have lease terms of between one and 48 years.

Extension/termination options

The Group has estimated that in relation to aircraft and spare engines, should the extension options be exercised, it would result in an increase in lease liabilities of $244.8 million, while the exercise of the termination options would result in a decrease in lease liabilities of $20.9 million.

(b) As lessor

Finance lease

BAH Group sub-leased two A320-200 aircraft to an external party. The sub-lease term for the aircraft is between eight and nine years. The sub-leases were previously classified as operating leases under IAS 17.

Future minimum lease receivables under the finance leases are as follows:

	The Group 31 March 2020
Within 1 year	9.7
1 - 2 years	9.7
2 - 3 years	9.7
3 - 4 years	4.0
Total undiscounted lease receivables	33.1
Unearned finance income	(2.4)
Net investment in the lease	30.7

38 Leases (in $ million) (continued)

(b) As lessor (continued)

Operating lease

The Company leased seven B777 aircraft for lease terms ranging from four to eight years to NokScoot. The lease rental is fixed throughout the lease term and is non-cancellable.

Future minimum lease receivables under the non-cancellable operating leases are as follows:

2020 – Operating leases under IFRS 16

	The Group and the Company 31 March 2020
Within 1 year	**66.0**
1 - 2 years	**65.5**
2 - 3 years	**46.7**
3 - 4 years	**8.9**
	187.1

2019 – Operating leases under IAS 17

	The Group 31 March 2019	The Company 31 March 2019
Not later than one year	74.4	65.3
Later than one year but not later than five years	173.8	143.1
	248.2	208.4

39 Contingent Liabilities (in $ million)

(a) Cargo: Investigations by Competition Authorities and Civil Class Actions

In 2006 and thereafter, SIA Cargo and the Company were among several airlines that received notice of investigations by competition authorities in the United States, European Union, Australia, Canada, New Zealand, South Africa, South Korea and Switzerland as to whether surcharges, rates or other competitive aspects of air cargo service were lawfully determined (the "air cargo issues").

On 9 November 2010, the European Commission issued an adverse decision against 13 air cargo airlines, including SIA Cargo and the Company, in respect of fuel surcharges, security surcharges and commissions on surcharges. A fine of EUR74.8 million ($135.7 million) was imposed on SIA Cargo and the Company. SIA Cargo paid the fine in February 2011 in accordance with European Union laws. This amount was reflected as an exceptional item in the Group's accounts in FY2010/11. SIA Cargo and the Company filed an appeal to the European General Court seeking annulment of the decision. In December 2015, the European General Court annulled the decision of the European Commission in its entirety vis-à-vis SIA Cargo and the Company. In February 2016, EUR76.4 million ($119.1 million) comprising the fine amount and returns thereon was refunded to SIA Cargo. This refund was recognised as a non-operating item in the Group's FY2015/16 accounts. In March 2017, the European Commission re-adopted a decision in respect of the same case against the air cargo airlines, imposing a fine of EUR74.8 million ($111.8 million) against SIA Cargo and the Company. This amount was recognised as a non-operating item in the Group's accounts in FY2016/17. SIA Cargo and the Company have filed an appeal to the European General Court seeking annulment of the re-adopted decision. The European General Court has yet to issue its decision in respect of the appeal.

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.

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For The Financial Year Ended 31 March 2020

39 Contingent Liabilities (in $ million) (continued)

(a) Cargo: Investigations by Competition Authorities and Civil Class Actions (continued)

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 December 2019, without admitting any liability, SIA Cargo entered into a settlement with the shipper, thereby resolving the claim against SIA Cargo.

In September 2016, one of SIA Cargo's customers filed a claim against SIA Cargo and the Company in the United States after opting out of SIA Cargo's and the Company's class action settlement.

In June 2017, without admitting any liability, SIA Cargo and the Company entered into a settlement of the above civil damages claim in the United States. At the same time, SIA Cargo and the Company settled the civil damages lawsuit filed in Germany, which was related to the opt-out claim in the United States.

In December 2018, without admitting any liability, SIA Cargo and the Company entered into a settlement with four out of the five claimant groups in the civil damages claim filed in England. In January 2019, the main defendant in the fifth claimant group proceedings discontinued its contribution claim against SIA Cargo and the Company. The entire civil damages claim filed in England has thus been resolved for SIA Cargo and the Company.

Without admitting any liability, SIA Cargo and the Company have settled with class and collective action plaintiffs in the United States, Australia, Canada and England, as the case may be, to resolve all liabilities of SIA Cargo and the Company as concerns such lawsuits filed in the relevant jurisdictions.

In addition, without admitting any liability, in 2012, 2013 and 2015, SIA Cargo reached settlements with certain customers to resolve all pending and potential future civil damage claims regarding the air cargo issues for those customers. The settlements in 2012, 2013, 2015 and 2017 have been reflected in the Group's financial statements in the previous financial years. The individual terms of all such settlements are required to be kept confidential.

Apart from the class actions in Canada, the United States and Australia, the opt-out claim in the United States, the lawsuit in Germany and the civil damages claims in England and South Korea, the filed cases remain in their respective procedural stages and none have been tried thus far on their respective substantive legal merits.

Apart from the items recorded as non-operating items noted above, it is premature to make a provision in the financial statements for the other pending investigations, court proceedings, civil suits, or threatened claims as their respective outcomes are uncertain.

(b) Passengers: Civil Class Actions

The Company and several other airlines have been named in a civil class action lawsuit in Canada alleging an unlawful agreement to fix surcharges and fares on transpacific flights. The case is currently in the procedural stage and has not been tried thus far on its substantive legal merits. As the lawsuit has neither been tried nor alleged damages quantified, it is premature to make a provision in the financial statements.

The passenger civil class action lawsuit filed in the United States against the Company was resolved in a previous financial period.

(c) Guarantee to a Joint Venture Company

As at 31 March 2020, the Company had provided a guarantee of THB250.0 million ($10.9 million) in respect of a revolving credit facility granted by a lender to NokScoot. The financial guarantee has been fully provided for and recorded as a non-operating item in the Group's accounts in FY2019/20.

40 Financial Instruments (in $ million)

Classification and fair values of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in note 2 describe how the classes of financial instruments are measured, and how revenue and expenses, including fair value gains and losses, are recognised. The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as per the following tables.

Financial assets and financial liabilities that are classified as measured at amortised cost with carrying amounts being a reasonable approximation of their fair values are not presented in these tables. These financial assets include trade debtors, deposits and other debtors, amounts owing by subsidiary companies and cash and bank balances. These financial liabilities include trade and other creditors, amounts owing to subsidiary companies and loans.

	Carrying amount				Fair value		
31 March 2020 The Group	**Amortised cost**	**FVTPL**	**FVOCI**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	17.6	–	–	17.6	17.7	–	–
Unquoted							
Equity investments	–	41.4	6.2	47.6	–	–	47.6
Other long-term receivables	297.9	–	–	297.9	–	–	294.0
Derivative assets*	–	206.5	–	206.5	–	206.5	–
Investments							
Quoted							
Equity investments	–	0.1	–	0.1	0.1	–	–
Non-equity investments*	–	48.1	–	48.1	48.1	–	–
Non-equity investments	142.6	–	–	142.6	140.3	–	–
Unquoted							
Non-equity investments*	–	232.7	–	232.7	–	232.7	–
	458.1	528.8	6.2	993.1	206.2	439.2	341.6
Financial liabilities							
Derivative liabilities*	–	3,418.3	–	3,418.3	–	3,418.3	–
Notes payable	4,377.6	–	–	4,377.6	4,329.7	–	–
	4,377.6	3,418.3	–	7,795.9	4,329.7	3,418.3	–

* Mandatorily measured at FVTPL

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For The Financial Year Ended 31 March 2020

40 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

	Carrying amount				Fair value		
31 March 2020 The Company	**Amortised cost**	**FVTPL**	**FVOCI**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	17.6	–	–	17.6	17.7	–	–
Unquoted							
Equity investments	–	31.0	6.2	37.2	–	–	37.2
Other long-term receivables	130.2	–	–	130.2	–	–	130.2
Derivative assets*	–	206.5	–	206.5	–	206.5	–
Investments							
Quoted							
Non-equity investments	142.6	–	–	142.6	140.3	–	–
Unquoted							
Non-equity investments*	–	232.7	–	232.7	–	232.7	–
	290.4	470.2	6.2	766.8	158.0	439.2	167.4
Financial liabilities							
Derivative liabilities*	–	3,397.7	–	3,397.7	–	3,397.7	–
Notes payable	4,377.6	–	–	4,377.6	4,329.7	–	–
	4,377.6	3,397.7	–	7,775.3	4,329.7	3,397.7	–

	Carrying amount				Fair value		
31 March 2019 The Group	**Amortised cost**	**FVTPL**	**FVOCI**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	63.9	–	–	63.9	64.4	–	–
Unquoted							
Non-equity investments*	–	229.9	–	229.9	–	229.9	–
Equity investments	–	43.8	6.3	50.1	–	–	50.1
Other long-term receivables	315.8	–	–	315.8	–	–	311.3
Derivative assets*	–	755.5	–	755.5	–	755.5	–
Investments							
Quoted							
Non-equity investments*	–	48.3	–	48.3	48.3	–	–
Non-equity investments	68.5	–	–	68.5	65.8	–	–
	448.2	1,077.5	6.3	1,532.0	178.5	985.4	361.4
Financial liabilities							
Derivative liabilities*	–	158.7	–	158.7	–	158.7	–
Notes payable	4,377.0	–	–	4,377.0	4,399.3	–	–
	4,377.0	158.7	–	4,535.7	4,399.3	158.7	–

* Mandatorily measured at FVTPL

40 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2019 The Company	Carrying amount Amortised cost	FVTPL	FVOCI	Total	Fair value Level 1	Level 2	Level 3
Financial assets							
Long-term investments							
Quoted							
Non-equity investments	63.9	–	–	63.9	64.4	–	–
Unquoted							
Non-equity investments*	–	229.9	–	229.9	–	229.9	–
Equity investments	–	33.4	6.3	39.7	–	–	39.7
Other long-term receivables	159.6	–	–	159.6	–	–	159.6
Derivative assets*	–	755.5	–	755.5	–	755.5	–
Investments							
Quoted							
Non-equity investments	68.5	–	–	68.5	65.8	–	–
	292.0	1,018.8	6.3	1,317.1	130.2	985.4	199.3
Financial liabilities							
Derivative liabilities*	–	153.2	–	153.2	–	153.2	–
Notes payable	4,377.0	–	–	4,377.0	4,399.3	–	–
	4,377.0	153.2	–	4,530.2	4,399.3	153.2	–

* Mandatorily measured at FVTPL

Financial instruments carried at fair value

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 – Unobservable inputs for the asset or liability

There has been no transfer between Level 1 and Level 2 during the financial year.

