Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

5,000,000 European Style Cash Settled Long Certificates

relating to the ordinary shares of Singapore Airlines Limited

with a Daily Leverage of 5x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S$0.40 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by SG Issuer (the "**Issuer**") unconditionally and irrevocably guaranteed by Société Générale (the "**Guarantor**"), and is supplemental to and should be read in conjunction with a base listing document dated 21 June 2019 including such further base listing documents as may be issued from time to time (the "**Base Listing Document**") for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see "Placing and Sale" contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products[1] and Specified Investment Products (SIPs)[2], and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer and of no other person, and the guarantee dated 21 June 2019 (the "**Guarantee**") and entered into by the Guarantor constitutes general unsecured obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 3 July 2019.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

2 July 2019

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.
[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following are risk factors relating to the Certificates:

(a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(b) the Certificates constitute general unsecured obligations of the Issuer and of no other person, and the Guarantee constitutes general unsecured obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;

(c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply on the Expiry Date;

(d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;

(e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates will be suspended for a similar period;

(f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 26 to 30 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section of this document for more information;

(i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);

(l) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

(m) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(n) investors should note that the Air Bag Mechanism (as defined below) reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

(o) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday fall in the price of the Underlying Stock of 20% or greater (comparative to the previous closing price of the Underlying Stock or the previous observed price in case of an air bag previously on the same day) during the Observation Period. Investors may refer to pages 45 to 46 of this document for more information;

(p) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 32 to 34 of this document for more information;

(q) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;

(r) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(s) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(t) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

(u) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

(v) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:

- Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and

- The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

(w) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

(x) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(y) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

(z) the US Foreign Account Tax Compliance Act ("**FATCA**") withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer is subject to FATCA and, as a result, is required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide us with such certification, the Issuer and the Guarantor could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Certificates. In certain cases, the

Issuer could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

(aa) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under "TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986." Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

(bb) risk factors relating to the BRRD

French law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") entered into force on 2 July 2014. As a directive, the BRRD is not directly applicable in France and had to be transposed into national legislation. The French ordonnance no. 2015-1024 of 20 August 2015 transposed the BRRD into French law and amended the French Code monétaire et financier for this purpose. The French ordonnance has been ratified by law no. 2016-1691 dated 9 December 2016 (Loi n°2016-1691 du 9 décembre 2016 relative à la transparence, à la lutte contre la corruption et à la modernisation de la vie économique) which also incorporates provisions which clarify the implementation of the BRRD. In Luxembourg, the BRRD was implemented by the Luxembourg act dated 18 December 2015 (the "**BRR Act 2015**"). Under the BRR Act 2015, the competent authority is the CSSF and the resolution authority is the CSSF acting as Resolution Council (*le Conseil de résolution*).

The stated aim of the BRRD and Regulation (EU) no. 806/2014 of the European Parliament and of the Council of the European Union of 15 July 2014 (the "**SRM Regulation**") is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the authority designated by each EU Member State (the "**Resolution Authority**") with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions while minimizing the impact of an institution's failure on the economy and financial system (including taxpayers' exposure to losses).

Under the SRM Regulation, a centralized power of resolution is established and entrusted to the Single Resolution Board (the "**SRB"**) and to the national resolution authorities.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the "**Bail-in Power**").

The conditions for resolution under the French Code monétaire et financier implementing the BRRD are deemed to be met when: (i) the Resolution Authority or the relevant supervisory authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in the form defined in Article L. 613-48 III, 3° of the French Code monétaire et financier).

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion into ordinary shares or other instruments of ownership of the Certificates, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write down, conversion or otherwise. In addition, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Power could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such power.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

Since January 1, 2016, French credit institutions (such as the Issuer and the Guarantor) have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article L. 613-44 of the French Code monétaire et financier. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

In addition, on November 9, 2015, the Financial Stability Board (the "**FSB**") published a standard on total loss absorbing capacity ("**TLAC**") which is set forth in a term sheet (the "**FSB TLAC Term Sheet**"). That standard –which has been adopted after the BRRD –shares similar objectives to MREL but covers a different scope. Moreover, the Council of the European Union published on February 14, 2019 a final compromise text for the modification of CRR and BRRD intending to give effect to the FSB TLAC Term Sheet and to modify the requirements for MREL eligibility.

The TLAC requirements are expected to be complied with since January 1, 2019 in accordance with the FSB principles. The TLAC requirements impose a level of "Minimum TLAC" that will be determined individually for each global systemically important bank ("**G-SIB**"), such as the Issuer and the Guarantor, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets through January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator through January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements). However, according to the final compromise text for the modification of CRR published by the Council of the European Union in February 2019, European Union G-SIBs will have to comply with TLAC requirements, on top of the MREL requirements, as from the entry into force of the amending regulation. As such, G-SIBs will have to comply at the same time with TLAC and MREL described above.

In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the banks' resolution plans have applied since January 1, 2015 and the SRM has been fully operational since January 1, 2016.

The application of any measure under the French BRRD implementing provisions or any suggestion of such application with respect to the Issuer, the Guarantor or the Group could materially adversely affect the rights of Certificate Holders, the price or value of an investment in the Certificates and/or the ability of the Issuer or the Guarantor to satisfy its obligations under any Certificates, and as a result investors may lose their entire investment.

Moreover, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Power, the exercise of write-down/conversion powers or any other resolution tools by the Resolution Authority independently of a resolution measure or in combination with a resolution measure when it determines that the institution or its group will no longer be viable could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such powers.

Following the publication on 7 June 2019 in the Official Journal of the EU 14 May 2019 by the Council of the Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC and of the Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the Single Resolution Mechanism Regulation (Regulation 806/2014) as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, a comprehensive legislative package reducing risks in the banking sector and further reinforcing banks' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system from 28 December 2020.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	5,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Singapore Airlines Limited (the "**Underlying Stock**")
Company:	Singapore Airlines Limited (RIC: SIAL.SI)
Underlying Price[3] and Source:	S$9.39 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.40
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	4.60%, is a hedging cost against extreme market movements overnight.
Funding Cost[6]:	The annualised costs of funding, referencing a publically published interbank offered rate plus spread.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	25 June 2019
Closing Date:	2 July 2019
Expected Listing Date:	3 July 2019

[3] These figures are calculated as at, and based on information available to the Issuer on or about 2 July 2019. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 2 July 2019.
[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.
[5] Please note that the Gap Premium is calculated on a 360-day basis.
[6] These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 23 June 2022
Expiry Date:	30 June 2022 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	29 June 2022 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 37 to 51 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 1 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: "**t**" refers to "**Observation Date**" which means each Exchange Business Day from (and including) the Exchange Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Exchange Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).

Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 37 to 51 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: $\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$
Initial Reference Level:	1,000
Final Reference Level:	The closing level of the Leverage Strategy (as described below) on the Valuation Date The calculation of the closing level of the Leverage Strategy is set out in the "Specific Definitions relating to the Leverage Strategy" section on pages 18 to 21 below.
Initial Exchange Rate:	1
Final Exchange Rate:	1
Air Bag Mechanism:	The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 19 to 21 below and the "Description of Air Bag Mechanism" section on pages 43 to 44 of this document for further information of the Air Bag Mechanism.
Underlying Stock Currency:	Singapore Dollar ("**SGD**")

Settlement Currency:	SGD
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited ("**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	The SGX-ST
Business Day and Exchange Business Day:	A "**Business Day**" or an "**Exchange Business Day**" is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.
Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.
Further Information:	Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Strategy Formula

$\mathbf{LSL_t}$ means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$$\mathrm{LSL_1} = 1000$$

On each subsequent Observation Date(t):

$$\mathrm{LSL_t} = \mathrm{Max}\left[\mathrm{LSL_{t-1}} \times \left(1 + \mathrm{LR_{t-1,t}} - \mathrm{FC_{t-1,t}} - \mathrm{RC_{t-1,t}}\right), 0\right]$$

$\mathbf{LR_{t-1,t}}$ means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

$$\mathrm{LR_{t-1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right)$$

$\mathbf{FC_{t-1,t}}$ means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :

$$\mathrm{FC_{t-1,t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{t-1}} \times \mathrm{ACT(t-1,t)}}{\mathrm{DayCountBasisRate}}$$

$\mathbf{RC_{t-1,t}}$ means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows :

$$\mathrm{RC_{t-1,t}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right|\right) \times \mathrm{TC}$$

TC means the Transaction Costs applicable (including Stamp Duty) that are equal to :

0.04%

Leverage 5

$\mathbf{S_t}$ means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.

$\mathbf{Rate_t}$ means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:

$$\mathrm{Rate_t} = \mathrm{CashRate_t} + \ \%\mathrm{SpreadLevel_t}$$

$\mathbf{Rfactor_t}$ means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula :

$$Rfactor_t = \ 1 - \frac{Div_t}{\mathbf{S_{t-1}}}$$

where

Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.

$\mathbf{CashRate_t}$ means, in respect of each Observation Date(t), the SGD Swap Offer Rate (SOR) Reference Rate, as published on Reuters RIC SGDTRDONF=ABSG or any successor page.

$\%\mathbf{SpreadLevel_t}$ means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the ICE LIBOR USD 12 Month, as published on Reuters RIC USD1YFSR= and (2) USD SWAP OIS 1Y, as published on Reuters RIC USD1YOIS= or any successor page.

Provided that if such difference is negative, $\%\mathbf{SpreadLevel_t}$ should be 0%.

ACT(t-1,t) ACT (t-1;t) means the number of calendar days between the Exchange Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

DayCountBasisRate 365

Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)

Extraordinary Strategy Adjustment for Performance Reasons If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date,** noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday

Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date (LSL_{IRD}) should be computed as follows :

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}} \times \left(1 + \mathrm{ILR_{IR(n),IR(C)}} - \mathrm{IRC_{IR(n),IR(C)}}\right), 0\right]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}}, 0\right]$$

$\mathbf{ILSL_{IR(k)}}$ means, in respect of IR(k), the Intraday Leverage Strategy Level in accordance with the following provisions :

(1) for k = 1 :

$$\mathrm{ILSL_{IR(1)}} = \mathrm{Max}\left[\mathrm{LSL_{IRD-1}} \times \left(1 + \mathrm{ILR_{IR(0),IR(1)}} - \mathrm{FC_{IRD-1,IRD}} - \mathrm{IRC_{IR(0),IR(1)}}\right), 0\right]$$

(2) for k > 1 :

$$\mathrm{ILSL_{IR(k)}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(k-1)}} \times \left(1 + \mathrm{ILR_{IR(k-1),IR(k)}} - \mathrm{IRC_{IR(k-1),IR(k)}}\right), 0\right]$$

$\mathbf{ILR_{IR(k-1),IR(k)}}$ means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :

$$\mathrm{ILR_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times \left(\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1\right)$$

$\mathbf{IRC_{IR(k-1),IR(k)}}$ means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows :

$$\mathrm{IRC_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}} \times Rfactor_t} - 1\right|\right) \times \mathrm{TC}$$

$\mathbf{IS_{IR(k)}}$ means the Underlying Stock Price in respect of IR(k) computed as follows :

(1) for k=0

$$\mathrm{IS_{IR(0)}} = \mathrm{S_{IRD-1}} \times \mathrm{Rfactor_{IRD}}$$

(2) for k=1 to n

means in respect of IR(k), the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period

(3) with respect to IR(C)

$$\mathrm{IS_{IR(C)}} = \mathrm{S_{IRD}}$$

In each case, subject to the adjustments and provisions of the Conditions.

IR(k) For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date;

For k=1 to n, means the k^{th} Intraday Restrike Event on the relevant Intraday Restrike Date.

IR(C)	means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.
n	means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.
Intraday Restrike Event	means in respect of an Observation Date(t) : (1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(0)}}$ as of such Calculation Time. (2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(k)}}$ as of such Calculation Time.
Calculation Time	means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.
TimeReferenceOpening	means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
TimeReferenceClosing	means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
Intraday Restrike Event Observation Period	means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing. Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.
Intraday Restrike Event Time	means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF

THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 21 June 2019, made by SG Issuer (the "**Issuer**") and Société Générale (the "**Guarantor**"); and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the "**Certificate Holders**") are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

(b) *Status and Guarantee*. The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a "**Guarantee Obligation**").

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the "**Code**").

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

(i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the "**Law**") on 11 December 2016;

(ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;

(iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and

(iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

(c) Transfer. The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

(e) *Bail-In*. By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) or the Regulator (as defined below), which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or another person;

(C) the cancellation of the Certificates; and/or

(D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

(ii) that the terms of the Certificates are subject to, and may be varied, if necessary, to give effect to, the exercise of the Bail-In Power by the Relevant Resolution Authority or the Regulator.

"**Amounts Due**" means any amounts due by the Issuer under the Certificates.

"**Bail-In Power**" means any power existing from time to time under any laws, regulations, rules or requirements in effect in France, relating to the transposition of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time, the "**BRRD**"), including without limitation pursuant to French decree-law No. 2015-1024 dated 20 August 2015 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (as amended from time to time, the "**20 August 2015 Decree Law**"), Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (as amended from time to time, the "**Single Resolution Mechanism Regulation**"), or otherwise arising under French law, and in each case the instructions, rules and standards created thereunder, pursuant to which the obligations of a Regulated Entity (or an affiliate of such Regulated Entity) can be reduced (in part or in whole), cancelled, suspended, transferred, varied or otherwise modified in any way, or securities of a Regulated Entity (or an affiliate of such Regulated Entity) can be converted into shares, other securities, or other obligations of such Regulated Entity or any other person, whether in connection with the implementation of a bail-in tool following placement in resolution or otherwise.

