

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021**

**CONTENTS**

<b>A. CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT</b>	<b>1</b>
<b>B. CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME</b>	<b>2</b>
<b>C. CONDENSED INTERIM BALANCE SHEETS</b>	<b>3</b>
<b>D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY</b>	<b>4</b>
<b>E. CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT</b>	<b>9</b>
<b>F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS</b>	<b>11</b>
<b>G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2</b>	<b>27</b>

**A. CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT  
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021 (in thousands of \$)**

		The Group	
	Notes	<b>1<sup>st</sup> Half 2021/22</b>	<b>1<sup>st</sup> Half 2020/21</b>
<b>REVENUE</b>	4	263,531	222,969
<b>EXPENDITURE</b>			
Staff costs	5	127,199	105,474
Material costs		38,681	30,074
Depreciation		30,217	36,309
Amortisation of intangible assets		1,651	1,741
Company accommodation		7,753	5,952
Subcontract costs		25,146	23,956
Other operating expenses		39,562	46,625
		270,209	250,131
<b>OPERATING LOSS</b>	6	<b>(6,678)</b>	<b>(27,162)</b>
Interest income		987	2,739
Finance charges		(1,275)	(1,585)
Loss on disposal of property, plant and equipment and intangible assets		(213)	(5,256)
Impairment of non-financial assets		–	(35,000)
Impairment of an associated company		–	(206)
Share of profits of associated companies, net of tax		21,473	13,569
Share of profits of a joint venture company, net of tax		5,367	14,863
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>19,661</b>	<b>(38,038)</b>
Taxation		5,324	10,868
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD</b>		<b>24,985</b>	<b>(27,170)</b>
<b>PROFIT/(LOSS) ATTRIBUTABLE TO: OWNERS OF THE PARENT</b>		<b>25,028</b>	<b>(18,957)</b>
Non-controlling interests		(43)	(8,213)
		<b>24,985</b>	<b>(27,170)</b>
<b>BASIC EARNINGS/(LOSS) PER SHARE (CENTS)</b>	7	2.23	(1.69)
<b>DILUTED EARNINGS/(LOSS) PER SHARE (CENTS)</b>	7	2.22	(1.69)

The accompanying explanatory notes form an integral part of the condensed interim financial statements.

**B. CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021 (in thousands of \$)**

	The Group	
	1 <sup>st</sup> Half 2021/22	1 <sup>st</sup> Half 2020/21
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD</b>	<b>24,985</b>	<b>(27,170)</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		
<u>Item that will not be reclassified to profit or loss:</u>		
Actuarial gain on remeasurement of defined benefit plan	(2)	9
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation of foreign operations	8,297	(27,858)
Net fair value adjustment on cash flow hedges	307	(1,317)
Share of other comprehensive income of associated/joint venture companies	(652)	7,047
	7,952	(22,128)
Other comprehensive income, net of tax	7,950	(22,119)
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>	<b>32,935</b>	<b>(49,289)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: OWNERS OF THE PARENT</b>		
Non-controlling interests	32,870	(40,273)
	65	(9,016)
	<b>32,935</b>	<b>(49,289)</b>

The accompanying explanatory notes form an integral part of the condensed interim financial statements.

**C. CONDENSED INTERIM BALANCE SHEETS AS AT 30 SEPTEMBER 2021 (in thousands of \$)**

	Notes	The Group		The Company	
		30 Sep 2021	31 Mar 2021	30 Sep 2021	31 Mar 2021
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>					
Share capital	9	420,044	420,044	420,044	420,044
Treasury shares	10	(5,776)	(9,769)	(5,776)	(9,769)
Capital reserve		1,505	2,772	1,505	2,772
Share-based compensation reserve		3,497	4,783	3,497	4,783
Foreign currency translation reserve		(15,517)	(23,809)	-	-
Fair value reserve	11	(2,748)	(2,300)	976	669
Equity transaction reserve		(2,173)	(2,173)	-	-
General reserve		1,169,171	1,144,145	792,499	786,180
		<b>1,568,003</b>	<b>1,533,693</b>	<b>1,212,745</b>	<b>1,204,679</b>
<b>NON-CONTROLLING INTERESTS</b>		<b>10,267</b>	<b>10,593</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>1,578,270</b>	<b>1,544,286</b>	<b>1,212,745</b>	<b>1,204,679</b>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities		534	1,209	-	1,362
Long-term lease liabilities		66,807	52,433	60,518	45,835
Long-term bank loan	14	2,817	2,785	-	-
		<b>70,158</b>	<b>56,427</b>	<b>60,518</b>	<b>47,197</b>
		<b>1,648,428</b>	<b>1,600,713</b>	<b>1,273,263</b>	<b>1,251,876</b>
Represented by:					
<b>PROPERTY, PLANT AND EQUIPMENT</b>	12	161,334	170,132	123,699	131,794
<b>RIGHT-OF-USE ASSETS</b>		75,231	71,317	68,803	64,124
<b>INTANGIBLE ASSETS</b>		32,222	31,680	10,079	9,052
<b>SUBSIDIARY COMPANIES</b>		-	-	129,391	126,670
<b>ASSOCIATED COMPANIES</b>		451,606	431,769	190,567	190,567
<b>JOINT VENTURE COMPANY</b>		176,952	170,220	61,867	61,867
<b>DEFERRED TAX ASSETS</b>	13	5,471	-	4,388	-
<b>PREPAYMENTS AND OTHER DEBTORS</b>		5,362	8,697	-	-
<b>CURRENT ASSETS</b>					
Trade debtors		32,253	34,817	23,762	26,222
Contract assets		100,620	101,572	95,038	93,667
Prepayments and other debtors		35,891	41,958	27,028	33,404
Amounts owing by immediate holding company		17,720	68,568	17,506	68,395
Amounts owing by related parties		20,338	18,936	30,428	28,446
Inventories		33,345	35,112	22,182	24,016
Short-term deposits		616,555	521,497	603,099	508,166
Cash and bank balances		69,086	94,467	32,594	66,465
		<b>925,808</b>	<b>916,927</b>	<b>851,637</b>	<b>848,781</b>
Assets held for sale	12	8,789	9,026	8,789	9,026
		<b>934,597</b>	<b>925,953</b>	<b>860,426</b>	<b>857,807</b>
Less:					
<b>CURRENT LIABILITIES</b>					
Trade and other creditors		159,480	156,586	137,771	137,472
Contract liabilities		10,199	11,305	9,895	11,089
Lease liabilities		11,898	21,731	10,952	20,411
Amounts owing to related parties		4,008	2,795	13,126	12,679
Bank loans	14	3,946	7,130	-	-
Tax payable		4,816	9,508	4,213	8,354
		<b>194,347</b>	<b>209,055</b>	<b>175,957</b>	<b>190,005</b>
<b>NET CURRENT ASSETS</b>		<b>740,250</b>	<b>716,898</b>	<b>684,469</b>	<b>667,802</b>
		<b>1,648,428</b>	<b>1,600,713</b>	<b>1,273,263</b>	<b>1,251,876</b>

The accompanying explanatory notes form an integral part of the condensed interim financial statements.