Determination of fair value

The fair values of the financial instruments are determined as follows:

- Jet fuel swap contracts – mark-to-market valuations, adjusted for bilateral counterparty credit risks.
- InterContinental Exchange ("ICE") Brent swap and Brent-MOPS crack swap contracts – by reference to available market information and the marked-to-market values of these swap contracts, adjusted for bilateral counterparty credit risks. As the Group hedges with ICE Brent and Brent-MOPS crack contracts, the ICE Brent futures contract price and its differential relative to MOPS price are used as the mark-to-market prices.
- Forward currency contracts – by reference to current forward prices for contracts with similar maturity profiles, adjusted for bilateral counterparty credit risks.
- Interest rate swap contracts – by discounting the future cash flows of swap contracts at market interest rate, adjusted for bilateral counterparty credit risks.
- Cross currency swap contracts – by reference to market prices for existing cash flow profiles pre-agreed with counterparties at trade inception, adjusted for bilateral counterparty credit risks.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

40 Financial Instruments (in $ million) (continued)

Financial instruments carried at fair value (continued)

Determination of fair value (continued)

- Quoted investments – by reference to stock exchange quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques that are commonly used by market participants.
- Other long-term receivables – by discounting expected future cash flows at market incremental lending rate for similar types of lending at the end of the reporting period.
- Notes payable – by reference to stock exchange quoted market bid prices at the close of business at the end of the reporting period.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group also enters into netting arrangements with International Air Transport Association ("IATA") which is enforceable in the normal course of operations and also following an event of default, insolvency or bankruptcy of the Group or the counterparties. The Group settles these balances on a net basis during the normal course of operations.

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 2020					
Derivative assets	206.5	–	206.5	(38.0)	168.5
Trade debtors	849.8	(29.3)	820.5	–	820.5
	1,056.3	(29.3)	1,027.0	(38.0)	989.0
Derivative liabilities	3,418.3	–	3,418.3	(38.0)	3,380.3
Trade and other creditors	3,045.3	(29.3)	3,016.0	–	3,016.0
	6,463.6	(29.3)	6,434.3	(38.0)	6,396.3
31 March 2019					
Derivative assets	755.5	–	755.5	(137.8)	617.7
Trade debtors	1,551.2	(24.0)	1,527.2	–	1,527.2
	2,306.7	(24.0)	2,282.7	(137.8)	2,144.9
Derivative liabilities	158.7	–	158.7	(137.8)	20.9
Trade and other creditors	3,187.6	(24.0)	3,163.6	–	3,163.6
	3,346.3	(24.0)	3,322.3	(137.8)	3,184.5

40 Financial Instruments (in $ million) (continued)

Master netting or similar agreements (continued)

The Company	Effects of offsetting in the statements 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 2020					
Derivative assets	206.5	–	206.5	(38.0)	168.5
Trade debtors	469.8	(29.3)	440.5	–	440.5
Amounts owing by subsidiary companies	605.2	(404.8)	200.4	–	200.4
	1,281.5	(434.1)	847.4	(38.0)	809.4
Derivative liabilities	3,397.7	–	3,397.7	(38.0)	3,359.7
Trade and other creditors	2,279.8	(29.3)	2,250.5	–	2,250.5
Amounts owing to subsidiary companies	1,426.3	(404.8)	1,021.5	–	1,021.5
	7,103.8	(434.1)	6,669.7	(38.0)	6,631.7
31 March 2019					
Derivative assets	755.5	–	755.5	(137.8)	617.7
Trade debtors	1,162.8	(24.0)	1,138.8	–	1,138.8
Amounts owing by subsidiary companies	261.5	(257.8)	3.7	–	3.7
	2,179.8	(281.8)	1,898.0	(137.8)	1,760.2
Derivative liabilities	153.2	–	153.2	(137.8)	15.4
Trade and other creditors	2,328.2	(24.0)	2,304.2	–	2,304.2
Amounts owing to subsidiary companies	1,229.6	(257.8)	971.8	–	971.8
	3,711.0	(281.8)	3,429.2	(137.8)	3,291.4

41 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").

41 Financial Risk Management Objectives and Policies (in $ million) (continued)

Derivative financial instruments included in the statements of financial position are as follows:

	The Group		The Company	
	31 March		31 March	
	2020	**2019**	**2020**	**2019**
Derivative assets				
Current				
Currency hedging contracts	**166.8**	56.2	**166.8**	56.2
Fuel hedging contracts	**–**	315.2	**–**	315.2
Cross currency swap contracts	**2.5**	–	**2.5**	–
	169.3	371.4	**169.3**	371.4
Non-current				
Currency hedging contracts	**11.6**	5.9	**11.6**	5.9
Fuel hedging contracts	**–**	375.8	**–**	375.8
Cross currency swap contracts	**0.1**	2.4	**0.1**	2.4
Interest rate swap contracts	**25.5**	–	**25.5**	–
	37.2	384.1	**37.2**	384.1
	206.5	755.5	**206.5**	755.5
Derivative liabilities				
Current				
Currency hedging contracts	**5.2**	19.9	**5.2**	19.9
Fuel hedging contracts	**1,510.0**	68.2	**1,510.0**	68.2
Cross currency swap contracts	**0.9**	–	**0.9**	–
Interest rate swap contracts	**54.7**	1.4	**49.1**	–
	1,570.8	89.5	**1,565.2**	88.1
Non-current				
Currency hedging contracts	**–**	0.2	**–**	0.2
Fuel hedging contracts	**1,759.1**	47.0	**1,759.1**	47.0
Cross currency swap contracts	**15.0**	3.8	**15.0**	3.8
Interest rate swap contracts	**73.4**	18.2	**58.4**	14.1
	1,847.5	69.2	**1,832.5**	65.1
	3,418.3	158.7	**3,397.7**	153.2

(a) Jet fuel price risk

The Group's earnings are affected by changes in the price of jet fuel. The Group's strategy for managing the risk on fuel price, as defined by the BEC, aims to provide the Group with protection against sudden and significant increases in jet fuel prices. In meeting these objectives, the fuel risk management programme allows for the judicious use of approved instruments such as swaps, options and collars with approved counterparties and within approved credit limits to hedge approved range of anticipated jet fuel purchases over a specified time frame.

Cash flow hedges

The Group manages this fuel price risk by using swap, option and collar contracts and hedging up to 20 quarters forward using jet fuel swap, option and collar contracts, ICE Brent swap contracts and Brent-MOPS crack swap contracts.

The Group has applied cash flow hedge accounting to the derivatives which are considered to be highly effective hedging instruments. A net fair value loss before tax of $2,577.9 million (2019: gain before tax of $553.3 million), with a related deferred tax credit of $438.2 million (2019: deferred tax expense of $92.8 million), was included in the fair value reserve in respect of these contracts.

41 **Financial Risk Management Objectives and Policies (in $ million) (continued)**

(a) **Jet fuel price risk (continued)**

Cash flow hedges (continued)

Due to the significant capacity cuts brought about by the Covid-19 pandemic and the expected impact on the near-term forecasted jet fuel purchases, a portion of these forecasted jet fuel purchases, for which hedge accounting had been applied previously, no longer expected to occur. As a result, hedge accounting has been discontinued for these hedging relationships, with hedging ineffectiveness of $709.8 million recognised in the profit or loss (refer to note 3(g)). As at 31 March 2020, the Group has $585.3 million remaining in the fair value reserve for which hedge accounting is no longer applied.

The table below sets out the movements for fuel hedges:

	The Group		The Company	
	FY2019/20	**FY2018/19**	**FY2019/20**	**FY2018/19**
Change in fair value of hedging instrument	**(3,974.9)**	376.8	**(3,974.9)**	376.8
Change in fair value of hedged item	**4,072.2**	(376.8)	**4,072.2**	(376.8)

As at 31 March 2020, the Group had entered into longer dated Brent hedges with maturities extending to FY2024/25 that cover up to 56% of the Group's projected annual fuel consumption, at average prices ranging from USD57 to USD62 per barrel.

Jet fuel price sensitivity analysis

The jet fuel price risk sensitivity analysis is based on the assumption that all other factors, such as fuel surcharge and uplifted fuel volume, remain constant. Under this assumption, and excluding the effects of hedging, an increase in price of one USD per barrel of jet fuel affects the Group's and the Company's annual fuel costs by $58.9 million and $48.6 million (FY2018/19: $56.7 million and $46.5 million) respectively.

The fuel hedging sensitivity analysis is based on contracts that are outstanding as at the end of the reporting period and assumes that a portion of jet fuel, Brent and crack hedges are ineffective. Under these assumptions, an increase or decrease in jet fuel prices, each by one USD per barrel, will have the before tax effects as set out in the table below.

Sensitivity analysis on outstanding fuel hedging contracts:

	The Group 31 March			
	2020		2019	
	Effect on equity [R1]	**Effect on profit before taxation [R2]**	**Effect on equity [R1]**	**Effect on profit before taxation [R2]**
Increase in one USD per barrel	**165.8**	**18.9**	141.2	–
Decrease in one USD per barrel	**(165.8)**	**(18.9)**	(141.2)	–

	The Company 31 March			
	2020		2019	
	Effect on equity [R1]	**Effect on profit before taxation [R2]**	**Effect on equity [R1]**	**Effect on profit before taxation [R2]**
Increase in one USD per barrel	**133.9**	**15.6**	113.4	–
Decrease in one USD per barrel	**(133.9)**	**(15.6)**	(113.4)	–

R1 *Sensitivity analysis on outstanding fuel hedging contracts.*

R2 *Sensitivity analysis on outstanding fuel derivative contracts which have been de-designated from a hedge relationship.*

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For The Financial Year Ended 31 March 2020

41 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 2020, these accounted for 65.7% of total revenue (FY2018/19: 61.2%) and 53.4% of total operating expenses (FY2018/19: 57.0%). The Group's largest exposures are from United States Dollar, Euro, UK Sterling Pound, Australian Dollar, New Zealand Dollar, Japanese Yen, Indian Rupee, Hong Kong Dollar, Chinese Yuan and Indonesian Rupiah. The Group generates a surplus in all of these currencies, with the exception of USD. The deficit in USD is attributable to capital expenditure, fuel costs and aircraft leasing costs – all conventionally denominated and payable in USD.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for USD or SGD. The Group also uses foreign currency forward and option contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell currencies at predetermined forward rates, buying either USD or SGD depending on forecast requirements, with settlement dates up to 24 months. The Company uses cross currency swap contracts to hedge a portion of its fixed future foreign exchange exposure in JPY and EUR into SGD predetermined costs. The Group uses these currency hedging contracts purely as a hedging tool. It does not take positions in currencies with a view to making speculative gains from currency movements. The Group also uses short-term deposits in foreign currencies to hedge a portion of the forecast USD capital expenditure in the next 12 months.

<u>Cash flow hedges</u>

a) Net operating and other exposures

The Group held cash flow hedges to manage net operating exposures to foreign currencies. As at 31 March 2020, the carrying amounts of these hedges consisted of $106.5 million (2019: $32.4 million) derivative assets and $5.2 million (2019: $10.2 million) derivative liabilities for the Group and the Company. During the financial year, the amount reclassified from the cash flow hedge reserve to profit or loss (classified under 'Other operating expenses') is a gain of $16.1 million (2019: $26.6 million) for the Group.