"**Regulated Entity**" means any entity referred to in Section I of Article L.613-34 of the French *Code monétaire et financier* as modified by the 20 August 2015 Decree Law, which includes certain credit institutions, investment firms, and certain of their parent or holding companies established in France.

"**Relevant Resolution Authority**" means the *Autorité de contrôle prudentiel et de résolution* (the ACPR), the Single Resolution Board established pursuant to the Single Resolution Mechanism Regulation, and/or any other authority entitled to exercise or participate in the exercise of any Bail-in Power from time to time (including the Council of the European Union and the European Commission when acting pursuant to Article 18 of the Single Resolution Mechanism Regulation).

"**Regulator**" means the European Central Bank and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer.

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Issuer unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations in effect in France and the European Union applicable to the Issuer or other members of its group.

Upon the exercise of any Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Certificates, the Issuer will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Bail-in Power. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Issuer, nor the exercise of any Bail-in Power by the Relevant Resolution Authority or the Regulator with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

If the Relevant Resolution Authority or the Regulator exercises the Bail-in Power with respect to less than the total Amounts Due, unless otherwise instructed by the Issuer or the Relevant Resolution Authority or the Regulator, any cancellation, write-off or conversion made in respect of the Certificates pursuant to the Bail-in Power will be made on a pro-rata basis.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer, shall be borne by any Certificate Holder.

2. Certificate Rights and Exercise Expenses

(a) *Certificate Rights*. Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date a Market Disruption Event has occurred, then that Valuation Date shall be postponed until the first succeeding Exchange Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date. In that case:-

(i) that fifth Exchange Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level on the basis of its good faith estimate of the Final Reference Level that would have prevailed on that fifth Exchange Business Day but for the Market Disruption Event.

"**Market Disruption Event**" means the occurrence or existence on the Valuation Date of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

(b) *Exercise Expenses*. Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

(c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

(b) *Automatic Exercise*. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a

Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

(a) *Potential Adjustment Event*. Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions*. "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency*. If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions*. "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent.

of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(f) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9.

7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

(a) *Meetings of Certificate Holders*. The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

(b) *Modification*. The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

(a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

12. Delisting

(a) Delisting. If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

(b) Issuer's Determination. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

(a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(c).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer, Société Générale and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"**Change in law**" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

(b) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(c) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.

(c) *Termination*. If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the

Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

15. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

16. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Company:	Singapore Airlines Limited
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	5,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 21 June 2019 (the "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 3 July 2019.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589
Further Issues:	Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is a qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the "**Certificates**") are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

(i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

Daily Fees	=	**Daily Management Fee Adjustment**
		1 – Management Fee x ACT (t-1;t) / 360
		x
		Daily Gap Premium Adjustment
		1 – Gap Premium (t-1) x ACT (t-1;t) / 360

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

		t[7]=0		t=1		t=2		t=i
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance[8] x Daily Fees	x	Leverage Strategy daily performance x Daily Fees	x …	Leverage Strategy Daily performance x Daily Fees

		t=0		**Product of the daily Leverage Strategy Performance**		**Product of the Daily Fees (Hedging Fee Factor)**
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance x Leverage Strategy daily performance	x	Daily Fees x Daily Fees

		t=0				
Final Value of Certificates	=	Notional Amount	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

[7] "t" refers to "**Observation Date**" which means each Exchange Business Day from (and including) the Exchange Business Day immediately preceding the Expected Listing Date to the Valuation Date.
[8] Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary shares of Singapore Airlines Limited
Expected Listing Date:	**03/07/2018**
Expiry Date:	**18/07/2018**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**0.4 SGD**
Notional Amount per Certificate:	**0.4 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**4.60%**
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n^{th} Exchange Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

On Next Calendar Day (assuming it is an Exchange Business Day):

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1;t)}{360}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 4.60\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9872\% \approx 99.9861\%$$

Assuming 2^{nd} Exchange Business Day falls 3 Calendar Days after 1^{st} Exchange Business Day:

$$\mathrm{HFF}\ (2) = \mathrm{HFF}\ (1) \times \left(1 - \text{Management Fee} \times \frac{\mathrm{ACT}\ (t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\mathrm{ACT}\ (t-1;t)}{360}\right)$$

$$\mathrm{HFF}\ (2) = 99.9861\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 4.60\% \times \frac{3}{360}\right)$$

$$\mathrm{HFF}\ (2) = 99.9861\% \times 99.9967\% \times 99.9617\% \approx 99.9445\%$$

The same principle applies to the following Exchange Business Days:

$$\mathrm{HFF}\ (n) = \mathrm{HFF}\ (n-1) \times \left(1 - \text{Management Fee} \times \frac{\mathrm{ACT}\ (t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\mathrm{ACT}\ (t-1;t)}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7919% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9861%
5/7/2018	99.9722%
6/7/2018	99.9583%
9/7/2018	99.9167%
10/7/2018	99.9028%
11/7/2018	99.8889%
12/7/2018	99.8751%
13/7/2018	99.8612%
16/7/2018	99.8196%
17/7/2018	99.8057%
18/7/2018	99.7919%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