**D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021 (in thousands of \$)**

The Group	Notes	Attributable to Owners of the Parent									Non-controlling interests	Total Equity
		Share Capital	Treasury shares	Capital reserve	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total		
<b>Balance at 1 April 2021</b>		<b>420,044</b>	<b>(9,769)</b>	<b>2,772</b>	<b>4,783</b>	<b>(23,809)</b>	<b>(2,300)</b>	<b>(2,173)</b>	<b>1,144,145</b>	<b>1,533,693</b>	<b>10,593</b>	<b>1,544,286</b>
Profit for the period		-	-	-	-	-	-	-	25,028	25,028	(43)	24,985
Actuarial loss on remeasurement of defined benefit plan		-	-	-	-	-	-	-	(2)	(2)	-	(2)
Foreign currency translation		-	-	-	-	8,189	-	-	-	8,189	108	8,297
Net fair value adjustment on cash flow hedges		-	-	-	-	-	307	-	-	307	-	307
Share of other comprehensive income of associated/joint venture companies		-	-	-	-	103	(755)	-	-	(652)	-	(652)
Other comprehensive income, net of tax		-	-	-	-	8,292	(448)	-	(2)	7,842	108	7,950
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,292</b>	<b>(448)</b>	<b>-</b>	<b>25,026</b>	<b>32,870</b>	<b>65</b>	<b>32,935</b>
Share-based compensation expense		-	-	-	1,440	-	-	-	-	1,440	-	1,440
Share awards released		-	2,726	-	(2,726)	-	-	-	-	-	-	-
Treasury shares reissued pursuant to equity compensation plans	10	-	1,267	(1,267)	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	(391)	(391)
<b>Total contributions by and distributions to owners</b>		<b>-</b>	<b>3,993</b>	<b>(1,267)</b>	<b>(1,286)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,440</b>	<b>(391)</b>	<b>1,049</b>
<b>Balance at 30 September 2021</b>		<b>420,044</b>	<b>(5,776)</b>	<b>1,505</b>	<b>3,497</b>	<b>(15,517)</b>	<b>(2,748)</b>	<b>(2,173)</b>	<b>1,169,171</b>	<b>1,568,003</b>	<b>10,267</b>	<b>1,578,270</b>

The accompanying explanatory notes form an integral part of the condensed interim financial statements.

**D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (continued)**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020 (in thousands of \$)**

The Group	Notes	Attributable to Owners of the Parent									Non-controlling interests	Total Equity
		Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total		
<b>Balance at 1 April 2020</b>		<b>420,044</b>	<b>(13,689)</b>	<b>2,828</b>	<b>5,445</b>	<b>15,964</b>	<b>(8,682)</b>	<b>(4,525)</b>	<b>1,211,431</b>	<b>1,628,816</b>	<b>32,191</b>	<b>1,661,007</b>
Loss for the period		-	-	-	-	-	-	-	(18,957)	(18,957)	(8,213)	(27,170)
Actuarial gain on remeasurement of defined benefit plan		-	-	-	-	-	-	-	6	6	3	9
Foreign currency translation		-	-	-	-	(27,052)	-	-	-	(27,052)	(806)	(27,858)
Net fair value adjustment on cash flow hedges		-	-	-	-	-	(1,317)	-	-	(1,317)	-	(1,317)
Share of other comprehensive income of associated/joint venture companies		-	-	-	-	154	6,893	-	-	7,047	-	7,047
Other comprehensive income, net of tax		-	-	-	-	(26,898)	5,576	-	6	(21,316)	(803)	(22,119)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,898)</b>	<b>5,576</b>	<b>-</b>	<b>(18,951)</b>	<b>(40,273)</b>	<b>(9,016)</b>	<b>(49,289)</b>
Share-based compensation expense		-	-	-	1,578	-	-	-	-	1,578	-	1,578
Share awards released		-	3,864	-	(3,864)	-	-	-	-	-	-	-
Treasury shares reissued pursuant to equity compensation plans	10	-	56	(56)	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	(56,070)	(56,070)	(340)	(56,410)
<b>Total contributions by and distributions to owners</b>		<b>-</b>	<b>3,920</b>	<b>(56)</b>	<b>(2,286)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(56,070)</b>	<b>(54,492)</b>	<b>(340)</b>	<b>(54,832)</b>

The accompanying explanatory notes form an integral part of the condensed interim financial statements.

**D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (continued)**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020 (in thousands of \$)**

	Notes	Attributable to Owners of the Parent									Non-controlling interests	
		Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total	interests	Total Equity
Acquisition of non-controlling interests without change in control		-	-	-	-	-	-	3,946	-	3,946	3,442	7,388
<b>Changes in ownership interests in a subsidiary company</b>		-	-	-	-	-	-	<b>3,946</b>	-	<b>3,946</b>	<b>3,442</b>	<b>7,388</b>
<b>Balance at 30 September 2020</b>		<b>420,044</b>	<b>(9,769)</b>	<b>2,772</b>	<b>3,159</b>	<b>(10,934)</b>	<b>(3,106)</b>	<b>(579)</b>	<b>1,136,410</b>	<b>1,537,997</b>	<b>26,277</b>	<b>1,564,274</b>

The accompanying explanatory notes form an integral part of the condensed interim financial statements.

**D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (Continued)**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021 (in thousands of \$)**

<b>The Company</b>	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
<b>Balance at 1 April 2021</b>		<b>420,044</b>	<b>(9,769)</b>	<b>2,772</b>	<b>4,783</b>	<b>669</b>	<b>786,180</b>	<b>1,204,679</b>
Profit for the period		-	-	-	-	-	6,319	6,319
Other comprehensive income for the period, net of tax:								
Net fair value adjustment on cash flow hedges		-	-	-	-	307	-	307
<b>Total comprehensive income for the period</b>		-	-	-	-	<b>307</b>	<b>6,319</b>	<b>6,626</b>
Share-based compensation expense		-	-	-	1,440	-	-	1,440
Share awards released		-	2,726	-	(2,726)	-	-	-
Treasury shares reissued pursuant to equity compensation plans	10	-	1,267	(1,267)	-	-	-	-
<b>Total contributions by and distributions to owners</b>		-	<b>3,993</b>	<b>(1,267)</b>	<b>(1,286)</b>	-	-	<b>1,440</b>
<b>Balance at 30 September 2021</b>		<b>420,044</b>	<b>(5,776)</b>	<b>1,505</b>	<b>3,497</b>	<b>976</b>	<b>792,499</b>	<b>1,212,745</b>

The accompanying explanatory notes form an integral part of the condensed interim financial statements.