The Group also held cross currency swap contracts to hedge foreign currency risk of expected future JPY and EUR surpluses until November 2029. As at 31 March 2020, a net fair value loss of $16.3 million (2019: $1.4 million), with a related deferred tax credit of $0.5 million (2019: $0.2 million), was included in the fair value reserve with respect to these contracts.

As at 31 March 2020, the Group held EUR and JPY secured loans amounting to $1,372.3 million where the fixed repayments are hedged against the Group's EUR and JPY surpluses. A fair value loss of $50.8 million (2019: $nil) was included in the fair value reserve in respect of the above cash flow hedges as at 31 March 2020.

<u>Foreign currency hedging effectiveness</u>

The effectiveness of the foreign currency hedges has been determined based on forecast foreign currency receipts using projections approved by Management covering a five-year period. During the year, the Group and the Company recognised a foreign currency gain amounting to $30.0 million (2019: $nil) and $25.5 million (2019: $nil) respectively in profit or loss, arising from an over-hedged position as a result of significant capacity cuts brought about by the Covid-19 situation.

b) Capital expenditure exposures

The Group designates cash flow hedges to manage the exposure to USD-denominated capital expenditure commitments. As at 31 March 2020, the total nominal amount of these cash flow hedges over the next two years was USD921.7 million (2019: USD1,909.0 million) with a hedged rate range of SGD/USD 1.29 – 1.40 (2019: SGD/USD 1.29 – 1.39) for the Group and USD900.6 million (2019: USD1,743.2 million) with a hedged rate range of SGD/USD 1.29 – 1.40 (2019: SGD/USD 1.29 – 1.39) for the Company.

As at 31 March 2019, the Group held USD3.8 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. No such deposits were held by the Group as at 31 March 2020.

41 **Financial Risk Management Objectives and Policies (in $ million) (continued)**

(b) Foreign currency risk (continued)

Cash flow hedges (continued)

b) Capital expenditure exposures (continued)

During the financial year, the Group also entered into foreign currency forward contracts to hedge against foreign currency risk for a portion of the forecast USD capital expenditure in the next 24 months. As at 31 March 2020, a fair value gain of $71.9 million (2019: $19.8 million) was included in the fair value reserve in respect of the above cash flow hedges.

The table below sets out the derivative positions and movements for these cash flow hedges:

	The Group and the Company	
	31 March	
	2020	**2019**
Fixed deposits	**–**	5.2
Derivative assets	**71.9**	29.7
Derivative liabilities	**–**	(9.9)

	The Group and the Company	
	FY2019/20	**FY2018/19**
Change in fair value of hedging instrument	**85.5**	136.2
Change in fair value of hedged item	**(85.5)**	(136.2)

For the financial year ended 31 March 2020 and 31 March 2019, there was no realised foreign currency hedging gain/(loss) reclassified to profit or loss as it had been capitalised in the carrying value of non-financial assets.

Fair value hedges

The Group entered into fair value hedges to manage the exposure to USD-denominated aircraft residual value. Underlying currency movements on aircraft designated in a fair value hedge are included within "Property, plant and equipment" in the statements of financial position. The hedging instrument is included within "Lease liabilities". The effective portion of changes in the fair value of both the hedged item and hedging instrument are offset within "Other operating expenses" and no ineffectiveness arose on fair value hedges during the year.

	The Group	The Company
	31 March 2020	31 March 2020
USD aircraft residual values	**854.2**	**490.2**
USD lease liabilities	**(854.2)**	**(490.2)**

	The Group	The Company
	FY2019/20	FY2018/19
Change in fair value of hedging instrument	**(45.0)**	**(26.7)**
Change in fair value of hedged item	**45.0**	**26.7**

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on contracts that are outstanding as at the end of the reporting period and assumes that a portion of the cash flow hedges are ineffective.

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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For The Financial Year Ended 31 March 2020

41 Financial Risk Management Objectives and Policies (in $ million) (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis:

	The Group 31 March			
	2020		2019	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
AUD	**2.3**	**0.7**	3.8	(1.0)
EUR	**11.7**	**0.6**	1.5	(0.7)
GBP	**1.0**	**0.1**	1.5	(0.4)
JPY	**6.9**	**1.0**	1.2	–
CNY	**1.8**	**0.5**	4.0	0.1
USD	**(0.4)**	**1.4**	(45.8)	(3.7)

	The Company 31 March			
	2020		2019	
	Effect on equity [R1]	Effect on profit before taxation [R2]	Effect on equity [R1]	Effect on profit before taxation [R2]
AUD	**2.1**	**0.6**	3.8	(1.1)
EUR	**11.7**	**0.6**	1.5	(0.8)
GBP	**1.0**	**0.1**	1.5	(0.4)
JPY	**6.9**	**0.9**	1.2	–
CNY	**1.3**	**0.2**	3.0	0.1
USD	**1.0**	**(2.0)**	(42.4)	(3.5)

[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 and outstanding foreign currency and fuel derivative contracts denominated in foreign currency which have been de-designated from a hedge relationship.*

If the relevant foreign currency strengthens by 1% against SGD, equity and profit before taxation would change by the same amounts in the opposite direction.

(c) Interest rate risk

The Group's earnings are also affected by changes in interest rates due to the impact such changes have on interest income and expense from short-term deposits and other interest-bearing financial assets and liabilities. The Group enters into interest rate swap contracts and interest rate cap contracts to manage interest rate costs on its financial assets and liabilities, with the prior approval of the BEC or Boards of subsidiary companies.

Cash flow hedges

During the financial year, the Group entered into interest rate swap contracts to hedge the interest rate exposure on underlying loans. As at 31 March 2020, the total nominal amount of these cash flow hedges was $3,678.4 million (2019: $1,980.0 million) with a hedged rate range of 0.34% to 2.92% (2019: 2.62% to 2.92%) for the Group and $3,198.4 million (2019: $1,500.0 million) with a hedged rate range of 0.34% to 2.86% (2019: 2.62% to 2.86%) for the Company.

The terms of the interest rate swap contracts have been negotiated to match the terms of the loans and, accordingly, the fair value hedges are assessed to be highly effective. As at 31 March 2020, a net fair value loss of $102.6 million (2019: $19.6 million) with related deferred tax credit of $17.4 million (2019: $3.3 million) was included in the fair value reserve in respect of these contracts.

41 **Financial Risk Management Objectives and Policies (in $ million) (continued)**

(c) Interest rate risk (continued)

Interest rate sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the end of the reporting period.

Under these assumptions, an increase or decrease in market interest rates of 10 basis points for all currencies in which the Group has derivative financial instruments and variable rate assets and liabilities at 31 March 2020 will have the effects as set out in the table below.

Sensitivity analysis:

	The Group 31 March			
	2020		2019	
	Effect on equity R1	Effect on profit before taxation R2	Effect on equity R1	Effect on profit before taxation R2
Increase in 10 basis points in market interest rates	**15.0**	**2.7**	9.1	3.0
Decrease in 10 basis points in market interest rates	**(15.0)**	**(2.7)**	(9.1)	(3.0)

	The Company 31 March			
	2020		2019	
	Effect on equity R1	Effect on profit before taxation R2	Effect on equity R1	Effect on profit before taxation R2
Increase in 10 basis points in market interest rates	**13.4**	**1.8**	7.3	2.1
Decrease in 10 basis points in market interest rates	**(13.4)**	**(1.8)**	(7.3)	(2.1)

R1 *Sensitivity analysis on derivative financial instruments.*

R2 *Sensitivity analysis on variable rate assets and liabilities.*

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For The Financial Year Ended 31 March 2020

41 Financial Risk Management Objectives and Policies (in $ million) (continued)

(d) Market rate risk

At 31 March 2020, the Group and the Company own investments of $488.7 million (2019: $460.7 million) and $430.1 million (2019: $402.0 million) respectively, out of which $328.6 million (2019: $328.4 million) and $269.9 million (2019: $269.6 million) are subject to market risk, being the potential loss resulting from a decrease in market prices.

Market price sensitivity analysis

If prices for these investments increase or decrease by 1% with all other variables being held constant, the before tax effects on equity and effects on profit before taxation are set out in the table below.

Sensitivity analysis on investments:

	The Group 31 March			
	2020		2019	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	0.1	3.2	0.1	3.2
Decrease in 1% of quoted prices	(0.1)	(3.2)	(0.1)	(3.2)

	The Company 31 March			
	2020		2019	
	Effect on equity	Effect on profit before taxation	Effect on equity	Effect on profit before taxation
Increase in 1% of quoted prices	0.1	2.6	0.1	2.6
Decrease in 1% of quoted prices	(0.1)	(2.6)	(0.1)	(2.6)

(e) Liquidity risk

At 31 March 2020, the Group has at its disposal, cash and short-term deposits amounting to $2,685.3 million (2019: $2,944.0 million). In addition, the Group has a Medium Term Note Programme and Medium Term Bond Programme under which it may issue notes up to $7,000.0 million (2019: $7,000.0 million) and as of 31 March 2020, $2,620.0 million (2019: $2,620.0 million) remained unutilised. Under this Programme, notes issued by the Company may have varying maturities as contracted with the relevant financial institutions. In addition, the Group has committed unsecured credit facilities of about $1,771.9 million (2019: $1,557.5 million) and as of 31 March 2020, $1,771.9 million (2019: $nil) had been utilised.

The Group's holdings of cash and short-term deposits, together with committed funding facilities, proceeds from rights issue of ordinary shares and mandatory convertible bonds, 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.

41 **Financial Risk Management Objectives and Policies (in $ million) (continued)**

(e) Liquidity risk (continued)

The maturity profile of the financial liabilities of the Group and the Company is as follows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts as the impact of discounting is insignificant.