= [(1200 x 1) / (1000 x 1) – 0] x 99.7919%

= 119.75%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.75% x 0.40 SGD

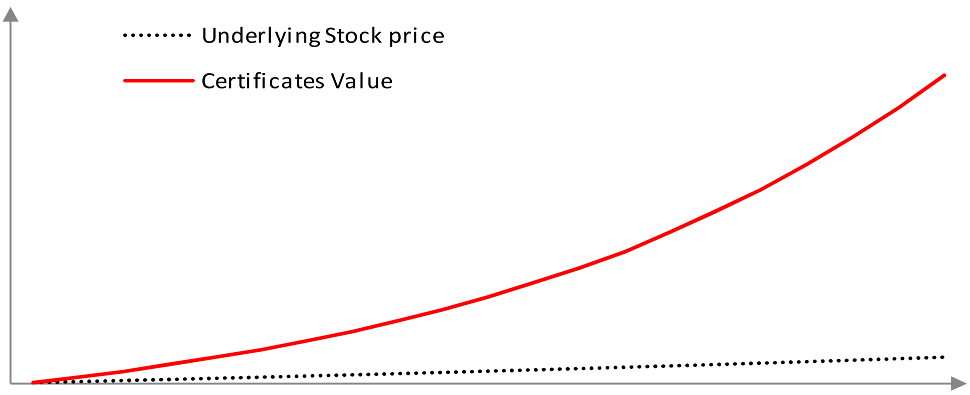
= 0.479 SGD

Illustration on how returns and losses can occur under different scenarios

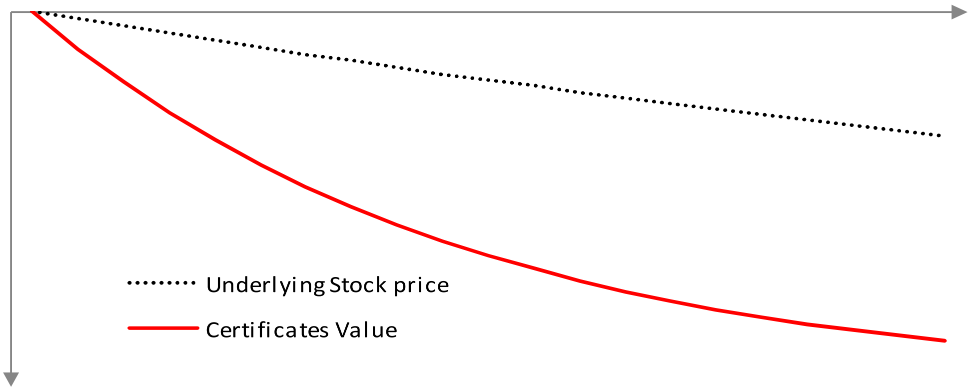
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. <u>Illustrative examples</u>

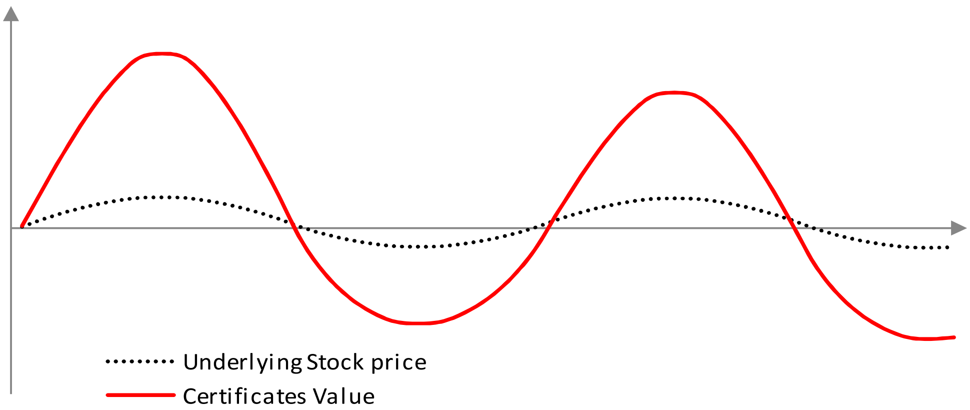
<u>Scenario 1 – Upward Trend</u>



<u>Scenario 2 – Downward Trend</u>



<u>Scenario 3 – Volatile Market</u>



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.4	0.44	0.48	0.53	0.59	0.64
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.4	0.36	0.32	0.29	0.26	0.24
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	0.4	0.44	0.40	0.44	0.39	0.43
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period : during 15 minutes after the Air Bag trigger, the price of the Underlying Stock is observed and its minimum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy, 30 minutes after the Air Bag trigger.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. Investors cannot sell or purchase any Certificates during this period.

Air Bag Mechanism timeline

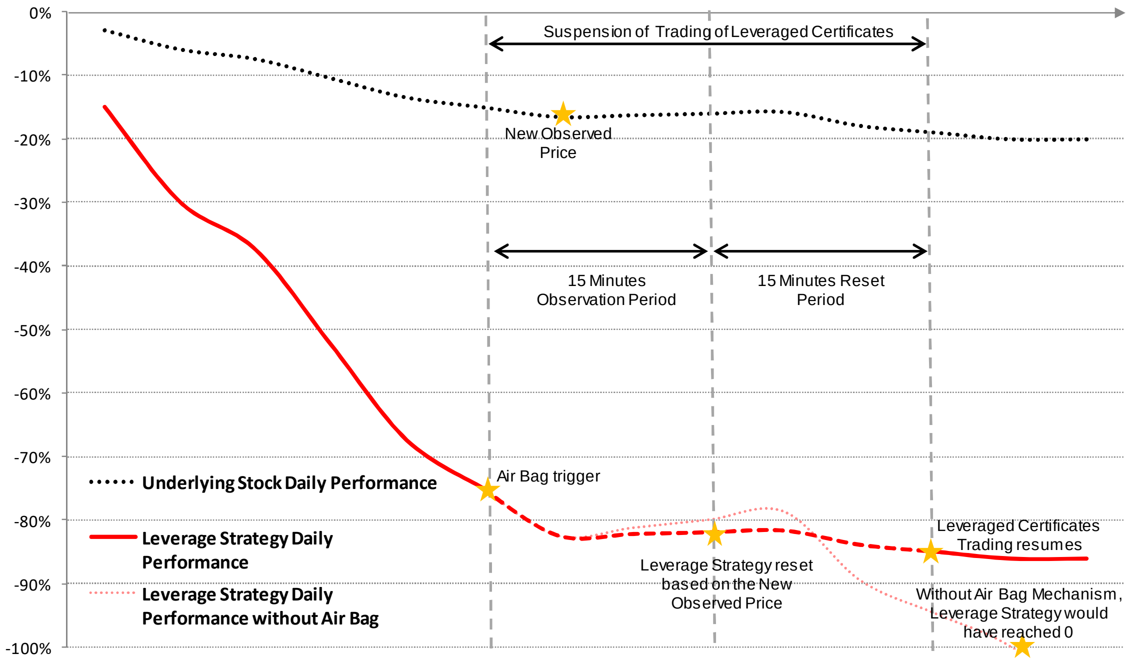
<table>
<tr><th>Air Bag Trigger</th><th>Observation Period</th><th>Resumption of Trading</th></tr>
<tr><td>More than 45 minutes before Market Close</td><td rowspan="5">First 15 minutes after Air Bag Trigger</td><td>Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger</td></tr>
<tr><td>45 minutes before Market Close</td><td rowspan="6">Next trading day at Market Open</td></tr>
<tr><td>30 to 45 minutes before Market Close</td></tr>
<tr><td>30 minutes before Market Close</td></tr>
<tr><td>15 to 30 minutes before Market Close</td></tr>
<tr><td>15 minutes before Market Close</td><td rowspan="2">From Air Bag Trigger to Market Close</td></tr>
<tr><td>Less than 15 minutes before Market Close</td></tr>
</table>

With **Market Close** defined as:

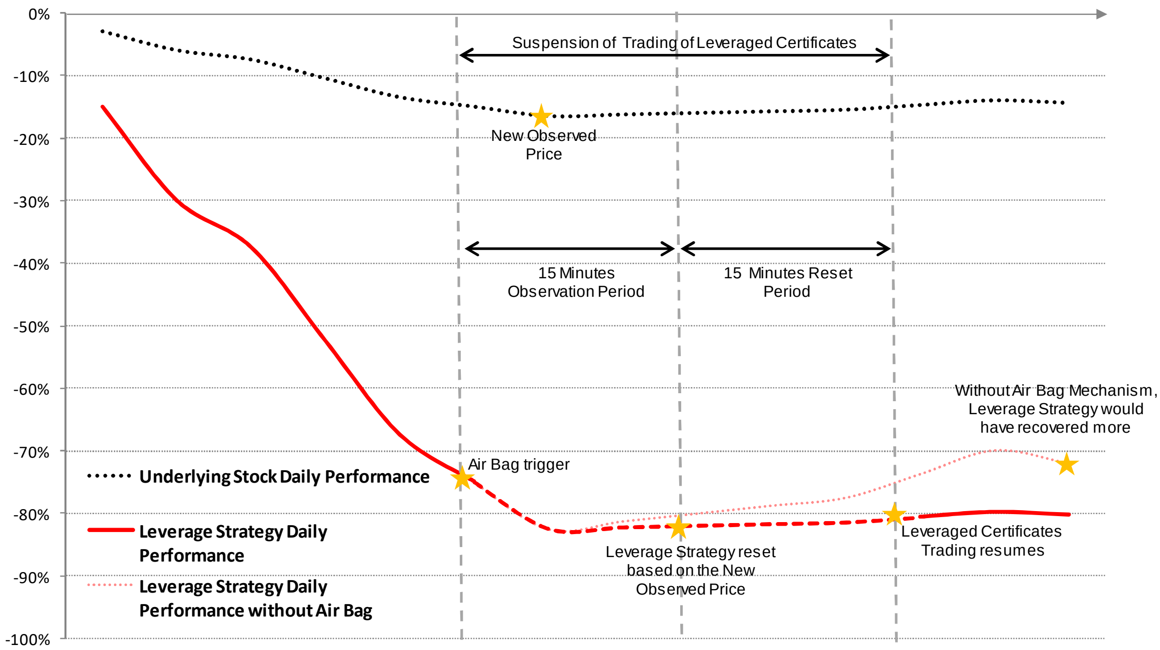
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading

Illustrative examples of the Air Bag Mechanism

Scenario 1 – Downward Trend after Air Bag trigger



Scenario 2 – Upward Trend after Air Bag trigger

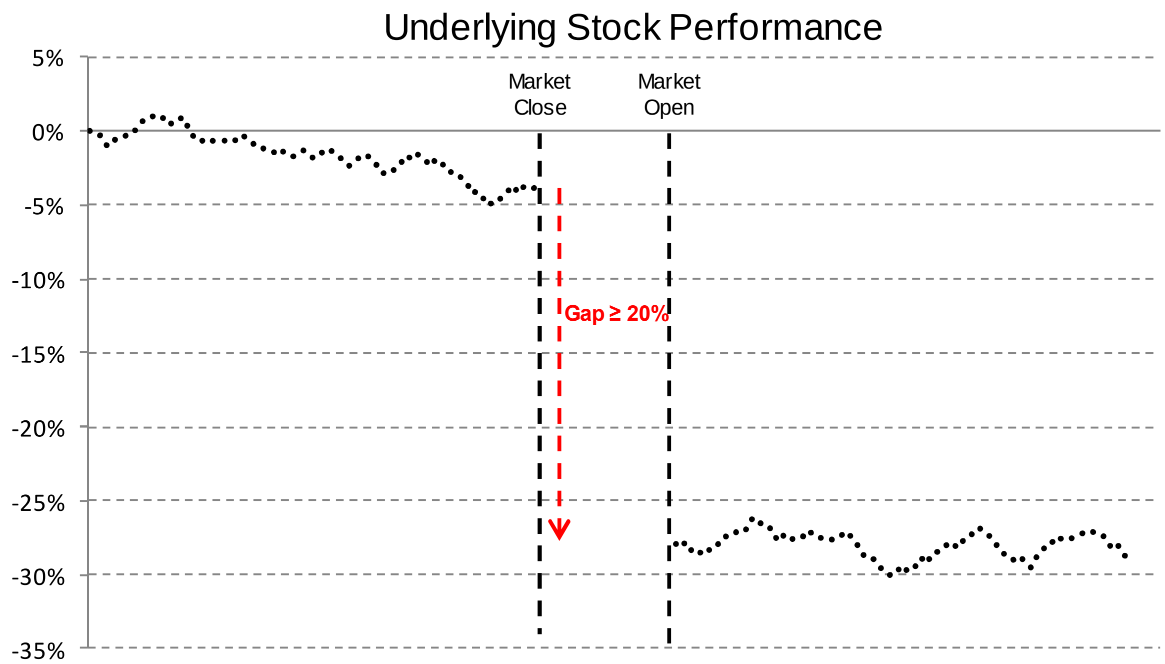


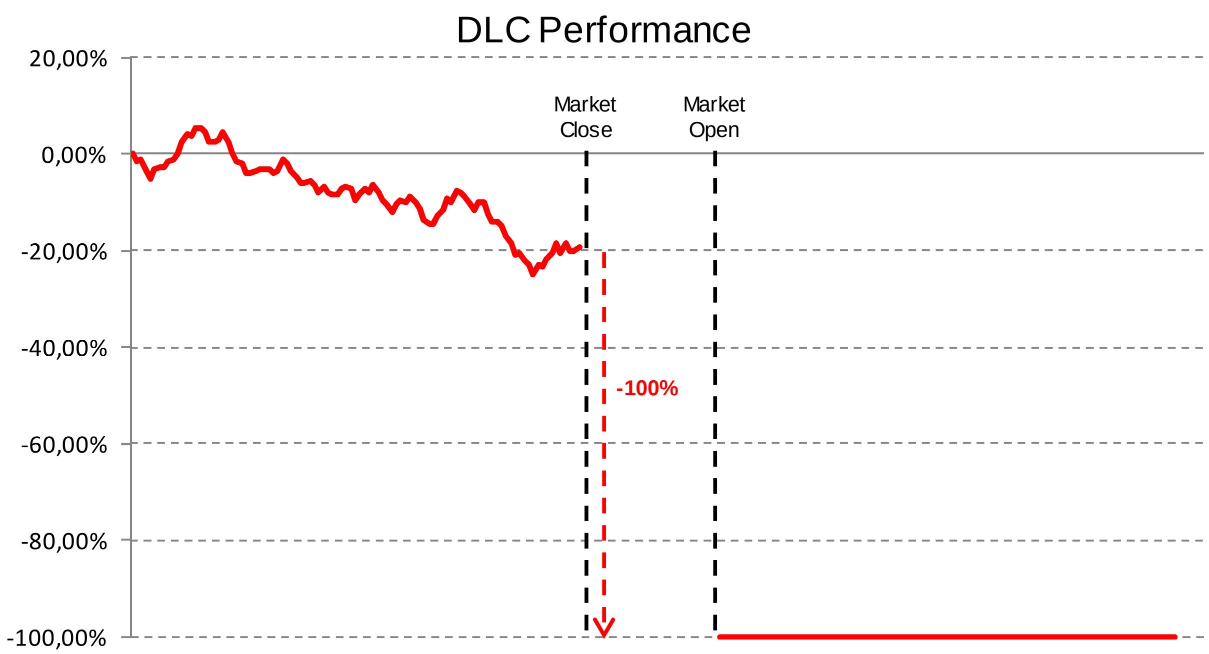
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