**D. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (continued)**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020 (in thousands of \$)**

<b>The Company</b>	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
<b>Balance at 1 April 2020</b>		<b>420,044</b>	<b>(13,689)</b>	<b>2,828</b>	<b>5,445</b>	<b>3,402</b>	<b>894,470</b>	<b>1,312,500</b>
Loss for the period		-	-	-	-	-	(37,186)	(37,186)
Other comprehensive income for the period, net of tax:								
Net fair value adjustment on cash flow hedges		-	-	-	-	(1,317)	-	(1,317)
<b>Total comprehensive income for the period</b>		-	-	-	-	<b>(1,317)</b>	<b>(37,186)</b>	<b>(38,503)</b>
Share-based compensation expense		-	-	-	1,578	-	-	1,578
Share awards released		-	3,864	-	(3,864)	-	-	-
Treasury shares reissued pursuant to equity compensation plans	10	-	56	(56)	-	-	-	-
Dividends		-	-	-	-	-	(56,070)	(56,070)
<b>Total contributions by and distributions to owners</b>		-	<b>3,920</b>	<b>(56)</b>	<b>(2,286)</b>	-	<b>(56,070)</b>	<b>(54,492)</b>
<b>Balance at 30 September 2020</b>		<b>420,044</b>	<b>(9,769)</b>	<b>2,772</b>	<b>3,159</b>	<b>2,085</b>	<b>801,214</b>	<b>1,219,505</b>

The accompanying explanatory notes form an integral part of the condensed interim financial statements.

**E. CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021 (in thousands of \$)**

	<b>1<sup>st</sup> Half 2021/22</b>	<b>1<sup>st</sup> Half 2020/21</b>
Profit/(Loss) before taxation	19,661	(38,038)
Adjustments for:		
Depreciation	30,217	36,309
Amortisation of intangible assets	1,651	1,741
Impairment loss allowance for trade receivables, contract assets and amounts owing by related parties	243	5,257
Share-based compensation expense	1,440	1,596
Unrealised exchange differences	(1,052)	2,947
Interest income	(987)	(2,739)
Finance charges	1,275	1,585
Loss on disposal of property, plant and equipment and intangible assets	213	5,256
Impairment of non-financial assets	-	35,000
Impairment of an associated company	-	206
Share of profits of associated and joint venture companies, net of tax	(26,840)	(28,432)
<b>Operating profit before working capital changes</b>	<b>25,821</b>	<b>20,688</b>
Decrease/(Increase) in debtors	12,949	(15,434)
Decrease in contract assets	740	117,431
Decrease/(Increase) in inventories	1,767	(163)
Increase/(Decrease) in creditors	3,975	(2,386)
Decrease in contract liabilities	(1,107)	(3,198)
Decrease/(Increase) in amounts owing by immediate holding company	50,827	(72,286)
(Increase)/Decrease in amounts owing by related parties, net	(859)	17,638
<b>Cash generated from operations</b>	<b>94,113</b>	<b>62,290</b>
Income taxes paid	(5,514)	(556)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>88,599</b>	<b>61,734</b>

The accompanying explanatory notes form an integral part of the condensed interim financial statements.

**E. CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (continued)**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021 (in thousands of \$)**

	Notes	<b>1<sup>st</sup> Half 2021/22</b>	<b>1<sup>st</sup> Half 2020/21</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure	12	(7,011)	(10,025)
Purchase of intangible assets		(2,145)	(1,644)
Proceeds from disposal of property, plant and equipment and intangible assets		392	462
Dividends received from associated companies		6,801	4,610
Dividends received from a joint venture company		-	2,900
Interest received from deposits		1,005	4,604
<b>NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES</b>		<b>(958)</b>	<b>907</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid		-	(56,070)
Dividends paid by subsidiary companies to non-controlling interests		(391)	(340)
Acquisition of non-controlling interests without change in control		-	7,388
Finance charges paid		(52)	(148)
Repayment of borrowings		(3,217)	-
Repayment of lease liabilities		(14,684)	(16,678)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(18,344)</b>	<b>(65,848)</b>
<b>NET CASH INFLOW/(OUTFLOW)</b>		<b>69,297</b>	<b>(3,207)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>		<b>615,964</b>	<b>519,622</b>
Effect of exchange rate changes		380	(1,484)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>		<b>685,641</b>	<b>514,931</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
Short-term deposits		616,555	462,468
Cash and bank balances		69,086	52,463
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>		<b>685,641</b>	<b>514,931</b>

The accompanying explanatory notes form an integral part of the condensed interim financial statements.

## **F. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

### **1. GENERAL**

SIA Engineering Company Limited (the "Company") is a limited liability company incorporated in the Republic of Singapore which is also the place of domicile. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company is a subsidiary company of Singapore Airlines Limited and its ultimate holding company is Temasek Holdings (Private) Limited, both incorporated in the Republic of Singapore.

The registered office of the Company is at 31 Airline Road, Singapore 819831.

The financial statements of the Group as at 30 September 2021 and for the half year then ended 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 Company are the provision of airframe maintenance, component overhaul services and fleet management programme, the provision of line maintenance and technical ground handling services and investment holdings. The principal activities of the subsidiary companies are disclosed in Note 19 to the audited financial statements for the year ended 31 March 2021. There have been no significant changes in the nature of these activities during the financial period.

### **2. BASIS OF PREPARATION**

The condensed interim financial statements for the half year ended 30 September 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) 34 Interim Financial Reporting (SFRS(I) 1-34) and International Accounting Standard 34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore and IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 March 2021 ("last annual financial statements"). They do not include all of the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The Group has applied the same accounting policies and methods of computation in the preparation of the interim financial statements for the current reporting period as the last audited financial statements except for the adoption of SFRS(I) and International Financial Reporting Standards ("IFRS") that are mandatory for financial year beginning on or after 1 April 2021. The adoption of these SFRS(I) and IFRS have no significant impact on the financial statements.