31 March 2020	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	630.4	318.9	115.8	1,465.9	368.7	2,134.7	5,034.4
Loans	2,130.1	367.1	384.0	399.9	412.0	1,919.9	5,613.0
Lease liabilities	566.8	439.3	378.5	325.0	240.4	247.4	2,197.4
Maintenance reserve	–	–	12.1	16.1	–	–	28.2
Trade and other creditors	3,016.0	–	–	–	–	–	3,016.0
Derivative financial instruments:							
Currency hedging contracts	5.2	–	–	–	–	–	5.2
Fuel hedging contracts	1,510.0	702.2	501.2	460.0	193.0	–	3,366.4
Cross currency swap contracts	0.6	0.4	–	0.2	1.0	16.1	18.3
Interest rate swap contracts (net-settled)	54.2	44.8	31.9	21.7	14.3	(56.3)	110.6
	7,913.3	1,872.7	1,423.5	2,688.8	1,229.4	4,261.8	19,389.5
The Company							
Notes payable	630.4	318.9	115.8	1,465.9	368.7	2,134.7	5,034.4
Loans	2,057.9	303.5	326.3	345.0	358.6	1,743.6	5,134.9
Lease liabilities	314.6	208.8	166.5	141.8	121.5	119.1	1,072.3
Maintenance reserve	–	–	12.1	16.1	–	–	28.2
Trade and other creditors	2,250.5	–	–	–	–	–	2,250.5
Amounts owing to subsidiary companies	1,021.5	–	–	–	–	–	1,021.5
Derivative financial instruments:							
Currency hedging contracts	5.2	–	–	–	–	–	5.2
Fuel hedging contracts	1,510.0	702.2	501.2	460.0	193.0	–	3,366.4
Cross currency swap contracts	0.6	0.4	–	0.2	1.0	16.1	18.3
Interest rate swap contracts (net-settled)	48.6	39.9	28.5	19.2	12.4	(59.0)	89.6
	7,839.3	1,573.7	1,150.4	2,448.2	1,055.2	3,954.5	18,021.3

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

41 Financial Risk Management Objectives and Policies (in $ million) (continued)

(e) Liquidity risk (continued)

31 March 2019	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
The Group							
Notes payable	138.3	630.4	318.9	115.8	1,465.9	2,503.4	5,172.7
Loans	287.7	282.2	282.2	271.9	260.7	1,204.1	2,588.8
Maintenance reserve	6.9	10.5	–	2.5	–	–	19.9
Trade and other creditors	3,163.6	–	–	–	–	–	3,163.6
Derivative financial instruments:							
Currency hedging contracts	19.9	0.2	–	–	–	–	20.1
Fuel hedging contracts	68.2	8.0	–	11.5	27.5	–	115.2
Cross currency swap contracts	1.9	0.9	0.3	–	–	–	3.1
Interest rate swap contracts (net-settled)	5.4	6.8	5.2	4.1	2.2	(3.6)	20.1
	3,691.9	939.0	606.6	405.8	1,756.3	3,703.9	11,103.5
The Company							
Notes payable	138.3	630.4	318.9	115.8	1,465.9	2,503.4	5,172.7
Loans	203.0	202.0	203.1	203.9	205.4	986.4	2,003.8
Maintenance reserve	6.9	10.5	–	2.5	–	–	19.9
Trade and other creditors	2,304.2	–	–	–	–	–	2,304.2
Amounts owing to subsidiary companies	971.8	–	–	–	–	–	971.8
Derivative financial instruments:							
Currency hedging contracts	19.9	0.2	–	–	–	–	20.1
Fuel hedging contracts	68.2	8.0	–	11.5	27.5	–	115.2
Cross currency swap contracts	1.9	0.9	0.3	–	–	–	3.1
Interest rate swap contracts (net-settled)	4.0	5.0	3.9	3.1	1.6	(3.3)	14.3
	3,718.2	857.0	526.2	336.8	1,700.4	3,486.5	10,625.1

(f) Credit risk

The Group has an independent Group Debts Review Committee to review the follow up actions on outstanding receivables monthly. On a day-to-day basis, the respective Finance divisions have the primary responsibility for measuring and managing specific risk exposures.

The maximum exposure to credit risk for the Group and the Company is represented by the carrying amount of each financial asset in the statement of financial position.

There are no significant concentrations of credit risk other than from counterparties of cash and bank balances and derivative instruments, where transactions are limited to financial institutions possessing high credit quality and hence the risk of default is low.

The sale of passenger and cargo transportation is largely achieved through IATA accredited sales agents. The credit risk of such sales agents is relatively small owing to broad diversification. In specific instances, the contract may require special collateral.

41 **Financial Risk Management Objectives and Policies (in $ million) (continued)**

(f) **Credit risk (continued)**

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

For all other service relationships, depending on the nature and scope of the services rendered, collateral is required, credit reports or references are obtained and use is made of historical data from previous business relations, especially with regard to payment behaviour, in order to avoid non-performance.

Collateral requested from debtors include bank guarantees, cash-in-lieu of deposit and security deposits.

The Group determines concentrations of credit risk by monitoring the industry, country and credit rating of its counterparties. The table below shows an analysis of credit risk exposures of balances that exceed 5% of the financial assets of the Group and the Company as at 31 March:

	The Group				The Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2020	2019	2020	2019	2020	2019	2020	2019
Counterparty profiles								
By industry:								
Travel agencies	**231.0**	528.7	**4.7%**	8.6%	**225.9**	505.9	**3.2%**	7.3%
Airlines	**161.7**	222.5	**3.3%**	3.6%	**3,028.3**	1,709.3	**42.9%**	24.7%
Financial institutions	**2,744.2**	3,945.1	**56.5%**	64.3%	**2,566.5**	3,696.8	**36.3%**	53.4%
Others	**1,486.3**	1,190.1	**30.5%**	19.4%	**1,009.7**	834.3	**14.2%**	12.1%
	4,623.2	5,886.4	**95.0%**	95.9%	**6,830.4**	6,746.3	**96.6%**	97.5%
By region:								
East Asia	**2,734.2**	3,376.4	**56.1%**	54.9%	**5,391.5**	4,634.0	**76.2%**	67.0%
Europe	**1,549.5**	1,602.2	**31.8%**	26.1%	**1,210.2**	1,287.3	**17.1%**	18.6%
South West Pacific	**124.7**	578.9	**2.6%**	9.4%	**116.8**	570.2	**1.7%**	8.2%
Americas	**100.0**	227.2	**2.1%**	3.7%	**47.1**	184.2	**0.7%**	2.7%
West Asia and Africa	**114.8**	101.7	**2.4%**	1.8%	**64.8**	70.6	**0.9%**	1.0%
	4,623.2	5,886.4	**95.0%**	95.9%	**6,830.4**	6,746.3	**96.6%**	97.5%
By Moody's credit ratings:								
Investment grade (A to Aaa)	**3,032.0**	4,164.0	**62.3%**	67.8%	**2,867.0**	3,986.6	**40.6%**	57.6%
Investment grade (Baa)	**15.1**	3.6	**0.3%**	0.1%	**1.7**	1.6	**–**	–
Non-rated	**1,576.1**	1,718.8	**32.4%**	28.0%	**3,961.7**	2,758.1	**56.0%**	39.9%
	4,623.2	5,886.4	**95.0%**	95.9%	**6,830.4**	6,746.3	**96.6%**	97.5%

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

42 Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities (in $ million)

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

					Non-cash changes				
	1 April 2019	Proceeds	Repayments	Interest payments	Interest expense	Foreign exchange movement	Additions	Interest capitalised	31 March 2020
Notes payable	4,377.0	–	–	–	0.6	–	–	–	**4,377.6**
Loans	2,277.4	3,981.0	(878.3)	–	1.2	65.0	–	–	**5,446.3**
Lease liabilities	2,185.3	–	(575.9)	–	75.7	71.7	203.8	–	**1,960.6**
Accrued interest	45.4	–	–	(206.0)	143.4	–	–	63.4	**46.2**

					Non-cash changes				
	1 April 2018	Proceeds	Repayments	Interest payments	Interest expense	Foreign exchange movement	Additions	Interest capitalised	31 March 2019
Notes payable	3,030.1	1,346.8	–	–	0.1	–	–	–	4,377.0
Loans	97.2	2,272.5	(93.7)	–	0.5	0.9	–	–	2,277.4
Accrued interest	32.0	–	–	(124.5)	115.5	–	–	22.4	45.4

43 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, such as the Covid-19 pandemic, 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 2020, 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	
	2020	2019	2020	2019
Notes payable	**4,377.6**	4,377.0	**4,377.6**	4,377.0
Loans	**5,446.3**	2,277.4	**5,033.8**	1,756.4
Lease liabilities	**1,960.6**	–	**974.3**	–
Total debt	**11,784.5**	6,654.4	**10,385.7**	6,133.4
Share capital	**1,856.1**	1,856.1	**1,856.1**	1,856.1
Reserves	**7,458.0**	11,430.7	**7,006.6**	9,917.3
Total capital	**9,314.1**	13,286.8	**8,862.7**	11,773.4
Gearing ratio (times)	**1.27**	0.50	**1.17**	0.52

44 Related Party Transactions (in $ million)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key Management Personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the Directors, Chief Executive Officer and Executive Vice Presidents of the Company to be Key Management Personnel of the Company.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business during the financial year:

	The Group	
	FY2019/20	**FY2018/19**
Purchases of services from associated companies	**203.9**	206.8
Services rendered to associated companies	**(58.1)**	(76.7)
Purchases of services from joint venture companies	**38.4**	42.6
Services rendered to joint venture companies	**(128.1)**	(120.4)
Purchases of services from related parties	**1,665.3**	1,574.8
Services rendered to related parties	**(40.3)**	(47.6)
Professional fees paid to a firm of which a Director is a member	**2.1**	1.0

Key Management Personnel remuneration of the Group

	The Group	
	FY2019/20	**FY2018/19**
Directors		
Salary, bonuses, fee and other costs	**5.8**	5.8
CPF and other defined contributions	*	*
Share-based compensation expense	**2.2**	1.7
	8.0	7.5
Key executives (excluding executive Directors)		
Salary, bonuses, fee and other costs	**3.4**	3.6
CPF and other defined contributions	*	*
Share-based compensation expense	**1.9**	1.6
	5.3	5.2

* Amount less than $0.1 million

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

44 Related Party Transactions (in $ million) (continued)

Conditional awards granted to a Director and key executives of the Company pursuant to the Restricted Share Plan and the Performance Share Plan are as follows:

RSP 2014 Base Awards

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	Aggregate Base Awards granted since commencement of RSP 2014 to end of financial year under review
Goh Choon Phong	60,000	75,000	60,000	75,000	297,000
Mak Swee Wah	30,000	36,000	30,000	36,000	147,000
Ng Chin Hwee	30,000	36,000	30,000	36,000	147,000

RSP 2014 Final Awards (Pending Release)[R1]

Name of participant	Balance as at 1 April 2019	Final Awards granted during the financial year#	Final Awards released during the financial year	Balance as at 31 March 2020	Aggregate ordinary shares released to participant since commencement of RSP 2014 to end of financial year under review*
Goh Choon Phong	78,300	52,200	74,700	55,800	184,800
Mak Swee Wah	39,150	26,100	37,350	27,900	92,400
Ng Chin Hwee	39,150	26,100	37,350	27,900	92,400

Deferred RSP 2014 Awards

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review*
Goh Choon Phong	57,460	–	12,860	44,600	49,780
Mak Swee Wah	28,230	–	7,410	20,820	26,040
Ng Chin Hwee	28,230	–	7,410	20,820	28,680

44 Related Party Transactions (in $ million) (continued)

PSP 2014 Base Awards[R2]

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	Aggregate Base Awards granted since commencement of PSP 2014 to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP 2014 to end of financial year under review*
Goh Choon Phong	222,750	95,000	82,500	235,250	400,250	20,630
Mak Swee Wah	89,100	40,000	33,000	96,100	162,100	8,250
Ng Chin Hwee	89,100	40,000	33,000	96,100	162,100	8,250

Transformation Share Awards Base Awards

Name of participant	Balance as at 1 April 2019	Base Awards granted during the financial year	Base Awards vested during the financial year	Balance as at 31 March 2020	Aggregate Base Awards granted since commencement of TSA to end of financial year under review
Goh Choon Phong	66,083	80,295	66,083	80,295	146,378
Mak Swee Wah	30,839	37,471	30,839	37,471	68,310
Ng Chin Hwee	30,839	37,471	30,839	37,471	68,310

Transformation Share Awards Final Awards (Pending Release)[R3]

Name of participant	Balance as at 1 April 2019	Final Awards granted during the financial year#	Final Awards released during the financial year	Balance as at 31 March 2020	Aggregate ordinary shares released to participant since commencement of TSA to end of financial year under review*
Goh Choon Phong	66,083	83,000	41,500	107,583	41,500
Mak Swee Wah	30,839	31,000	15,500	46,339	15,500
Ng Chin Hwee	30,839	31,000	15,500	46,339	15,500

R1 *The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the Achievements against Targets over the performance periods relating to the relevant awards.*

R2 *The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the Achievements against Targets over the three-year performance periods relating to the relevant awards.*

R3 *The actual number of TSA 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 one-year performance period 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, 149,400, 37,130, 30,020 and 72,500 treasury shares were issued to a Director and key executives of the Company pursuant to the RSP, PSP, DSA and TSA respectively.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2020

45 Subsequent Events

The unprecedented and rapid spread of the Covid-19 pandemic, which resulted in global travel restrictions and border controls in many major markets, have led to a collapse in travel demand. The Group, which operates an international network, has been hard hit by these measures.