Scenario 1 – Overnight fall of the Underlying Stock

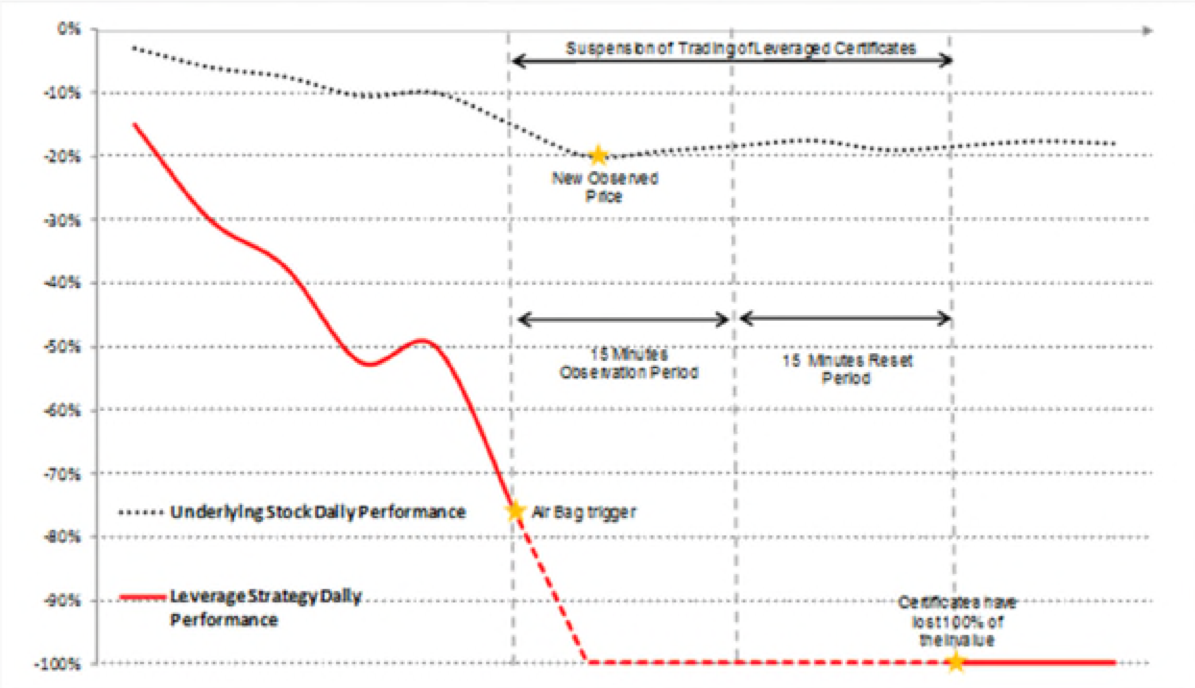
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens the following day, and the Certificates would lose their entire value in such event.





Scenario 2 – Sharp intraday fall of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more compared to the previous closing price of the Underlying Stock or the previous observed price in case of an air bag previously on the same day within the 15 minute Observation Period. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{\mathrm{S}_{\mathrm{t-1}}}\right] \times \frac{1}{1+M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$\mathrm{DivExc_t}$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$\mathrm{S_{t-1}}$ = \$100

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0)}{100}\right] \times \frac{1}{1+1} = 50\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{51}{100 \times 50\%} - 1\right) = 10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.4	0.44	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $42.5, which is 15% below $50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

S_{t-1} = $100

S_t = $202

$\mathrm{Div}_t = \$0$

$\mathrm{DivExc}_t = \$0$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0)}{100}\right] \times \frac{1}{1+(-0.5)} = 200\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{202}{100 \times 200\%} - 1\right) = 5\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.4	0.42	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $170, which is 15% below $200, the Underlying Stock Reference Price.

3. <u>Rights Issues</u>

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of $40.

S_{t-1} = $100

S_t = $84

$\mathrm{Div}_t = \$0$

$\mathrm{DivExc}_t = \$0$

R = $40 (i.e. subscription price of $40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100}\right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \mathrm{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.4	0.5	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

S_{t-1} = $100

S_t = $85

$Div_t = \$0$

$DivExc_t = \$0$

R = $0

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100}\right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{t-1,t} = Leverage \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = 10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.4	0.44	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $70.83, which is 15% below $83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of $20 (net of taxes) paid in respect of each stock.

S_{t-1} = $100

S_t = $84

$Div_t = \$0$

$DivExc_t = \$20$

R = $0

M = 0

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100}\right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{t-1,t}} = \text{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

$\mathrm{S_{t-1}}$	$\mathrm{S_{t-1}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.4	0.5	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of the SGX-ST at http://www.sgx.com. The Issuer has not independently verified any of such information.

Singapore Airlines Limited ("**Singapore Airlines**" or the "**Company**") was incorporated as a public company with limited liability and a wholly-owned subsidiary of Temasek Holdings (Private) Limited on 28 January 1972.

Its history began in 1947 when a twin-engined Airspeed Consul under the Malayan Airways Ltd's insignia started scheduled services between Singapore, Kuala Lumpur, Ipoh and Penang. Malayan Airways Ltd grew steadily and by 1955, international services were added to its operations.

With the formation of the Federation of Malaysia in 1963, the airline was renamed Malaysian Airways Ltd. In 1966 the governments of Malaysia and Singapore acquired joint control of the airline, which was then renamed Malaysia-Singapore Airlines Ltd ("**MSA**"). In 1971, MSA was restructured into 2 entities: Singapore Airlines and Malaysia Airline System.

Singapore Airlines, a full member of the global Star Alliance, is one of the world's premium airlines, with the distinction of operating a young and modern fleet. The Singapore Airlines route network extends across 105 destinations in 37 countries, including those served by its subsidiaries, Singapore Airlines Cargo and SilkAir. The Singapore Airlines Group has over 20 subsidiaries, covering a range of airline-related services, from cargo to engine overhaul. Its subsidiaries also include SIA Engineering Company, Scoot, Tiger Airways, Singapore Flying College and Tradewinds Tours and Travel.

Principal activities of the Group consist of air transportation, engineering services and other airline related activities.

