SIA ENGINEERING
COMPANY

ANNUAL REPORT 2013/14

CONTENTS

LISTED ON THE MAINBOARD OF THE SINGAPORE EXCHANGE IN 2000, SIA ENGINEERING COMPANY IS ONE OF THE WORLD'S LEADING MAINTENANCE, REPAIR AND OVERHAUL (MRO) ORGANISATIONS.

ITS ONE-STOP MAINTENANCE FACILITY IN SINGAPORE OFFERS WORLD-CLASS MRO SERVICES TO A CLIENT BASE OF MORE THAN 100 INTERNATIONAL AIRLINES AND AEROSPACE EQUIPMENT MANUFACTURERS.

COMPLEMENTING ITS FULL SPECTRUM OF MRO SERVICES IS ITS GROWING PORTFOLIO OF 26 JOINT VENTURES IN 9 COUNTRIES, FORGED WITH STRATEGIC PARTNERS AND LEADING ORIGINAL EQUIPMENT MANUFACTURERS.

THE COMPANY HOLDS CERTIFICATIONS FROM 26 NATIONAL AIRWORTHINESS AUTHORITIES WORLDWIDE.

FY2013/14

AT A GLANCE

IN 2013, SIAEC WAS **THE FIRST** IN THE WORLD TO CONDUCT THE **6-YEARLY CHECK** OF THE AIRBUS A380.

IN 2014, SIAEC IS SUPPORTING THE ENTRY-INTO-SERVICE OF THE **NEW-GENERATION B737NG** AND **787 DREAMLINER**.

REVENUE

$1,178.2 MILLION

NET PROFIT

$265.7 MILLION

DIVIDENDS PER SHARE

25 CENTS

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

Last year was yet another challenging year for the aviation industry, precipitated by economic uncertainties worldwide. Despite a difficult environment, the Group's performance for the financial year ended 31 March 2014 was stable.

In the year under review, net profit for the Group was $265.7 million, while revenue grew 2.7% to $1,178.2 million. Our collaborations with leading original equipment manufacturers (OEMs) and strategic partners continued to support the Group's performance. Contributions from associated and joint venture companies rose 8.3%, to a record $162.6 million, accounting for 61% of the Group's pre-tax profit.

While competition in the maintenance, repair and overhaul (MRO) sector is intense, the SIAEC Group has a resilient business model. The strategy of partnering leading airlines and OEMs has served the Group well.

GROWING CAPABILITIES

We are focused on upgrading our capabilities to support the fleet modernisation of the SIA Group airlines. In November 2013, SIAEC was the first in the world to perform the 6-yearly check, the most intensive of maintenance checks, on the iconic Airbus A380. Our staff worked hard to achieve this feat.

In February 2014, a $350 million contract was signed with SilkAir to support its new fleet of B737NG. The Group is also gearing up for the launch of Scoot's 787 Dreamliner in November 2014 and SIA's Airbus A350 in 2015. Our ability to support the entry-into-service of new fleets leverages on the combined strength of our workforce, years of airline engineering experience gained from supporting the SIA Group airlines, and a comprehensive network of OEM joint ventures.

Our line maintenance business continued to expand its global reach with the addition of 6 new stations - a network spanning 34 airports in 7 countries, namely Australia, Hong Kong, Indonesia, Philippines, USA, Vietnam and Singapore. Today, our line stations network handles 900 flights daily round the clock. We continue to grow the fleet management business. With a customer base of 12 airlines and managing a fleet of 170 aircraft, SIAEC is firmly established as one of the world's largest fleet management service providers.

The Asia-Pacific is poised to drive global aviation growth in the coming decade. We are expanding our facilities in the region with the addition of a third hangar at Clark International Airport, Philippines, where we have had a heavy maintenance base since 2008. When completed later this year, the new hangar will be capable of accommodating wide-body aircraft, including the B777, B747 and A330. We will continue to review our facility expansion plans and stand ready to tap the growing regional MRO market.

CARING FOR THE COMMUNITY

As a responsible corporate citizen, we are committed to doing our part for the community. During the year, our staff volunteered for various CSR programmes, bearing the theme 'Enabling People, Improving Lives". These programmes aim to help the less privileged escape the poverty cycle and gain access to better health, education and living conditions.

With the enthusiastic response from our staff to the inaugural trip to Vietnam last year to build houses for the poor, we doubled the number of staff participants this year, with teams visiting Vietnam and Batam to build homes. For the Company's flagship charity event "Run for Food 2013", a record 1,800 staff participated and raised a total of $80,760. SIAEC also donated $50,000 to the Philippine Red Cross in aid of the victims of Typhoon Haiyan.