In response to these global border closures and international travel bans imposed by key markets, the Company and SilkAir have announced the cutting of 96% of the cumulative capacity that had been originally scheduled up to end-June 2020. The Group's low-cost carrier Scoot will also suspend most of its network, resulting in the grounding of 47 of its fleet of 49 aircraft. As a result, the Group's passenger revenues have significantly declined and financial position have been adversely affected. The Group expects 2020 to be an extremely challenging year.

At the date of this report, it is uncertain when the Group is able to resume normal services, given its dependency on when stringent border controls will be lifted. While the impact on the Group's business will be severe in the immediate future, the Group intends to continue operating in the long term and has actively taken measures to build up its liquidity to meet its near-term cash needs. As at 31 March 2020, the Group has various facilities at its disposal as detailed in note 41(e).

In addition, further measures being undertaken include ongoing discussions with aircraft manufacturers to defer upcoming aircraft deliveries and reschedule aircraft pre-delivery payments, salary cuts for the Group's employees, the completion of both secured and unsecured credit facilities, of which, $761.4 million has been drawn down to date, the arrangement of a $4 billion bridge loan facility, and a rights issue of ordinary shares and mandatory convertible bonds.

The proposed rights issue of ordinary shares and 10-year mandatory convertible bonds announced on 26 March 2020 has been approved by shareholders at the Extraordinary General Meeting ("EGM") held on 30 April 2020. The last trading day of the nil-paid rights and closing date for the rights issue are on 21 May 2020 and 28 May 2020 respectively, with the announcement of the final outcome of the rights issue scheduled on or around 3 June 2020. This rights issue of ordinary shares and mandatory convertible bonds will raise gross proceeds of approximately $8.8 billion and will be classified as equity. The approval given by the shareholders at the EGM also allows the Company to further issue $6.2 billion of additional mandatory convertible bonds. The funding of up to $15 billion is expected to enable the Group to meet its ongoing financial commitments and weather the challenges posed by the Covid-19 pandemic.

SINGAPORE AIRLINES

UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020

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 HALF YEAR ENDED 30 SEPTEMBER 2020 (in $ million)

	The Group		
	1st Half 2020/21	1st Half 2019/20	
REVENUE	1,634.4	8,324.5	
EXPENDITURE			
Staff costs	577.0	1,516.4	
Fuel costs	376.0	2,348.9	
Fuel hedging ineffectiveness	563.6	-	
Depreciation	1,090.9	999.1	
Impairment of property, plant and equipment	-	1.0	
Amortisation of intangible assets	31.7	27.0	
Aircraft maintenance and overhaul costs	233.0	440.1	
Commission and incentives	(20.6)	255.1	
Landing, parking and overflying charges	83.2	472.4	
Handling charges	174.0	661.4	
Rentals on leased aircraft	3.6	67.2	
Inflight meals	3.4	284.6	
Advertising and sales costs	(5.1)	169.8	
Company accommodation and utilities	18.4	18.0	
Other passenger costs	15.3	102.8	
Crew expenses	4.9	87.2	
Impairment of amount owing by a joint venture company	12.6	-	
Other operating expenses	335.4	460.4	
	3,497.3	7,911.4	
OPERATING (LOSS)/PROFIT	(1,862.9)	413.1	
Finance charges	(121.0)	(114.8)	
Interest income	20.2	27.2	
Impairment of aircraft	(1,448.6)	-	
Impairment of base maintenance assets	(35.0)	-	
Impairment of goodwill	(170.4)	-	
(Loss)/Surplus on disposal of aircraft, spares and spare engines	(18.0)	7.3	
Dividends from long-term investments	1.8	2.2	
Other non-operating items	(78.1)	10.3	
Share of profits of joint venture companies	14.6	20.8	
Share of losses of associated companies	(78.2)	(79.6)	
(LOSS)/PROFIT BEFORE TAXATION	(3,775.6)	286.5	
TAXATION	297.8	(60.6)	
(LOSS)/PROFIT FOR THE PERIOD	(3,477.8)	225.9	
(LOSS)/PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY	(3,467.0)	205.6	
NON-CONTROLLING INTERESTS	(10.8)	20.3	
	(3,477.8)	225.9	
BASIC (LOSS)/EARNINGS PER SHARE (CENTS)	(111.0)	10.9	^
DILUTED (LOSS)/EARNINGS PER SHARE (CENTS)	(111.0)	10.8	^

^ With the completion of the issuance of rights shares and mandatory convertible bonds on 8 June 2020, prior year comparatives for earnings per share were restated per IAS 33 through retrospective application of a bonus factor to the average weighted number of shares. The bonus factor is derived from the division of fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value.

Notes:

(i) Profit for the period is arrived at after charging/(crediting) the following:

	The Group	
	1st Half 2020/21	1st Half 2019/20
Interest income from short-term investments	(0.6)	(0.6)
Dividend income from short-term investments	(0.1)	(0.1)
Income from operating lease of aircraft	(19.2)	(30.6)
(Surplus)/Loss on disposal of short-term investments	(1.4)	0.2
Bad debts written off	3.8	0.8
Impairment of trade debtors	14.6	0.9
Writedown of inventories	2.9	1.3
Exchange loss, net	14.8	38.9
Currency hedging gain	(0.6)	(11.8)
Foreign currency hedging ineffectiveness	32.3	-
Fuel hedging loss/(gain) recognised in "Fuel costs"	157.6	(76.3)
Net gain on financial assets mandatorily measured at fair value through profit or loss ("FVTPL")	(1.7)	(0.9)
Under/(Over) provision of tax in respect of prior years	0.2	(5.6)

(ii) The other non-operating items comprise the following:

	The Group	
	1st Half 2020/21	1st Half 2019/20
(Loss)/Surplus on disposal of other property, plant and equipment	(5.2)	2.3
Gain on sale and leaseback transactions	-	1.8
Impairment of investment in associate	(0.2)	-
Impairment of investment in a joint venture company	(0.1)	-
Liquidation costs relating to a joint venture company	(17.4)	-
Net gain on financial assets mandatorily measured at FVTPL	2.1	6.4
Provision for expected credit losses on investments and loans and guarantee to a joint venture company	(1.8)	(0.1)
Headcount rationalisation costs	(41.7)	-
Refleeting and restructuring costs	(13.8)	(0.1)
	(78.1)	10.3

(iii) During the financial period:

1. Subsequent to the liquidation of NokScoot, the Group recorded one-off charges which included the Company's impairment of seven Boeing 777-200 aircraft that were leased to NokScoot (-$115.5 million) and a subsidiary's provision of liquidation costs (-$17.4 million). The aircraft impairment charge was taken to write off the aircraft book values to their estimated scrap values, as they are deemed surplus to the Group's operational requirements when they returned to the Company's fleet after lease termination.

2. Following the review of future fleet plans, the Group recorded an impairment loss of $1,333.1 million on 26 surplus older generation aircraft that have been removed from the operating fleet. Included as part of the amount is the impairment of carrying amounts of owned and leased aircraft, spare engines, spares and inventories, write-off of advanced progress payments for engine overhauls, and additional de-lease costs and other related costs which arose from the impairment review exercise.

3. SIA Engineering Company Ltd, a subsidiary of the Company, recorded an impairment of base maintenance assets of $35.0 million. Demand for hangar checks has declined significantly due to low flight hours and massive grounding of aircraft, and is expected to remain weak in the short to medium term. With further extension of forecast recovery timeline and the possibility that demand might not recover to pre-Covid-19 level due to early retirement of older generation aircraft, an impairment of $35.0 million was made.

4. The goodwill of $170.4 million was created in 2014 when SIA gained control of Tiger Airways and is part of the low-cost carrier ("LCC") cash generating unit ("CGU"). Given that the airlines are operating in an environment dominated by the challenges brought about by the Covid-19 pandemic, both the pace and nature of recovery are subject to an unusual level of uncertainty. Under certain sets of financial assumptions reflecting more pessimistic future scenarios, the value of the goodwill would no longer be supported. Accordingly, the goodwill is impaired.