The information set out in the Appendix to this document relates to the audited consolidated financial statements of the Company and its subsidiaries as at and for the year ended 31 March 2019 and has been extracted and reproduced from an announcement by the Company dated 28 June 2019 in relation to the same. Further information relating to the Company may be located on the web-site of the SGX-ST at http://www.sgx.com.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

(a)	Maximum bid and offer spread	:	10 ticks or S$0.20 whichever is greater
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST), the DMM will not provide the bid price. In such an instance, the DMM will provide the offer price only;

(iii) where the Certificates are suspended from trading for any reason;

(iv) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;

(v) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

(vi) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;

(vii) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;

(viii) if the stock market experiences exceptional price movement and volatility;

(ix) when it is a public holiday in Singapore and/or the SGX-ST is not open for dealings; and

(x) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 99 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.

2. Settlement of trades done on a normal "ready basis" on the SGX-ST generally take place on the third Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed "Summary of the Issue" above.

3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2018 or the Guarantor since 31 March 2019, in the context of the issuance of Certificates hereunder.

5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:

   (a) the Guarantee;

   (b) the Master Instrument; and

   (c) the Master Warrant Agent Agreement.

   None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written agreement to the inclusion of the report, included herein, in the form and context in which it is included. Their report was not prepared exclusively for incorporation into this document.

   The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

(a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;

(b) the latest financial reports (including the notes thereto) of the Issuer;

(c) the latest financial reports (including the notes thereto) of the Guarantor;

(d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 6 above;

(e) the Base Listing Document;

(f) this document; and

(g) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, 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 Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that Ordinance.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates 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 Certificates which are the subject of the offering as contemplated by the this document to any retail investor in the European Economic Area. 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 2016/97/EU (as amended, 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; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, the Prospectus Directive); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates.

United Kingdom

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that:

(a) in respect to Certificates 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 Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of Financial Services and Markets Act, as amended (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

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

United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**") and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (ii) it is not purchasing any Certificates for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term "**United States**" includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term "**U.S. person**" means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") or any rules thereunder of the CFTC, guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a "Non-United States person" defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not "Non-United States persons", shall be considered a U.S. person).

APPENDIX

REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019 OF SINGAPORE AIRLINES LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited consolidated financial statements of the Company and its subsidiaries as at and for the year ended 31 March 2019 and has been extracted and reproduced from an announcement by the Company dated 28 June 2019 in relation to the same.

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for opinion

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

Key audit matters

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

Accuracy of passenger revenue

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

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

Findings

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

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

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

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

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

Findings

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

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

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

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

Findings

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

INDEPENDENT AUDITORS' REPORT

To the members of Singapore Airlines Limited

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

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

The key audit matter	How the matter was addressed in our audit
The Group must adopt IFRS 16 *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	The Group 31 March 2018	The Group 1 April 2017	The Company 31 March 2019	The Company 31 March 2018	The Company 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			
		Increase/(Decrease)		
	FRS framework	IFRS 1	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.

<u>IFRS 16 Leases</u>

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

Foreign currency transactions

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

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

2 Summary of Significant Accounting Policies (continued)

(g) Foreign currencies (continued)

Foreign currency transactions (continued)

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

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

Foreign operations

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

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

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

(h) Property, plant and equipment

(i) Recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(h) Property, plant and equipment (continued)

(ii) Depreciation of property, plant and equipment

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

Freehold land, advance and progress payments are not depreciated.

The estimated useful lives and residual values are as follows:

Property, plant and equipment type	Useful lives	Residual values
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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

b) FVOCI: A non-equity financial asset can be measured at FVOCI only if it meets both of the following conditions:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) FVTPL: All other financial assets are classified as measured at FVTPL. Financial assets that are held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

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

Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice;

- How the performance of the portfolio is evaluated and reported to the Group's Management;

- The risks that affect the performance of the business model and how those risks are managed;

- How managers of the portfolio are compensated; and

- The frequency, volume and timing of disposals in prior periods, the reasons for such disposals and its expectations about future activity.

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

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

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

Reclassifications

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

Financial liabilities

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

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(iii) Derecognition

Financial assets

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

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

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

Financial liabilities

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

(iv) Offsetting

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

(v) Impairment

Expected credit loss

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(v) Impairment (continued)

Credit-impaired financial assets

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

(vi) Derivative financial instruments and hedge accounting

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

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

Designation of hedges

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

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

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

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

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

2 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

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

Designation of hedges (continued)

Cash flow hedges

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

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

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

Fair value hedges

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

(l) Impairment of non-financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(m) Loans, notes payable and borrowings

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

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

(n) Trade and other creditors

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

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

(o) Provisions

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

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

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

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

(p) Share capital and share issuance expenses

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

(q) Treasury shares

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

2 Summary of Significant Accounting Policies (continued)

(r) Taxation

(i) Current income tax

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

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

(ii) Deferred tax

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

Deferred tax assets and liabilities are not recognised for:

- Temporary differences on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- Temporary differences associated with investments in subsidiary, associated and joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that they will not reverse in the foreseeable future.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(s) Revenue

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

(i) Passenger and cargo

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

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

(ii) Repair and maintenance of aircraft

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

(iii) KrisFlyer

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

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

(iv) Contract costs

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

(v) Others

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

(t) Income from investments

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

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

2 Summary of Significant Accounting Policies (continued)

(u) Employee benefits

(i) Equity compensation plans

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

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

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

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

(ii) Defined benefit plans

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

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

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

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

(iii) Defined contribution plans

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

(iv) Short term employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

2 Summary of Significant Accounting Policies (continued)

(v) Aircraft maintenance and overhaul costs

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

(w) Borrowing costs

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

(x) Segment reporting

(i) Business segment

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

(ii) Geographical segment

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

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

3 Significant Accounting Estimates and Critical Judgements

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

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

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

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

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

3 Significant Accounting Estimates and Critical Judgements (continued)

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

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

(c) Passenger revenue recognition

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

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

(d) Frequent flyer programme

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

3 Significant Accounting Estimates and Critical Judgements (continued)

(f) Provision for lease return costs

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

4 Segment Information (in $ million)

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

(i) The Singapore Airlines segment provides passenger and cargo air transportation under the Singapore Airlines brand with a focus on full-service passenger segment serving short and long haul markets.

(ii) The SilkAir segment provides passenger air transportation under the SilkAir brand with a focus on full-service passenger segment serving regional markets.

(iii) The Budget Aviation segment provides passenger air transportation under the Scoot brand with a focus on the low-cost passenger segment.

(iv) SIAEC segment is in the business of providing airframe maintenance and overhaul services, line maintenance, technical ground handling services and fleet management. It also manufactures aircraft cabin equipment, refurbishes aircraft galleys, provides technical and non-technical handling services and repair and overhaul of hydro-mechanical aircraft equipment.