The condensed interim financial statements are presented in Singapore Dollars ("SGD"), which is the Company's functional currency and all financial information presented in SGD have been rounded to the nearest thousand (\$'000), unless otherwise stated.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements as at and for the year ended 31 March 2021: -

- i) Measurement of trade receivables, contract assets and amounts owing by related parties;
- ii) Depreciation of plant, equipment and engine overhaul tooling, and aircraft rotatable spares;
- iii) Income taxes;
- iv) Measurement of contract assets;
- v) Measurement of right-of-use assets and related lease liabilities; and
- vi) Measurement of recoverable amounts of non-financial assets, when impairment indicators exist.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

### 4. REVENUE (in thousands of \$)

	The Group	
	<b>1<sup>st</sup> Half 2021/22</b>	<b>1<sup>st</sup> Half 2020/21</b>
Airframe and line maintenance		
Airframe overhaul and line maintenance	224,592	186,484
Fleet management programme	24,603	30,064
	249,195	216,548
Engine and component	14,336	6,421
	<b>263,531</b>	<b>222,969</b>

**4. REVENUE (in thousands of \$) (continued)**

**(a) Disaggregation of revenue from contracts with customers**

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major service line and timing of revenue recognition.

	<b>Airframe overhaul and line maintenance</b>		<b>Fleet management programme</b>		<b>Engine and component</b>		<b>Total</b>	
	<b>1<sup>st</sup> Half 2021/22</b>	<b>1<sup>st</sup> Half 2020/21</b>	<b>1<sup>st</sup> Half 2021/22</b>	<b>1<sup>st</sup> Half 2020/21</b>	<b>1<sup>st</sup> Half 2021/22</b>	<b>1<sup>st</sup> Half 2020/21</b>	<b>1<sup>st</sup> Half 2021/22</b>	<b>1<sup>st</sup> Half 2020/21</b>
<b>Primary geographical markets</b>								
East Asia	184,259	150,752	24,090	29,046	7,362	2,146	215,711	181,944
Europe	18,628	21,588	52	799	740	388	19,420	22,775
South West Pacific	1,311	1,091	22	33	588	103	1,921	1,227
Americas	7,788	3,748	146	-	5,550	3,581	13,484	7,329
West Asia and Africa	12,606	9,305	293	186	96	203	12,995	9,694
	<b>224,592</b>	<b>186,484</b>	<b>24,603</b>	<b>30,064</b>	<b>14,336</b>	<b>6,421</b>	<b>263,531</b>	<b>222,969</b>
<b>Major service line</b>								
Services rendered	224,592	186,484	24,603	30,064	14,336	6,421	263,531	222,969
	<b>224,592</b>	<b>186,484</b>	<b>24,603</b>	<b>30,064</b>	<b>14,336</b>	<b>6,421</b>	<b>263,531</b>	<b>222,969</b>
<b>Timing of revenue recognition</b>								
Transferred over time	224,592	186,484	24,603	30,064	14,336	6,421	263,531	222,969
	<b>224,592</b>	<b>186,484</b>	<b>24,603</b>	<b>30,064</b>	<b>14,336</b>	<b>6,421</b>	<b>263,531</b>	<b>222,969</b>

**(b) Seasonality of operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

**5. STAFF COSTS (in thousands of \$)**

During the half year ended 30 September 2021, staff costs were offset by the following items:

- (a) \$50,587,000 (30 September 2020: \$75,855,000) of government grants, namely the Jobs Support Scheme (JSS) implemented by the Singapore Government, measured at 30% to 75% of the qualifying wages recorded by group entities; and
- (b) \$4,650,000 (30 September 2020: \$4,397,000) of wage subsidy under the Payroll Support Program and Employee Retention Credit scheme announced by the United States of America ("USA") Government to support business that were significantly affected by COVID-19. Such scheme was extended to a subsidiary incorporated in USA.

**6. OPERATING LOSS (in thousands of \$)**

Operating loss for the period is arrived at after charging/(crediting):

	The Group	
	<b>1<sup>st</sup> Half 2021/22</b>	<b>1<sup>st</sup> Half 2020/21</b>
Impairment loss allowance for trade receivables, contract assets and amounts owing by related parties	243	5,257
Net exchange (gain)/loss	(771)	4,074
Provision for obsolete stocks, net	1,000	1,187
	1,000	1,187

**7. EARNINGS/(LOSS) PER SHARE**

	The Group	
	<b>1<sup>st</sup> Half 2021/22</b>	<b>1<sup>st</sup> Half 2020/21</b>
Profit/(Loss) attributable to owners of the parent (in thousands of \$)	25,028	(18,957)
Weighted average number of ordinary shares in issue used for computing basic earnings/(loss) per share*	1,121,957,103	1,120,858,085
Adjustment for dilutive potential ordinary shares	4,039,223	-
Weighted average number of ordinary shares in issue used for computing diluted earnings/(loss) per share	1,125,996,326	1,120,858,085
Basic earnings/(loss) per share (cents)	2.23	(1.69)
Diluted earnings/(loss) per share (cents)	2.22	(1.69)

\* The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

**7. EARNINGS/(LOSS) PER SHARE (continued)**

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the effects of dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: performance shares, restricted shares and deferred shares.

As at 30 September 2020, the potential ordinary shares from the Company's share-based incentive plans were excluded from the diluted weighted average number of ordinary shares calculation as the conversion to ordinary shares would decrease loss per share. As such, the effect was considered anti-dilutive.

**8. NET ASSET VALUE**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 Sep 21</b>	<b>As at 31 Mar 21</b>	<b>As at 30 Sep 21</b>	<b>As at 31 Mar 21</b>
Net asset value per ordinary share* (cents)	139.7	136.8	108.0	107.4

\* Excluding treasury shares

**9. SHARE CAPITAL (in thousands of \$)**

	<b>The Group and Company</b>			
	<b>30 September 2021</b>	<b>31 March 2021</b>		<b>2020</b>
	<b>Number of shares</b>	<b>Amount</b>	<b>Number of shares</b>	
Issued and fully paid	1,124,116,360	420,044	1,124,116,360	420,044

There was no movement in the issued and paid-up capital of the Company since 31 March 2021.

As at 30 September 2021, the Company has an issued share capital of 1,122,511,619 ordinary shares (30 September 2020: 1,121,402,586) excluding 1,604,741 ordinary shares (30 September 2020: 2,713,774) held by the Company as treasury shares.

The Company has no subsidiary holdings as at 30 September 2021 and 31 March 2021.