5. The Group recognised $41.7 million of manpower rationalisation costs arising from both voluntary early retirement and involuntary separation schemes which affected 2,027 staff as a result of the Covid-19 pandemic.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020 (in $ million)

	The Group	
	1st Half 2020/21	1st Half 2019/20
(LOSS)/PROFIT FOR THE PERIOD	(3,477.8)	225.9
OTHER COMPREHENSIVE INCOME:		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences	(31.1)	12.6
Net fair value changes on cash flow hedges	593.4	(655.7)
Share of other comprehensive income of associated and joint venture companies	7.0	(1.4)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	569.3	(644.5)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(2,908.5)	(418.6)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE COMPANY	(2,892.2)	(440.9)
NON-CONTROLLING INTERESTS	(16.3)	22.3
	(2,908.5)	(418.6)

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 30 SEPTEMBER 2020 (in $ million)

	The Group		The Company	
	30-Sep 2020	31-Mar 2020	30-Sep 2020	31-Mar 2020
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	7,180.2	1,856.1	7,180.2	1,856.1
Mandatory convertible bonds	3,496.1	-	3,496.1	-
Treasury shares	(133.2)	(156.0)	(133.2)	(156.0)
Other reserves	4,708.4	7,614.0	5,117.5	7,162.6
	15,251.5	9,314.1	15,660.6	8,862.7
NON-CONTROLLING INTERESTS	393.0	418.6	-	-
TOTAL EQUITY	15,644.5	9,732.7	15,660.6	8,862.7
DEFERRED ACCOUNT	32.1	33.3	32.1	33.3
DEFERRED TAXATION	1,139.2	1,335.3	1,141.2	1,292.2
LONG-TERM LEASE LIABILITIES	1,229.6	1,467.6	577.6	700.6
BORROWINGS	8,486.6	7,162.9	8,155.8	6,810.3
OTHER LONG-TERM LIABILITIES	1,716.8	1,875.7	1,696.7	1,860.7
PROVISIONS	953.7	990.7	277.4	308.3
DEFINED BENEFIT PLANS	109.9	112.5	109.4	111.9
	29,312.4	22,710.7	27,650.8	19,980.0
Represented by:-				
PROPERTY, PLANT AND EQUIPMENT	24,005.0	25,485.8	19,059.0	20,315.6
RIGHT-OF-USE ASSETS	1,127.8	1,477.7	501.1	745.7
INTANGIBLE ASSETS	319.9	487.0	228.7	216.6
SUBSIDIARY COMPANIES	-	-	5,461.2	4,769.9
ASSOCIATED COMPANIES	829.4	817.0	234.9	120.3
JOINT VENTURE COMPANIES	202.3	191.5	32.3	32.3
LONG-TERM INVESTMENTS	50.1	65.2	39.8	54.8
OTHER LONG-TERM ASSETS	692.3	345.7	530.1	167.4
CURRENT ASSETS				
Derivative assets	17.5	169.3	17.5	169.3
Inventories	206.5	239.3	138.8	168.4
Trade debtors	790.6	820.5	503.2	440.5
Amounts owing by subsidiary companies	-	-	152.6	200.4
Deposits and other debtors	190.4	330.8	165.4	297.7
Prepayments	104.4	121.1	81.8	85.1
Other short-term assets	30.3	38.9	21.9	30.3
Investments	528.3	423.5	475.2	375.3
Cash and bank balances	7,058.5	2,685.3	6,898.4	2,521.9
Assets held for sale	14.0	14.2	-	-
	8,940.5	4,842.9	8,454.8	4,288.9
Less: **CURRENT LIABILITIES**				
Borrowings	1,005.1	2,661.0	945.6	2,601.1
Lease liabilities	427.8	493.0	228.4	273.7
Current tax payable	69.6	68.5	39.2	39.2
Trade and other creditors	2,306.6	3,016.0	1,755.2	2,250.5
Amounts owing to subsidiary companies	-	-	1,001.4	1,021.5
Sales in advance of carriage	792.0	2,041.4	709.9	1,888.3
Deferred revenue	879.4	755.8	879.4	755.8
Deferred account	25.6	31.6	25.3	29.7
Derivative liabilities	1,011.1	1,570.8	1,003.8	1,565.2
Provisions	337.7	364.0	302.9	306.5
	6,854.9	11,002.1	6,891.1	10,731.5
NET CURRENT ASSETS/(LIABILITIES)	2,085.6	(6,159.2)	1,563.7	(6,442.6)
	29,312.4	22,710.7	27,650.8	19,980.0

1(b) (ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 September 2020		As at 31 March 2020	
Secured	Unsecured	Secured	Unsecured
$479.4M	$525.7M	$377.2M	$2,283.8M

Amount repayable after one year

As at 30 September 2020		As at 31 March 2020	
Secured	Unsecured	Secured	Unsecured
$4,799.4M	$3,687.2M	$3,278.0M	$3,884.9M

Details of any collateral

The secured borrowings pertained to secured bank loans ($5,278.8 million). The secured bank loans are secured via the mortgage of certain aircraft. Excluded from the borrowings above are lease liabilities of $1,657.4 million which are secured over the right-of-use assets.

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 HALF YEAR ENDED 30 SEPTEMBER 2020 (in $ million)

	The Group	
	1st Half 2020/21	1st Half 2019/20
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(3,775.6)	286.5
Adjustments for:		
Depreciation	1,090.9	999.1
Impairment of property, plant and equipment	-	1.0
Amortisation of intangible assets	31.7	27.0
Impairment of trade debtors	14.6	0.9
Impairment of amount owing by a joint venture company	12.6	-
Writedown of inventories	2.9	1.3
Income from short-term investments	(0.7)	(0.7)
Provisions	97.6	108.0
Share-based compensation expense	6.7	10.4
Exchange differences	46.2	(1.0)
Net gain on financial assets mandatorily measured at FVTPL	(1.7)	(0.9)
Fuel hedging ineffectiveness	563.6	-
Foreign currency hedging ineffectiveness	32.3	-
Finance charges	121.0	114.8
Interest income	(20.2)	(27.2)
Loss/(Surplus) on disposal of aircraft, spares and spare engines	18.0	(7.3)
Dividends from long-term investments	(1.8)	(2.2)
Impairment of aircraft	1,448.6	-
Impairment of base maintenance assets	35.0	-
Impairment of goodwill	170.4	-
Other non-operating items	78.1	(10.3)
Share of profits of joint venture companies	(14.6)	(20.8)
Share of losses of associated companies	78.2	79.6
Operating cash flow before working capital changes	33.8	1,558.2
Decrease in trade and other creditors	(1,804.3)	(249.1)
(Decrease)/Increase in sales in advance of carriage	(1,249.4)	246.9
Decrease in trade debtors	66.2	128.1
Decrease in deposits and other debtors	144.1	15.9
Decrease/(Increase) in prepayments	16.7	(40.5)
Increase in inventories	(14.9)	(5.5)
Increase in deferred revenue	123.6	56.5
Cash generated (used in)/from operations	(2,684.2)	1,710.5
Income taxes paid	(2.4)	(12.0)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(2,686.6)	1,698.5

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020 (in $ million)

	The Group	
	1st Half 2020/21	1st Half 2019/20
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(850.7)	(2,781.1)
Purchase of intangible assets	(42.1)	(38.7)
Proceeds from disposal of aircraft and other property, plant and equipment	106.2	19.1
Proceeds from sale and leaseback transactions	-	117.2
Proceeds from disposal of long-term investments	18.9	19.2
Purchase of short-term investments	(377.1)	(289.2)
Proceeds from disposal of short-term investments	283.6	292.2
Dividends received from associated and joint venture companies	7.5	37.9
Dividends received from investments	1.8	2.2
Interest received from investments and deposits	16.7	27.7
Proceeds from finance leases	4.7	3.8
Investment in associated companies	(114.6)	(85.2)
Investments in joint venture companies	-	(11.9)
NET CASH USED IN INVESTING ACTIVITIES	(945.1)	(2,686.8)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	-	(260.7)
Dividends paid by subsidiary companies to non-controlling interests	(14.3)	(23.2)
Issuance of share capital by a subsidiary company	-	1.0
Interest paid	(115.2)	(102.1)
Proceeds from issuance of shares and mandatory convertible bonds	8,829.2	-
Payment of transaction costs related to shares issued and mandatory convertible bonds	(9.0)	-
Repayment of bonds	(500.0)	-
Proceeds from borrowings	4,118.2	145.0
Repayment of borrowings	(3,961.8)	(139.7)
Repayment of lease liabilities	(288.6)	(284.4)
Payment of transaction costs related to borrowings	(15.9)	-
Acquisition of non-controlling interests without change in control	7.3	-
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	8,049.9	(664.1)
NET CASH INFLOW/(OUTFLOW)	4,418.2	(1,652.4)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,685.3	2,944.0
Effect of exchange rate changes	(45.0)	16.3
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	7,058.5	1,307.9
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Fixed deposits	4,882.5	570.3
Cash and bank balances	2,176.0	737.6
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	7,058.5	1,307.9

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 HALF YEAR ENDED 30 SEPTEMBER 2020 (in $ million)

	Attributable to Owners of the Company										
The Group	Share capital	Mandatory convertible bonds	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 April 2020	1,856.1	-	(156.0)	(112.7)	(5.3)	25.7	(2,150.9)	9,857.2	9,314.1	418.6	9,732.7
Comprehensive income											
Currency translation differences	-	-	-	-	(24.3)	-	-	-	(24.3)	(6.8)	(31.1)
Net fair value changes on cash flow hedges	-	-	-	-	-	-	593.6	-	593.6	(0.2)	593.4
Share of other comprehensive income of associated and joint venture companies	-	-	-	-	0.1	-	5.4	-	5.5	1.5	7.0
Other comprehensive income for the period, net of tax	-	-	-	-	(24.2)	-	599.0	-	574.8	(5.5)	569.3
Loss for the period	-	-	-	-	-	-	-	(3,467.0)	(3,467.0)	(10.8)	(3,477.8)
Total comprehensive income for the period	-	-	-	-	(24.2)	-	599.0	(3,467.0)	(2,892.2)	(16.3)	(2,908.5)
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Issue of ordinary shares	5,324.1	-	-	-	-	-	-	-	5,324.1	-	5,324.1
Issue of mandatory convertible bonds	-	3,496.1	-	-	-	-	-	-	3,496.1	-	3,496.1
Changes in ownership interest without loss of control	-	-	-	-	-	(4.0)	-	3.0	(1.0)	0.3	(0.7)
Share-based compensation expense	-	-	-	-	-	6.7	-	-	6.7	0.4	7.1
Share awards lapsed	-	-	-	-	-	(2.3)	-	2.3	-	-	-
Treasury shares reissued pursuant to equity compensation plans	-	-	22.8	(9.0)	-	(13.1)	-	-	0.7	-	0.7
Dividends	-	-	-	-	-	-	-	-	-	(14.3)	(14.3)
Total contributions by and distribution to owners	5,324.1	3,496.1	22.8	(9.0)	-	(12.7)	-	5.3	8,826.6	(13.6)	8,813.0
Changes in ownership interest in a subsidiary company											
Acquisition of non-controlling interests without change in control	-	-	-	3.0	-	-	-	-	3.0	4.3	7.3
Total transactions with owners	5,324.1	3,496.1	22.8	(6.0)	-	(12.7)	-	5.3	8,829.6	(9.3)	8,820.3
Balance at 30 September 2020	7,180.2	3,496.1	(133.2)	(118.7)	(29.5)	13.0	(1,551.9)	6,395.5	15,251.5	393.0	15,644.5

STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2019 (in $ million)