Other services provided by the Group, such as the training of pilots, air charters and tour wholesaling, have been aggregated under the segment “Others”. None of these segments meets any of the quantitative thresholds for determining reportable segments in FY2018/19 or FY2017/18.

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

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

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

4 Segment Information (in $ million) (continued)

Business segments

The Group's business is organised and managed separately according to the nature of the services provided. The following table presents revenue and profit information regarding business segments for the financial years ended 31 March 2019 and 2018 and certain assets and liabilities information of the business segments as at those dates.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

4 Segment Information (in $ million) (continued)

Business segments (continued)

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

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

4 Segment Information (in $ million) (continued)

Business segments (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

4 Segment Information (in $ million) (continued)

Business segments (continued)

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

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

4 Segment Information (in $ million) (continued)

Geographical segments

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

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

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

5 Staff Costs (in $ million)

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

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

Share-based compensation arrangements

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

(a) Share option plans (equity-settled)

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

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

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

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

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices of, and movements in, the ESOP during the financial year:

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

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

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

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

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

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

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

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

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

Plans	Vesting Conditions	Performance conditions^	Payout
RSP/RSP 2014	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.*

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

5 Staff Costs (in $ million) (continued)

Share-based compensation arrangements (continued)

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

Movement of share awards during the financial year

	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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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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For The Financial Year Ended 31 March 2019

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

Loans

	Currency	Nominal interest rate	Year of maturity	31 March 2019	31 March 2018	1 April 2017
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.

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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		1 April
			2019	2018	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.

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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 2019	2018	1 April 2017
Fuel Accessory Service Technologies Pte Ltd(1)++^	Repair and overhaul of engine fuel components and accessories	Singapore	**38.1**	38.1	38.0
Moog Aircraft Services Asia Pte. Ltd.(1)#	Repair and overhaul services for flight control systems	Singapore	**38.1**	38.1	–
PT Jas Aero-Engineering Services(1)+++(f)	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	**38.1**	38.1	38.0
Southern Airports Aircraft Maintenance Services Company Limited(1)+++(b)	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	**38.1**	38.1	38.0
Component Aerospace Singapore Pte. Ltd.(1)++^	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	**36.1**	36.1	36.0
JAMCO Aero Design & Engineering Private Limited(1)(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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

23 Associated Companies (in $ million) (continued)

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

(1) *Held by SIA Engineering Company*
(2) *Held by Scoot Tigerair Pte. Ltd.*
* *Audited by KPMG LLP, Singapore*
** *Audited by member firms of KPMG International*
^ *Audited by PricewaterhouseCoopers LLP, Singapore*
^^ *Audited by member firms of PricewaterhouseCoopers*
(a) *Audited by Deloitte & Touche, Singapore*
(b) *Audited by member firms of Deloitte & Touche*
(c) *Audited by Ernst & Young LLP, Singapore*
(d) *Audited by RSM Chio Lim, Singapore*
(e) *Audited by BDO Limited, Hong Kong*
(f) *Audited by RSM AAJ, Indonesia*
(g) *Audited by Mazars LLP, Singapore*
(h) *Audited by Wong, Lee & Associates LLP*
(i) *Audited by Grant 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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

26 Other Long-Term Assets (in $ million)

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

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

27 Inventories (in $ million)

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

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

28 Trade Debtors (in $ million)

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

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

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

28 Trade Debtors (in $ million) (continued)

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

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

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

	The Group			The Company		
	31 March		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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For The Financial Year Ended 31 March 2019

29 Deposits and Other Debtors (in $ million)

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

30 Investments (in $ million)

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

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

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

31 Cash and Bank Balances (in $ million)

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

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

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 1.96% to 3.05% (FY2017/18: 1.30% to 2.65%) per annum. Short-term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate for short-term deposits is 2.28% (FY2017/18: 1.65%) per annum.

32 Trade and Other Creditors (in $ million)

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

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

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

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

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

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

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

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

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For The Financial Year Ended 31 March 2019

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

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

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

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

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

35 Capital and Other Commitments (in $ million)

(a) Capital expenditure commitments

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

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

(b) Operating lease commitments

As lessee

Aircraft

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

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

SilkAir has two A319-100s, eight A320-200s, and nine B737-800s under operating leases with fixed rental rates. The original lease terms for the two A319-100s range from 11.2 to 11.5 years, and SilkAir holds options to extend the leases for up to a maximum of three years. The original lease terms for the eight A320-200s range from 6.6 to 11.8 years and SilkAir holds options to extend the leases for one to five years. The original lease terms for the nine B737-800s range from 9.8 to 10.5 years, and SilkAir holds options to extend the leases for up to a maximum of four years. Sub-leasing is allowed under all the lease arrangements.

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

(b) Operating lease commitments (continued)

As lessee (continued)

Aircraft (continued)

Budget Aviation Holdings ("BAH") Group has 24 A320-200s and two A319s under operating leases. The original lease terms on the aircraft are for 12 years. Sub-leasing is allowed under all the lease arrangements, subject to certain terms and conditions stated in the agreements.

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

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

Engines

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

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

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

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

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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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For The Financial Year Ended 31 March 2019

36 Contingent Liabilities (in $ million) (continued)

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

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

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

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

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

(b) Passengers: Civil Class Actions

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

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

(c) Guarantee to a Joint Venture Company

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

37 Financial Instruments (in $ million)

Classification and fair values of financial instruments

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

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

37 Financial Instruments (in $ million) (continued)

Classification and fair values of financial instruments (continued)

31 March 2019 The Group	Carrying amount 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.

<u>Determination of fair value</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

37 Financial Instruments (in $ million) (continued)

Master netting or similar agreements

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

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

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

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

	Effects of offsetting in the statements of financial position			Related amounts not offset	
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)

	Effects of offsetting in the statements of financial position			Related amounts not offset	
The Company	**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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

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

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

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

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

	The Group 31 March		The Company 31 March	
	2019	**2018**	**2019**	**2018**
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.

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

(e) Liquidity risk (continued)

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

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

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

(e) Liquidity risk (continued)

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

(f) Credit risk

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

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

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

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

Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA Clearing House. Receivables and payables are generally netted and settled at weekly intervals, which lead to a clear reduction in the risk of default.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2019

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

(f) Credit risk (continued)

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

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

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

	The Group				The Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Counterparty profiles								
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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For The Financial Year Ended 31 March 2019

40 Capital Management (in $ million) (continued)

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

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

41 Related Party Transactions (in $ million)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key Management Personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the Directors, Chief Executive Officer and Executive Vice Presidents of the Company to be Key Management Personnel of the Company.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions were carried out in the normal course of business during the financial year:

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

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

Key Management Personnel remuneration of the Group

	The Group	
	FY2018/19	**FY2017/18**
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.*

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