CHAIRMAN'S STATEMENT

"The strategy of partnering leading airlines and OEMs has served the Group well."

DIVIDENDS

The Board of Directors is recommending a final ordinary dividend of 13 cents per share and a special dividend of 5 cents per share. Together with the interim dividend of 7 cents per share paid at mid-year, the total payout for FY2013/2014 will be 25 cents per share. This is an increase of 3 cents per share compared to the preceding year.

APPRECIATION

In closing, I would like to express my sincere appreciation to shareholders for their confidence and trust in the Group, and to our valued customers and business partners for their invaluable support. I am especially thankful to our staff and unions for supporting the various initiatives spearheaded by management on quality, productivity and safety.

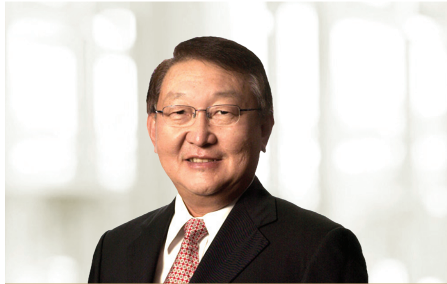
To my fellow Directors, my earnest gratitude for your guidance and contributions to the Group. As part of the Board renewal process, our long-serving Directors, Mr Paul Chan Kwai Wah and Mr Lim Joo Boon, who joined the Board in 2006 and 2007 respectively, relinquished their directorships in October 2013. Mr Lee Kim Shin stepped down from the Board in January 2014, ahead of his appointment as Judicial Commissioner of the High Court. I wish them all the best in their future endeavours. Mrs Christina Ong and Mr Tong Chong Heong joined the Board as independent, non-executive Directors in January and June, 2014 respectively. Moving forward, we will continue to maintain the strong independent element on the Board, focused on delivering the best value to all our shareholders and stakeholders.

Stephen Lee Ching Yen
Chairman

BOARD OF DIRECTORS


STEPHEN LEE CHING YEN
CHAIRMAN
CHAIRMAN, COMPENSATION & HR COMMITTEE


GOH CHOON PHONG
DIRECTOR


RON FOO SIANG GUAN
CHAIRMAN, AUDIT COMMITTEE


OO SOON HEE
CHAIRMAN, NOMINATING COMMITTEE
BOARD SAFETY & RISK COMMITTEE


NG CHIN HWEE
DIRECTOR

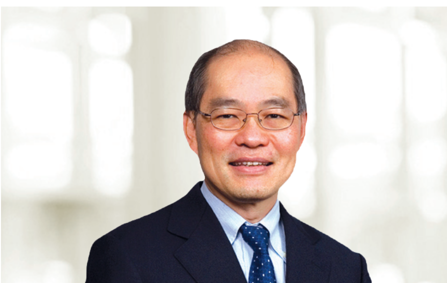

WILLIAM TAN SENG KOON
DIRECTOR / PRESIDENT & CEO


MANOHAR KHIATANI
DIRECTOR


CHEW TECK SOON
DIRECTOR


CHRISTINA ONG
DIRECTOR
(FROM 1 JAN 2014)


TONG CHONG HEONG
DIRECTOR
(FROM 1 JUN 2014)


PAUL CHAN KWAI WAH
DIRECTOR
(UNTIL 30 SEP 2013)


LIM JOO BOON
DIRECTOR
(UNTIL 30 SEP 2013)


LEE KIM SHIN
DIRECTOR
(UNTIL 31 DEC 2013)

KEY EXECUTIVES

WILLIAM TAN SENG KOON

PRESIDENT
& CHIEF EXECUTIVE OFFICER

PNG KIM CHIANG

EXECUTIVE VICE PRESIDENT
(OPERATIONS)

ANNE ANG LIAN CHOO

SENIOR VICE PRESIDENT
(FINANCE) / CHIEF FINANCIAL OFFICER

JACK KOH SWEE LIM

SENIOR VICE PRESIDENT
(SPECIAL PROJECTS)

ZARINA PIPERDI

SENIOR VICE PRESIDENT
(HUMAN RESOURCES)

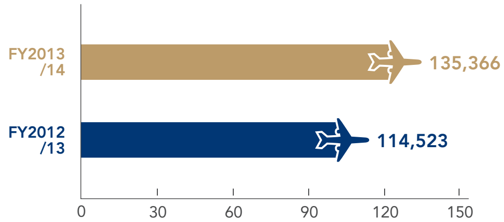
IVAN NEO SEOK KOK

SENIOR VICE PRESIDENT
(AIRCRAFT & COMPONENT
SERVICES)

CHOW KOK WAH

SENIOR VICE PRESIDENT
(LINE MAINTENANCE &
INFORMATION TECHNOLOGY)

LINE MAINTENANCE
FLIGHTS HANDLED AT CHANGI AIRPORT



With the increase in the number of flights handled, revenue rose 3.1% to **$434.6 million** from $421.4 million in the previous year.