The Group	Attributable to Owners of the Company								Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total		
Balance at 1 April 2019	1,856.1	(171.5)	(124.3)	(33.2)	24.9	459.7	11,275.1	13,286.8	396.4	13,683.2
Effects of changes in accounting standards	-	-	-	-	-	-	(792.5)	(792.5)	-	(792.5)
As restated	1,856.1	(171.5)	(124.3)	(33.2)	24.9	459.7	10,482.6	12,494.3	396.4	12,890.7
Comprehensive income										
Currency translation differences	-	-	-	9.0	-	-	-	9.0	3.6	12.6
Net fair value changes on cash flow hedges	-	-	-	-	-	(654.9)	-	(654.9)	(0.8)	(655.7)
Share of other comprehensive income of associated and joint venture companies	-	-	-	3.0	-	(3.6)	-	(0.6)	(0.8)	(1.4)
Other comprehensive income for the period, net of tax	-	-	-	12.0	-	(658.5)	-	(646.5)	2.0	(644.5)
Profit for the period	-	-	-	-	-	-	205.6	205.6	20.3	225.9
Total comprehensive income for the period	-	-	-	12.0	-	(658.5)	205.6	(440.9)	22.3	(418.6)
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Share of other changes in equity of associated companies	-	-	(3.0)	-	-	-	-	(3.0)	-	(3.0)
Changes in ownership interest without loss of control	-	-	-	-	(3.7)	-	2.0	(1.7)	2.1	0.4
Share-based compensation expense	-	-	-	-	10.4	-	-	10.4	0.5	10.9
Treasury shares reissued pursuant to equity compensation plans	-	15.5	1.0	-	(16.1)	-	-	0.4	-	0.4
Issuance of share capital by a subsidiary company	-	-	-	-	-	-	-	-	1.0	1.0
Dividends	-	-	-	-	-	-	(260.7)	(260.7)	(23.2)	(283.9)
Total transactions with owners	-	15.5	(2.0)	-	(9.4)	-	(258.7)	(254.6)	(19.6)	(274.2)
Balance at 30 September 2019	1,856.1	(156.0)	(126.3)	(21.2)	15.5	(198.8)	10,429.5	11,798.8	399.1	12,197.9

STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020 (in $ million)

The Company	Share capital	Mandatory convertible shares	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2020	1,856.1	-	(156.0)	(928.8)	22.1	(1,734.3)	9,803.6	8,862.7
Comprehensive income								
Net fair value changes on cash flow hedges	-	-	-	-	-	416.9	-	416.9
Other comprehensive income for the period, net of tax	-	-	-	-	-	416.9	-	416.9
Loss for the period	-	-	-	-	-	-	(2,445.1)	(2,445.1)
Total comprehensive income for the period	-	-	-	-	-	416.9	(2,445.1)	(2,028.2)
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares	5,324.1	-	-	-	-	-	-	5,324.1
Issue of mandatory convertible bonds	-	3,496.1	-	-	-	-	-	3,496.1
Share-based compensation expense	-	-	-	-	5.2	-	-	5.2
Share awards lapsed	-	-	-	-	(2.3)	-	2.3	-
Treasury shares reissued pursuant to equity compensation plans	-	-	22.8	(9.0)	(13.1)	-	-	0.7
Total transactions with owners	5,324.1	3,496.1	22.8	(9.0)	(10.2)	-	2.3	8,826.1
Balance at 30 September 2020	7,180.2	3,496.1	(133.2)	(937.8)	11.9	(1,317.4)	7,360.8	15,660.6

STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2019 (in $ million)

The Company	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2019	1,856.1	(171.5)	(929.8)	21.2	366.4	10,631.0	11,773.4
Effects of changes in accounting standards	-	-	-	-	-	(184.4)	(184.4)
As restated	1,856.1	(171.5)	(929.8)	21.2	366.4	10,446.6	11,589.0
Comprehensive income							
Net fair value changes on cash flow hedges	-	-	-	-	(522.1)	-	(522.1)
Other comprehensive income for the period, net of tax	-	-	-	-	(522.1)	-	(522.1)
Profit for the period	-	-	-	-	-	404.2	404.2
Total comprehensive income for the period	-	-	-	-	(522.1)	404.2	(117.9)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share-based compensation expense	-	-	-	8.3	-	-	8.3
Treasury shares reissued pursuant to equity compensation plans	-	15.5	1.0	(16.1)	-	-	0.4
Dividends	-	-	-	-	-	(260.7)	(260.7)
Total transactions with owners	-	15.5	1.0	(7.8)	-	(260.7)	(252.0)
Balance at 30 September 2019	1,856.1	(156.0)	(928.8)	13.4	(155.7)	10,590.1	11,219.1

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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

Group and Company	Number of Shares	Share Capital ($ million)
Issued and fully paid share capital		
Ordinary Shares		
Balance at 1 April 2020	1,199,851,018	1,856.1
Shares issued pursuant to rights issue in June 2020	1,777,692,486	5,324.1
Balance at 30 September 2020	2,977,543,504	7,180.2

As at 30 September 2020, the number of ordinary shares in issue was 2,977,543,504 of which 12,570,529 were held by the Company as treasury shares (30 September 2019: 1,199,851,018 ordinary shares of which 14,722,694 were held as treasury shares). The share capital was $7,180.2 million. The treasury shares held represent 0.4% (30 September 2019: 1.2%) of the total number of issued shares (excluding treasury shares).

As at 30 September 2020, the Company also had $3,496.1 million of mandatory convertible bonds ("MCBs") in issue. At the end of the 10-year tenure of the MCBs, 1,304,626,600 ordinary shares will be issued upon mandatory conversion of the MCBs.

There are no subsidiary holdings of the Company as at 30 September 2020 and 30 September 2019.

Share-based Incentive Plans

The Singapore Airlines Limited Restricted Share Plan ("RSP 2014") and Performance Share Plan ("PSP 2014") are share-based incentive plans approved by the shareholders of the Company on 30 July 2014.

The PSP is for a select group of key senior management staff and the RSP is targeted at a broader base of selected employees.

Depending on the achievement of pre-determined performance targets over the performance periods for the RSP and PSP grants, 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 30 September 2020, the number of outstanding shares granted under the Company's RSP and PSP in respect of restricted shares and performance shares were 2,345,908 (30 September 2019: 2,045,370) and 1,620,400 (30 September 2019: 922,504) respectively.

The details of the shares awarded under RSP in respect of restricted shares and PSP in respect of performance shares are as follows:

	Number of Restricted Shares					
Date of Grant	Balance at 01.04.2020	Granted	Rights Issue Adjustment [1]	Adjustment [2]	Vested	Balance at 30.09.2020
RSP						
19.07.2017	358,330	-	150,229	-	(508,559)	-
19.07.2018	504,854	-	211,701	-	(374,207)	342,348
19.07.2019	1,163,200	-	487,729	(1,032,209)	(219,754)	398,966
16.07.2020	-	1,604,594	-	-	-	1,604,594
	2,026,384	1,604,594	849,659	(1,032,209)	(1,102,520)	2,345,908

	Number of Performance Shares					
Date of Grant	Balance at 01.04.2020	Granted	Rights Issue Adjustment [1]	Adjustment [2]	Vested	Balance at 30.09.2020
PSP						
19.07.2017	217,426	-	87,024	(230,750)	(73,700)	-
19.07.2018	285,996	-	119,924	-	-	405,920
19.07.2019	429,000	-	179,880	-	-	608,880
16.07.2020	-	605,600	-	-	-	605,600
	932,422	605,600	386,828	(230,750)	(73,700)	1,620,400

Deferred Share Award ("DSA")

Grants of DSA of fully paid ordinary shares are granted to senior management under the RSP 2014. 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 Deferred Share Award				
Date of Grant	Balance at 01.04.2020	Rights Issue Adjustment [1]	Adjustment [3]	Vested	Balance at 30.09.2020
DSA					
06.09.2017	94,070	39,448	9,370	(142,888)	-
11.09.2018	119,090	49,932	-	-	169,022
	213,160	89,380	9,370	(142,888)	169,022

Transformation Share Award ("TSA")

Grants of TSA of fully paid ordinary shares are granted to a select group of key senior management staff under the RSP 2014. At the end of the one-year performance period, a final award will be determined based on the initial award multiplied by an achievement factor (ranging from 0% to 200%). The final award will vest over three years. On the final vesting date, an additional equity kicker equivalent to 20% of final awards will be settled with the participant.

Given the impact of Covid-19 on the Group's share price as at the end of FY2019/20, the Board Compensation and Industrial Relations Committee (BCIRC) has assessed a Nil achievement factor and there will be no vesting of TSA that had been granted on 19 July 2019, except in the case of former Executive Vice President Human Resources & Operations Mr Ng Chin Hwee, as per his early retirement agreement with the Company as at 31 March 2020 where 100% of the TSA will be vested to him given his career-long contributions to the Company's transformation journey. He has taken on the Chief Executive Officer role at SIA Engineering Company, a listed subsidiary of the Company.

The details of the TSA are as follows:

	Number of Transformation Share Award				
Date of Grant	Balance at 01.04.2020	Rights Issue Adjustment [1]	Cancelled	Vested	Balance at 30.09.2020
TSA					
19.07.2018	199,900	83,814	-	(141,857)	141,857
19.07.2019	455,005	190,784	(591,789)	(27,000)	27,000
	654,905	274,598	(591,789)	(168,857)	168,857

[1] In light of the rights issue, an adjustment has been made to the outstanding unvested awards under the RSP 2014 and PSP 2014 grants on 6 May 2020 (the Ex-Rights Date) to offset the dilutive effect on the share price due to the rights issue and this was approved by the BCIRC upon confirmation from our auditors that the adjustment was fair and reasonable to shareholders as required under the respective plan rules.
[2] Adjustment at the end of performance period upon meeting stated performance targets and adjustments for number of days in service for retirees.
[3] Adjustment at the end of performance period for Accumulated Dividend Yield.

Strategic Share Award ("SSA")

Grants of SSA of fully paid ordinary shares are granted to senior management under the RSP 2014 to motivate for formulating and delivering on a strategic roadmap for Covid recovery. 50% of the final award vested upon grant and the balance will vest in equal tranches over the next two years. An additional 20% equity kicker is awarded upon final vesting.

The details of the SSA are as follows:

	Number of Strategic Share Award			
Date of Grant	Balance at 01.04.2020	Granted	Vested	Balance at 30.09.2020
SSA				
16.07.2020	-	956,000	(478,000)	478,000

Share Ownership Requirement

The Company requires all senior management to retain a portion of the shares vested to them under the share-based incentive plans up to a pre-defined limit for alignment with the shareholders of the Company.

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 30 September 2020, the number of ordinary shares in issue was 2,977,543,504 of which 12,570,529 were held by the Company as treasury shares (31 March 2020: 1,199,851,018 ordinary shares of which 14,722,694 were held as treasury shares).

1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the financial period, the Company did not purchase any treasury shares (2019/20: Nil).

The Company transferred 1,965,965 treasury shares to employees on vesting of share-based incentive plans (April to September 2019: 1,402,291) and 186,200 treasury shares on payment of Directors' remuneration (April to September 2019: 60,900). Treasury shares are presented as a component within equity attributable to owners of the company.

Group and Company	Number of Shares	Treasury Shares ($ million)
Balance at 1 April 2020	14,722,694	(156.0)
Treasury shares transferred on vesting of share-based incentive plans	(1,965,965)	20.8
Treasury shares transferred on payment of Directors' remuneration	(186,200)	2.0
Balance at 30 September 2020	12,570,529	(133.2)

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There are no subsidiary holdings of the Company as at 30 September 2020 and 30 September 2019. There were no sales, transfers, cancellations and/or use of subsidiary holdings for the period April to September 2020.

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.