**9. SHARE CAPITAL (in thousands of \$) (continued)**

**Restricted Share Plan and Performance Share Plan**

- (i) Management staff are entitled to the Restricted Share Plan ("RSP"). In addition, senior management staff are entitled to participate in the Performance Share Plan ("PSP"). Both plans were first approved by the shareholders of the Company on 25 July 2005 and expired on 24 July 2015. On 21 July 2014, the shareholders of the Company approved the RSP 2014 and PSP 2014, which replaced the RSP and PSP respectively.
- (ii) Depending on the achievement of pre-determined targets over a stipulated period for the RSP and PSP, the final number of restricted shares and performance shares awarded could range between 0% and 150% of the initial grant of the restricted shares and between 0% and 200% of the initial grant of the performance shares.
- (iii) As at 30 September 2021, the number of outstanding shares granted under the Company's RSP and PSP were 2,413,382 (30 September 2020: 2,293,639) and 1,049,000 (30 September 2020: 870,900) respectively. The movement of these share awards during the half year from 1 April 2021 to 30 September 2021 is as follows:

**RSP**

Number of Restricted shares					
Date of grant	Balance at 1.4.2021/ date of grant	Adjustments*	Cancelled	Released	Balance at 30.9.2021
06.07.2018	283,002	–	–	(283,002)	–
05.07.2019	563,677	–	(3,200)	(295,360)	265,117
07.07.2020	1,436,880	(43,608)	(62,903)	(472,822)	857,547
04.01.2021	7,900	–	–	–	7,900
06.07.2021	1,282,818	–	–	–	1,282,818
<b>Total</b>	<b>3,574,277</b>	<b>(43,608)</b>	<b>(66,103)</b>	<b>(1,051,184)</b>	<b>2,413,382</b>

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

**PSP**

Number of Performance shares					
Date of grant	Balance at 1.4.2021/ date of grant	Adjustments*	Cancelled	Released	Balance at 30.9.2021
06.07.2018	175,300	(117,451)	–	(57,849)	–
05.07.2019	273,400	–	–	–	273,400
07.07.2020	422,200	–	–	–	422,200
04.01.2021	7,100	–	–	–	7,100
06.07.2021	346,300	–	–	–	346,300
<b>Total</b>	<b>1,224,300</b>	<b>(117,451)</b>	<b>–</b>	<b>(57,849)</b>	<b>1,049,000</b>

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

**9. SHARE CAPITAL (in thousands of \$) (continued)**

**Deferred Share Award ("DSA")**

Grants of Deferred Share Award ("DSA") of fully paid ordinary shares are granted to senior management staff. At the end of a 3-year vesting period, an additional final award will be vested equal to the Base Award multiplied by the accumulated dividend yield. The details of the DSA are as follows:

Date of grant	Number of Deferred shares				Balance at 30.9.2021
	Balance at 1.4.2021/ date of grant	Adjustments*	Cancelled	Released	
05.07.2019	173,278	–	–	–	173,278
07.07.2020	155,616	–	–	–	155,616
06.07.2021	247,947	–	–	–	247,947
<b>Total</b>	<b>576,841</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>576,841</b>

**10. TREASURY SHARES (in thousands of \$)**

	The Group and Company	
	<b>30 Sep 2021</b>	<b>31 Mar 2021</b>
Balance at 1 April	(9,769)	(13,689)
Treasury shares reissued pursuant to equity compensation plans:		
- RSP/PSP awarded	2,726	3,864
- Loss on reissuance of treasury shares	1,267	56
	<u>3,993</u>	<u>3,920</u>
Balance at 30 September and 31 March	<u>(5,776)</u>	<u>(9,769)</u>

During the period from 1 April 2021 to 30 September 2021, the Company did not purchase any treasury shares (1 April 2020 to 30 September 2020: nil). The Company transferred 1,109,033 treasury shares to employees on vesting of share-based incentive plans (1 April 2020 to 30 September 2020: 1,089,003 on vesting of share-based incentive plans).

**11. OTHER RESERVES (in thousands of \$)**

Fair value reserve records the cumulative fair value changes of financial asset measured at fair value through other comprehensive income ("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 is determined to be an effective hedge.

	The Group	
	30 Sep 2021	31 Mar 2021
Balance at 1 April	(2,300)	(8,682)
Net gain/(loss) on fair value adjustment	499	(2,461)
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	(192)	314
Recognised in "other operating expenses" in profit or loss on occurrence of hedging ineffectiveness	–	(586)
Share of other comprehensive income of a joint venture company	(755)	9,115
Balance at 30 September and 31 March	(2,748)	(2,300)

	The Company	
	30 Sep 2021	31 Mar 2021
Balance at 1 April	669	3,402
Net gain/(loss) on fair value adjustment	499	(2,461)
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	(192)	314
Recognised in "other operating expenses" in profit or loss on occurrence of hedging ineffectiveness	–	(586)
Balance at 30 September and 31 March	976	669

**12. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 September 2021, the Group acquired property, plant and equipment with a cost of \$7,011,000 (six months ended 30 September 2020: \$10,025,000).

Assets held for sale

As at 30 September 2021, the remaining assets held for sale continue to be actively marketed. The Group has attributed the additional time required to complete the sale of these rotables to COVID-19 pandemic. During the six months ended 30 September 2021, the Group disposed of assets held for sale amounting to \$237,000.

The fair value of rotables fall under level 3 of fair value hierarchy.

**13. DEFERRED TAX ASSETS**

Deferred income tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable. The deferred tax assets of \$5,471,000 recognised during the financial period (31 March 2021: \$14,162,000 recognised against deferred tax liabilities) came from tax losses that arose from business impacts from the COVID-19 pandemic. With expectation of a gradual recovery in flight operations, Management has forecast certain group entities to be generating future taxable profits in the foreseeable future to utilise some of these carryforward tax losses.

**14. BANK LOANS (in thousands of \$)**

	The Group and Company	
	30 Sep 2021	31 Mar 2021
<u>Amount repayable within one year or on demand</u>		
Current portion of unsecured long-term bank loan	3,266	2,314
Unsecured revolving credit facilities	680	4,816
	3,946	7,130
 <u>Amount repayable after one year</u>		
Unsecured long term bank loan	2,817	2,785

Details of any collateral

Excluded in the borrowings above are lease liabilities of \$78,705,000 (31 March 2021: \$74,164,000) which are secured over the right-of-use assets.

**15. CAPITAL EXPENDITURE COMMITMENTS (in thousands of \$)**

The Group and the Company have commitments for capital expenditure, with an aggregate value of approximately \$27,520,000 (31 March 2021: \$34,688,000) for the Group and \$26,487,000 (31 March 2021: \$32,645,000) for the Company.

In addition, the Group's share of a joint venture company's commitments for capital expenditure is approximately \$4,504,000 (31 March 2021: \$4,909,000).

The Group and the Company will review the need and timing of these commitments to conserve cash where prudent to ride through the strong headwind of COVID-19 pandemic.

**16. FINANCIAL INSTRUMENTS (in thousands of \$)**

**Fair values**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**16. FINANCIAL INSTRUMENTS (in thousands of \$) (continued)**

**Financial instruments carried at fair value**

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	The Group and Company <b>30 September 2021</b>			<b>Total</b>
	<b>Quoted prices in active markets for identical instruments (Level 1)</b>	<b>Significant other observable inputs, other than quoted price (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>	
<b>Recurring fair value measurements</b>				
<u>Financial liability</u>				
Currency hedging contracts	–	(512)	–	(512)
Contingent consideration	–	–	(955)	(955)
	–	(512)	(955)	(1,467)

	The Group and Company <b>31 March 2021</b>			<b>Total</b>
	<b>Quoted prices in active markets for identical instruments (Level 1)</b>	<b>Significant other observable inputs, other than quoted price (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>	
<b>Recurring fair value measurements</b>				
<u>Financial Asset</u>				
Currency hedging contracts	–	42	–	42
<u>Financial liability</u>				
Contingent consideration	–	–	(956)	(956)
	–	42	(956)	(914)

**16. FINANCIAL INSTRUMENTS (in thousands of \$) (continued)**

**Fair values (continued)**

Level 2 fair value measurements

The Group and Company have carried all derivative instruments at their fair values.

The fair value of forward currency contracts is determined by reference to current forward exchange rates for contracts with similar maturity profiles.

**Financial instruments whose carrying amounts are reasonable approximation of fair value**

The carrying amounts of the following financial assets and financial liabilities are reasonable approximations of their fair values due to their short-term nature: cash and bank balances, short-term deposits, amounts owing by/to related parties, immediate holding company, loans, contract assets and liabilities, trade and other debtors and creditors.

The carrying amount of the long-term loan is reasonable approximations of fair value as the loans are floating rate loans that re-price to market interest rate quarterly.

Level 3 fair value measurements

The fair value of the contingent consideration is determined by reference to specific debts provisioning and insurance claims settled post acquisition.

**17. SEGMENT INFORMATION (in thousands of \$)**

The Group's businesses are organised and managed separately according to the nature of the services provided. The following tables present revenue and profit information regarding operating segments for the half years ended 30 September 2021 and 30 September 2020 and certain assets information of the operating segments as at those dates.

**17. SEGMENT INFORMATION (in thousands of \$) (continued)**

Operating Segments

	<b><u>1<sup>st</sup> Half 2021/22</u></b>				
	Airframe and line Notes maintenance	Engine and component	Total segments	Elimination and adjustments	Per consolidated financial statements
<b>SEGMENT REVENUE</b>					
External revenue					
Company and subsidiaries	249,195	14,336	263,531	–	263,531
Associated companies (a)	33,499	1,123,163	1,156,662	(1,156,662)	–
Joint venture company (a)	–	1,213,079	1,213,079	(1,213,079)	–
Inter-segment revenue (b)	–	24	24	(24)	–
	<u>282,694</u>	<u>2,350,602</u>	<u>2,633,296</u>	<u>(2,369,765)</u>	<u>263,531</u>
Segment results					
Company and subsidiaries	(1,778)	(4,900)	(6,678)	–	(6,678)
Associated companies (a)	(10,759)	69,865	59,106	(59,106)	–
Joint venture company (a)	–	5,286	5,286	(5,286)	–
	<u>(12,537)</u>	<u>70,251</u>	<u>57,714</u>	<u>(64,392)</u>	<u>(6,678)</u>
Interest income					987
Share of profits of associated companies, net of tax				21,473	21,473
Share of profits of joint venture company, net of tax				5,367	5,367
Other unallocated amounts					<u>(1,488)</u>
Profit before taxation (c)					19,661
Taxation					<u>5,324</u>
Profit for the financial period					<u><u>24,985</u></u>
<u>Other segment items</u>					
Depreciation	28,816	1,401	30,217	–	30,217
Amortisation of intangible assets	901	750	1,651	–	1,651
<u>Segment assets as at 30 September 2021</u>					
Property, plant and equipment	153,253	8,081	161,334	–	161,334
Right-of-use assets	67,221	8,010	75,231	–	75,231
Intangible assets	10,210	22,012	32,222	–	32,222
Investment in associated/joint venture companies	27,106	601,452	628,558	–	628,558
Prepayments and other debtors	–	5,362	5,362	–	5,362
Other unallocated assets (d)					940,068
Total assets	<u>257,790</u>	<u>644,917</u>	<u>902,707</u>	<u>–</u>	<u>1,842,775</u>

**17. SEGMENT INFORMATION (in thousands of \$) (continued)**

Operating Segments

	<b><u>1<sup>st</sup> Half 2020/21</u></b>				Per
	Airframe and line Notes maintenance	Engine and component	Total segments	Elimination and adjustments	consolidated financial statements
<b>SEGMENT REVENUE</b>					
External revenue					
Company and subsidiaries	216,548	6,421	222,969	–	222,969
Associated companies (a)	24,758	958,252	983,010	(983,010)	–
Joint venture company (a)	–	987,972	987,972	(987,972)	–
Inter-segment revenue (b)	–	576	576	(576)	–
	<u>241,306</u>	<u>1,953,221</u>	<u>2,194,527</u>	<u>(1,971,558)</u>	<u>222,969</u>
Segment results					
Company and subsidiaries	(25,072)	(2,090)	(27,162)	–	(27,162)
Associated companies (a)	(7,574)	57,375	49,801	(49,801)	–
Joint venture company (a)	–	35,181	35,181	(35,181)	–
	<u>(32,646)</u>	<u>90,466</u>	<u>57,820</u>	<u>(84,982)</u>	<u>(27,162)</u>
Interest income					2,739
Impairment of non-financial assets					(35,000)
Impairment of an associated company					(206)
Share of profits of associated companies, net of tax				13,569	13,569
Share of profits of joint venture company, net of tax				14,863	14,863
Other unallocated amounts					<u>(6,841)</u>
Loss before taxation (c)					<u>(38,038)</u>
Taxation					<u>10,868</u>
Loss for the financial period					<u>(27,170)</u>
<u>Other segment items</u>					
Depreciation	35,717	592	36,309	–	36,309
Amortisation of intangible assets	876	865	1,741	–	1,741
<u>Segment assets as at 31 March 2021</u>					
Property, plant and equipment	164,499	5,633	170,132	–	170,132
Right-of-use assets	70,165	1,152	71,317	–	71,317
Intangible assets	9,227	22,453	31,680	–	31,680
Investment in associated/joint venture companies	32,560	569,429	601,989	–	601,989
Prepayments and other debtors	–	8,697	8,697	–	8,697
Other unallocated assets (d)					<u>925,953</u>
Total assets	<u>276,451</u>	<u>607,364</u>	<u>883,815</u>	<u>–</u>	<u>1,809,768</u>