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 2020.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	1st Half 2020/21	1st Half 2019/20 ^
(Loss)/Earnings per share (cents)		
- Basic	(111.0)	10.9
- Diluted	(111.0)	10.8

^ With the completion of the issuance of rights shares and mandatory convertible bonds on 8 June 2020, prior year comparatives for earnings per share were restated per IAS 33 through retrospective application of a bonus factor to the average weighted number of shares. The bonus factor is derived from the division of fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value.

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 30 Sep 20	As at 31 Mar 20	As at 30 Sep 20	As at 31 Mar 20
Net asset value per ordinary share ($)	5.14	7.86	5.28	7.48

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

First Half 2020/21

The Covid-19 pandemic continued to have a severe impact on SIA Group's operations, with passenger traffic (measured in revenue passenger-kilometres) falling by 98.9% amid tight global border controls and travel restrictions.

Group revenue declined $6,691 million (-80.4%) year-on-year to $1,634 million in the first half of the financial year. Passenger flown revenue fell sharply as Singapore Airlines, SilkAir and Scoot were severely impacted by restrictions on international travel. This was partially offset by stronger cargo flown revenue (up $274 million, or +28.3%) as countries sought to restore global supply chains. SIA responded to the demand by maximising freighter utilisation and deploying passenger aircraft on cargo missions.

Group expenditure decreased $4,415 million (-55.8%) year-on-year to $3,497 million, attributable largely to lower non-fuel expenditure and net fuel cost. Non-fuel expenditure was down 54.0% (-$3,005 million) year-on-year, following wide-ranging cost-saving initiatives, including capacity cuts, contract renegotiations, and staff-related measures, further aided by various government support schemes. As a result of capacity cuts and lower fuel prices, fuel cost before hedging fell $2,207 million (-91.0%) year-on-year. However, this was partially offset by fuel hedging losses during the first half, compared to a gain last year. As a result, fuel cost post hedging was $1,973 million lower year-on-year (-84.0%).

Mark-to-market losses of $563 million on ineffective fuel hedges were recognised in the first half, following a downward adjustment to the expected rate of capacity recovery, and consequently lower expected fuel consumption. The Group has paused fuel hedging activity since March 2020, given the uncertain pace of recovery.

As a result, the Group swung to an operating loss of $1,863 million for the first half, a $2,276 million reversal from an operating profit of $413 million last year.

For the first half ended 30 September 2020, the Group reported a net loss of $3,467 million, a drop of $3,673 million against last year, driven primarily by the deterioration in operating performance, as well as the following non-cash items:

- An impairment of $1,333 million on the carrying values of older generation aircraft, with 26 aircraft deemed surplus to fleet requirements after completion of a review of the longer-term network, both indicated in the Business Update issued in July 2020. These comprise seven A380s, four 777-200/200ERs, four 777-300s, nine A320s and two A319s.
- A $127 million charge from the liquidation of NokScoot, as previously reported in the Business Update issued in July, comprising mainly the impairment of seven Boeing 777 aircraft leased to NokScoot and the Group's share of related costs.
- Having reviewed the impact of Covid-19 on business conditions, the Board also considers it prudent to fully write down the goodwill of $170 million that was recorded when SIA first gained control of Tiger Airways in October 2014.

The Group had announced the reduction of about 4,300 positions across the three airlines. Steps were taken to reduce the number of staff that would be impacted by involuntary release, including salary cuts, a recruitment freeze, open vacancies that were not filled, an early retirement scheme and a voluntary release scheme for staff. These measures reduced the number of staff impacted by the manpower rationalisation exercise to around 2,000. The Group incurred a cost of $42 million in the exercise.

The Group's Profit & Loss Account is summarised as follows:

Group Financial Results	1st Half FY2020/21 ($ million)	1st Half FY2019/20 ($ million)	Better/ (Worse) ($ million)	Better/ (Worse) (%)
Total Revenue	**1,634**	**8,325**	**(6,691)**	**(80.4)**
Total Expenditure	**3,497**	**7,912**	**4,415**	**55.8**
Net Fuel Cost	376	2,349	1,973	84.0
Fuel Cost (before hedging)	*218*	*2,425*	*2,207*	*91.0*
Fuel Hedging Loss/(Gain)	*158*	*(76)*	*(234)*	*n.m.*
Fuel Hedging Ineffectiveness	563	-	(563)	n.m.
Non-fuel Expenditure	2,558	5,563	3,005	54.0
Operating (Loss)/Profit	**(1,863)**	**413**	**(2,276)**	**n.m.**
Impairment of aircraft	1,449	-	(1,449)	n.m.
Impairment of goodwill	170	-	(170)	n.m.
Manpower rationalisation costs	42	-	(42)	n.m.
Others	(57)	207	264	127.5
Net (Loss)/Profit	**(3,467)**	**206**	**(3,673)**	**n.m.**

Operating results of the main companies in the Group are shown below:

Operating (Loss)/Profit	1st Half FY2020/21 $ million	1st Half FY2019/20 $ million	Better / (Worse) $ million
Parent Airline Company	(1,260)	465	(1,725)
SilkAir	(165)	(19)	(146)
Scoot	(414)	(77)	(337)
SIA Engineering	(25)	37	(62)

First Half Operating Results of Main Companies

Operating performance of all the companies in the Group was down compared to the previous year.

The total revenue of the passenger airline companies plummeted due to significant capacity cuts. This was partially offset by the reduction in ex-fuel costs due to cost-saving measures and Covid-19-related government grants. In addition to drastically cutting capacity, other cost-saving initiatives included a range of staff measures that encompassed retrenchment, salary cuts, furloughs and no pay leave schemes, renegotiation of contracts and other accommodations by suppliers, and deferral of projects in many areas. Net fuel cost also decreased primarily due to lower volumes uplifted and fuel prices, partially offset by fuel hedging losses.

SIA Engineering posted an operating loss of $25 million, a reversal of $62 million from the operating profit last year. Revenue decreased by $290 million (-56.5%), due to reduction in the Group's business activities as a result of low flight activities and massive grounding of aircraft. With cost measures implemented and grants from government support schemes, Group expenditure also reduced, though at a lower rate. Expenditure reduced by $228 million (-47.9%), largely due to lower subcontract costs and reduced manpower costs through a range of staff measures.

BALANCE SHEET REVIEW
(September 2020 vs March 2020)

Equity attributable to owners of the company increased by $5,937 million (63.7%) to $15,252 million as at 30 September 2020 largely due to the Rights Issue of ordinary shares (+$5,324 million) and MCBs (+$3,496 million), and fair value movement on cash flow hedges (+$599 million) which arose mainly from fuel hedges due to higher average forward fuel prices, partially offset by the loss for the period (-$3,467 million).

Total Group assets increased by $2,455 million (7.3%) to $36,167 million. The increase was mainly attributable to an increase in cash and bank balances (+$4,373 million), offset by the decrease in property, plant and equipment (-$1,481 million) and right-of-use assets (-$350 million). Higher cash balances arose primarily from proceeds from issuance of ordinary shares and MCBs pursuant to the Rights Issue (+$8,829 million) and proceeds from borrowings (+$4,118 million), partially offset by repayment of borrowings and bonds (-$4,462 million), cash used in operations (-$2,687 million), capital expenditure (-$851 million), purchase of short-term investments (-$377 million) and repayment of lease liabilities (-$289 million). The decrease in property, plant and equipment and right-of-use assets was mainly attributable to impairment of surplus aircraft (-$1,337 million) and depreciation (-$1,091 million), partially offset by capital expenditure (+$851 million).

Total Group liabilities decreased by $3,457 million (14.4%) to $20,523 million as at 30 September 2020, primarily arising from the reduction in sales in advance of carriage (-$1,249 million), derivative liabilities (-$1,079 million), trade and other creditors (-$709 million), borrowings (-$332 million) and lease liabilities (-$303 million).

9 Whether a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

OUTLOOK

Industry airfreight capacity is anticipated to remain constrained as a result of fewer passenger flights and hence lower bellyhold capacity. This is expected to keep cargo yields and load factors high in the coming months. The Group expects to see a progressive recovery in general cargo demand and continued strong demand from the pharmaceuticals and perishables segments. Cargo demand is also expected to receive a boost from the big e-commerce sale days and new product launches. We continue to grow capacity to meet demand and expand the cargo network by deploying passenger aircraft on dedicated cargo operations. The Group has also removed seats in two of Scoot's A320ceo aircraft and two of SIA's 777-300ER aircraft to carry only cargo, and will continue to proactively grow capacity.

The recovery from the Covid-19 pandemic is likely to remain patchy, given the new waves of infections around the world and concerns about imported cases. Nonetheless, there are some early signs of optimism. Customers are slowly becoming more confident about air travel, given the robust health and safety measures that have been put in place by airlines, airports and governments. There are also encouraging developments in the adoption of test protocols to facilitate border opening.

Amid the uncertain and highly volatile environment, the Group, with its portfolio of full service and low cost airlines, is ready to swiftly and decisively seize all opportunities and respond to any adverse changes that may arise.

11 Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

No.

Name of Dividend	Interim
Dividend Type	Nil
Dividend Amount per Share	Nil
Tax Rate	Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	8 cents per ordinary share
Tax Rate	Tax-exempt (one-tier)

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No interim dividend has been declared due to the significant loss brought about by the Covid-19 pandemic, and the Group's need to conserve cash to meet its cash flow requirements.

13 Interested Person Transactions

The aggregate values of all Interested Person Transactions ("IPTs") entered into during the first half of the Financial Year 2020/21 are as follows:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	(S$)	(S$)
CapitaLand Limited Group		
- The Arcacia Goulburn Trust	-	263,077
Certis CISCO Group		
- Synergy FMI Pte. Ltd.	-	1,545,399
KrisShop Pte Ltd		13,108,019
SATS Ltd Group		
- Air India SATS Airport Services Private Limited	-	815,934
- Asia Airfreight Terminal Co Ltd	-	1,805,913
- Country Foods Pte Ltd		135,000
- Mumbai Cargo Service Center Airport Private Limited	-	228,047
- PT Jas Aero-Engineering Services	-	271,679
- PT Jasa Angkasa Semesta Tbk		303,302
- SATS Aero Laundry Pte. Ltd.	-	131,645
- SATS Catering Pte. Ltd.		3,075,000
- SATS HK Limited	-	390,888
- SATS Ltd	-	91,749,342
- SATS Security Services Private Limited	-	10,246,241
Singapore Telecommunications Limited Group		
- Optus Networks Pty Limited	-	194,700
- Singapore Telecommunications Limited	-	971,565
StarHub Ltd		403,806
TeleChoice International Limited Group		
- S & I Systems Pte Ltd		132,000
Temasek Holdings (Private) Limited and Associates		
- Gate Gourmet Denmark APS	-	153,518
- Gate Gourmet Services Pty Ltd	-	440,805
- Gategroup Trading Hong Kong Ltd	-	104,897
- Gate Gourmet Switzerland GmbH	-	386,923
Total Interested Person Transactions	-	126,857,700

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
6 November 2020

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 half year ended 30 September 2020 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

6 November 2020