**17. SEGMENT INFORMATION (in thousands of \$) (continued)**

**Notes:**

- (a) Full information of the associated and joint venture companies (total revenue, total profit or loss) are reported in Operating Segments Revenue and Results, but eliminated to reconcile to the Group consolidated results with these equity-accounted investees included under the equity method.
- (b) Inter-segment revenues are eliminated on consolidation.
- (c) The following items are deducted from segment results to arrive at "profit before taxation" presented in the consolidated income statement:

	<b>1<sup>st</sup> Half 2021/22</b>	<b>1<sup>st</sup> Half 2020/21</b>
Finance charges	(1,275)	(1,585)
Loss on disposal of property, plant and equipment and intangible assets	(213)	(5,256)
	(1,488)	(6,841)

- (d) The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	<b>30 Sep 2021</b>	<b>31 Mar 2021</b>
Current assets	934,597	925,953

Geographical segments

Revenue\* and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Revenue*		Non-current assets	
	<b>1<sup>st</sup> Half 2021/22</b>	<b>1<sup>st</sup> Half 2020/21</b>	<b>30 Sep 2021</b>	<b>31 Mar 2021</b>
East Asia	215,711	181,944	879,281	851,393
Europe	19,420	22,775	–	–
South West Pacific	1,921	1,227	–	–
Americas	13,484	7,329	28,897	32,422
West Asia and Africa	12,995	9,694	–	–
Total	263,531	222,969	908,178	883,815

**17. SEGMENT INFORMATION (in thousands of \$) (continued)**

For the period ended 30 September 2021, revenue of approximately \$194,186,000 (30 September 2020: \$159,856,000) was from customers located in Singapore. The remaining revenue from customers in other countries were individually insignificant.

As at 30 September 2021, non-current assets of approximately \$832,551,000 (31 March 2021: \$802,970,000) were located in Singapore. The remaining non-current assets located in other countries were individually insignificant.

Non-current assets information presented above consists of property, plant and equipment, right-of-use assets, intangible assets, investments in associated and joint venture companies and prepayments and other debtors as presented in the consolidated balance sheet.

Major customers

Revenue from one major customer amounted to approximately \$154,266,000 (30 September 2020: \$152,702,000), arising from services provided by airframe and line maintenance segment.

**18. RELATED PARTY TRANSACTIONS (in thousands of \$)**

**Sale and purchase of goods and services**

	The Group	
	1 <sup>st</sup> Half 2021/22	1 <sup>st</sup> Half 2020/21
<u>Income</u>		
Sales of services and related materials to:		
- the immediate holding company and related corporations	180,215	149,358
- associated companies	8,846	9,598
- a joint venture company	1,359	1,735
<u>Expense</u>		
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases		
	4,775	5,066
Rental of hangars, workshops and office space charged by the immediate holding company		
	8,958	7,880
Purchases of materials from the immediate holding company and fellow subsidiaries		
	25,087	24,598
Purchases of goods from:		
- associated companies	4,029	5,623
- a joint venture company	750	266
- others	8,797	7,168

Compensation of key management personnel

There were no changes to key management personnel and the compensation scheme in the first half of FY2021/22.

**19. SUBSEQUENT EVENTS**

- a) On 6 October 2021, the Company announced that it entered into an agreement with PAS TECHNOLOGIES B.V. ("PAS") for the sale of SIAEC's entire 39.2% shareholding in Asian Surface Technologies Pte Ltd ("AST") to PAS. The cash consideration for the sale of SIAEC's 39.2% stake in AST to PAS is approximately \$3,746,000 and the estimated gain on divestment is \$2,680,000. Completion of the sale has taken place and AST has ceased to be an associated company of SIAEC in October 2021.
- b) On 29 October 2021, the Company announced that it established a S\$1,000,000,000 euro medium term note programme ("Programme"). DBS Bank Ltd. has been appointed as the arranger and dealer of the Programme. The Company may, subject to compliance with all relevant laws, regulations and directives, from time to time, issue multi currency notes under the Programme. The proceeds raised from issuance of notes under the Programme will be used for general corporate purposes, including but not limited to refinancing of existing borrowings and financing of investments, acquisitions, general working capital and/or capital expenditure.

**G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**

- 1. Whether the figures have been audited or reviewed and in accordance with which standard (e.g. The Singapore standard on auditing 910 (engagements to review financial statements), or an equivalent standard).**

The figures have not been audited nor reviewed by the auditors.

- 2. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 3. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**GROUP EARNINGS**

First Half FY2021-22

The Group recorded a revenue of \$263.5 million for the first half of the financial year ended 30 September 2021, an increase of \$40.5 million (+18.2%) year-on-year. The increase was largely driven by higher flight activities. Group expenditure at \$270.2 million was \$20.0 million (+8.0%) higher year-on-year mainly due to lower government wage support and the phased rollback of manpower management measures as flight activities increased and in preparation for further recovery. Consequently, the Group incurred a lower operating loss of \$6.7 million as compared to the operating loss of \$27.2 million in the same period last year.

Share of profits of associated and joint venture companies at \$26.8 million, consists of \$32.3 million profit contribution from the engine and component segment offset by a \$5.5 million loss from the airframe and line maintenance segment. Share of profits was \$1.6 million (-5.6%) lower year-on-year. Contributions from the engine and component segment declined \$5.6 million (-14.8%) while the airframe and line maintenance segment recorded an improvement of \$4.0 million (+42.1%).

The Group net profit for the first half ended 30 September 2021 was \$25.0 million, an improvement of \$44.0 million over the loss of \$19.0 million recorded in the same period last year. Included in last year's poorer performance was an impairment provision of \$35.0 million on Base Maintenance unit's assets.

Government wage support recognised during the period was lower than the same period last year as wage support has been progressively stepped down. Nonetheless, it continued to significantly mitigate the costs of retaining staff. Without this support, the Group would have recorded a loss of \$39.5 million.

Basic earnings per share was 2.23 cents for the current period.

**G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (continued)**

**GROUP EARNINGS (continued)**

Second Quarter FY2021-22

The Group incurred an operating loss of \$3.8 million in the second quarter, an improvement of \$14.8 million year-on-year as revenue increased 32.2% to \$138.2 million, while expenditure increased at a lower rate of 15.4% to \$142.0 million. The increase in revenue was largely driven by higher number of flights handled. Expenditure increased mainly due to lower grants from government wage support and the progressive rollback of manpower measures.

Share of profits of associated and joint venture companies was \$12.0 million, a reduction of \$2.7 million (-18.4%) year-on-year. Contributions from the engine and component segment was \$4.5 million lower (-24.3%) at \$14.0 million, while the airframe and line maintenance segment turned in a lower loss of \$2.0 million, an improvement of \$1.8 million (+47.4%) year-on-year.

The Group recorded a net profit of \$10.5 million for the quarter ended 30 September 2021, an improvement of \$40.2 million year-on-year.

Basic earnings per share for the second quarter was 0.94 cents.

**GROUP FINANCIAL POSITION**

As at 30 September 2021, equity attributable to owners of the parent was \$1,568.0 million, an increase of \$34.4 million (+2.2%) from 31 March 2021, mainly due to profits earned for the period.

Total assets stood at \$1,842.7 million as of 30 September 2021, an increase of \$32.9 million (1.8%) from 31 March 2021. The Group's cash balance was \$685.7 million.

Net asset value per share as at 30 September 2021 was 139.7 cents.

**4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast was previously provided.

**G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (continued)**

**5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

**BUSINESS UPDATE**

Against the low base last year, the number of flights handled by our Line Maintenance unit in Singapore in the first half of the financial year FY2021-22 increased 84%. However, this volume represents only 25% of pre-pandemic workload. The pace of recovery remained slow, as the increase in flights were mainly from the base carriers at Changi Airport. In the six months up to September 2021, flight recovery was only 4.1 percentage points. For our overseas Line Maintenance stations, which were supported by faster recovery in domestic travel, the rate of increase in the number of flights handled was higher than our Singapore base.

At Base Maintenance, the number of aircraft maintenance checks performed during the first half was higher year-on-year. However, many of these checks were of lighter work content. Work volume for the fleet management business, which is largely driven by flight activities, remained low due to low flight hours and retirement of customers' older aircraft. As overhaul cycles are partly time-based, demand recovery for engine and component repair was slightly higher than the recovery in flight activities.

With the progressive step-down in government wage support, cost management remains a high priority. Measures taken earlier to mitigate manpower surpluses and manage manpower cost were rolled back in phases with the uptick in flight activities and in preparation for further flight recovery. The compulsory no-pay-leave for non-managerial staff and pay cuts for managerial staff was lifted in September 2021. Pay cuts for the Senior Management team were maintained, albeit reduced by 10 percentage points, as operating performance remains loss-making. We are grateful to our Unions and all our staff for their unwavering support, commitment and resilience.

To provide a conducive and safe working environment for continuing business and operations, we strictly enforce government guidelines to proactively detect and manage positive cases and have added regular disinfection on top of our regular cleaning and protection of work areas with antimicrobial coating. 97% of the company workforce is fully vaccinated.

Good progress in the implementation of Phase 2 Transformation initiatives has resulted in productivity gains. We will be able to enjoy further benefits of these initiatives when business volume fully recovers. We officially launched our Lean Academy in September 2021, which will facilitate the ramp up of Lean training for our staff and the enterprise-wide adoption of Lean methodology to optimise operational and business support processes. Coupled with the progressive roll-out of digital solutions and the development of new technology-enabled products and services, we are seeing improvements in efficiency, customer satisfaction and staff experience.

**G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (continued)**

**OUTLOOK**

While high vaccination levels achieved in major developed markets have enabled the easing of travel restrictions, there remain uncertainties for a sustained global recovery. The risks of new variants, spikes in infection rates or tightening of restrictions are reminders of the uncertain and uneven impact of the pandemic on the trajectory, timeline and levels of recovery in air travel across the world.

We are encouraged by the Singapore government's strategy to stimulate air travel with the expansion of bilateral agreements for quarantine-free travel for fully vaccinated travellers. While we are ensuring our readiness to scale up at the appropriate levels to meet the changing demands for MRO services, the performance going forward will be dependent on the revenue recovery outpacing the tapering off of government wage support and our gradual and prudent reinstatement of manpower management measures. We will continue to exercise financial discipline in managing our cost.

Alongside efforts to develop new businesses and reshape our portfolio of joint ventures, we are pressing ahead with the various pillars of our Phase 2 Transformation programme to enhance our efficiency and create value for our customers. We will continue in our pursuit to emerge stronger through investments in new capabilities, technologies and services to expand our market growth and reach.

**6. Dividend**

The Group's financial performance for the half year would have been loss-making had it not been for the government wage support. Flight recovery had been slow and gradual, and its outlook remains uncertain. In view of these, the Company will not be declaring any interim dividend.

**7. A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company has no subsidiary holdings as at 30 September 2021 and 30 September 2020. There were no sales, transfers, cancellation and/or use of subsidiary holdings for the period 1 April 2021 to 30 September 2021.

**G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (continued)**

**8. Interested Person Transactions (in thousands of \$)**

The aggregate value of all interested person transactions ("IPTs") entered into during the half year ended 30 September 2021 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPTs (excluding all mandated transactions pursuant to Rule 920 of the SGX Listing Manual and transactions less than \$100,000)	Aggregate value of all IPTs conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
<b>Singapore Airlines Group</b>			
Singapore Airlines Limited	Controlling shareholder of SIAEC	–	274,184*
Scot TigerAir Pte Ltd		–	750
SilkAir (Singapore) Pte Ltd	Wholly-owned subsidiaries of SIAEC's controlling shareholder	–	396
Singapore Aviation and General Insurance Company (Pte) Ltd		–	629
SATS Airport Services Pte Ltd	Associate of Temasek Holdings (Private) Limited ("Temasek")	–	368
<b>Total</b>		<b>–</b>	<b>276,327</b>

\* Includes principal, interest and service fees, in respect of treasury transactions with SIA.

Notes:

1. All the transactions set out in the above are based on records from the Company's Register of Interested Person Transactions for the financial period under review, and include transactions whose durations exceed the financial period under review and/or multiple transactions with the same interested person. The transactions were based on actual or estimated values of the transactions for the entire duration of the relevant transactions in the case of fixed term contracts or annual/periodic values of the transactions in the case of open-ended contracts, taking into account agreed rates.
2. All the above interested person transactions were done on normal commercial terms.



- G. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2 (continued)**
- 9. Confirmation That The Issuer Has Procured Undertakings From All Its Directors And Executive Officers (In The Format Set Out In Appendix 7.7) Under Rule 720(1)**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (namely, its Chief Executive Officer, Executive Vice-President and Chief Financial Officer) in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Lu Ling Ling  
Company Secretary  
5 November 2021

Singapore Co. Regn. No.: 198201025C

**CONFIRMATION BY THE BOARD**

We, Tang Kin Fei and Ng Chin Hwee, being two directors of SIA Engineering Company Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited interim financial results for the half year ended 30 September 2021 to be false or misleading in any material respect.

On behalf of the Board,



TANG KIN FEI  
Chairman



NG CHIN HWEE  
Chief Executive Officer

5 November 2021