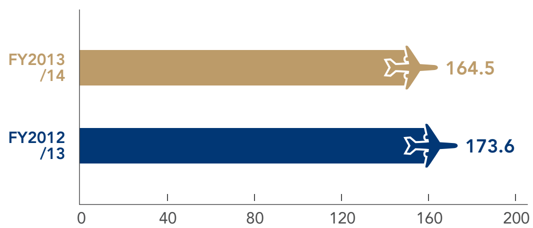
During the year, the Group secured **12** new contracts and renewed **11** existing contracts. Its network in 7 countries now covers 34 airports, up from 28 airports previously.

AIRCRAFT & COMPONENT SERVICES
NUMBERS OF CHECKS PERFORMED IN SINGAPORE

	A	C	D
FY 2013/14	384	88	37
FY 2012/13	395	72	46

Revenue increased 5.0% to **$579.1 million**, compared to $551.7 million in the previous year. **15** new contracts were secured for the Singapore base during the year.

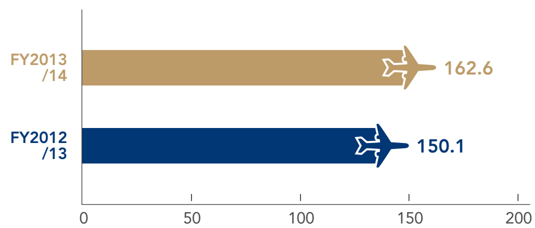
FLEET MANAGEMENT
REVENUE ($M)



As one of the world's largest fleet management service providers, we currently manage **170 aircraft** from **12 airlines**.

In February 2014, we secured a **$350 million** contract from SilkAir to provide MRO and fleet management services for its new fleet of B737NG aircraft.

JOINT VENTURES
SHARE OF PROFITS FROM JOINT VENTURES & ASSOCIATES (NET OF TAX) ($M)



The combined revenue from joint ventures and associated companies totalled **$3.98 billion**, of which 73% was derived from non-SIA customers.

CORPORATE SOCIAL RESPONSIBILITY

In FY2013/14, SIAEC continued to improve lives by taking action against hunger and homelessness. Under the theme "Enabling People, Improving Lives", our various programmes in Singapore and overseas aim to help the underprivileged gain access to better health, education and living conditions.

SINGAPORE

For the Company's flagship charity event "Run for Food 2013", 1,800 staff registered for the charity run. A total of $80,760 (including dollar-for-dollar match by SIAEC) was raised and donated to our beneficiary 'Food From The Heart'. SIAEC received recognition from the Food and Agricultural Organisation, United Nations for making a difference in the fight against hunger and poverty.

SIAEC also sponsored the annual carnival-themed event organised by Food From the Heart - Toy Buffet 2013 - where toys were distributed to more than 2,500 underprivileged students from 26 neighbourhood schools.

Our other community projects include:

Self-Collection Food Programme
About 150 SIAEC volunteers pack and distribute bread and bags of non-perishable food items every month to needy families in Macpherson and Marine Terrace.

Food Goodie Bags Programme
Under this programme, SIAEC provides food assistance to 100 families from two adopted schools – East Coast Primary School and Wellington Primary School.

Educational Field Trips
SIAEC volunteers conducted educational field trips for 100 students who are beneficiaries of the Food Goodie Bags Programme.

KidsLight Mentoring Programme
SIAEC has partnered Community Chest's Family Service Centre, Care Corner (Tampines), to provide tuition to underprivileged students in the community.

OVERSEAS

House Construction
In partnership with Habitat for Humanity, SIAEC volunteers visited Tien Giang in Vietnam, and Batam, Indonesia to build houses for the poor. 7 houses have been constructed under this programme.

Typhoon Haiyan Relief
SIAEC donated to the Philippines Red Cross for the victims of Typhoon Haiyan. Staff and management of SIAEC's joint venture in Clark, Philippines also contributed to the relief efforts by buying and packing relief supplies.

CORPORATE CALENDAR

5 FEB 2013
Announcement of FY2012/13 third-quarter financial results

14 May 2013
Announcement of FY2012/13 full-year financial results

15 MAY 2013
Analyst briefing on FY2012/13 full-year financial results

25 JUN 2013
Despatch of Annual Report to shareholders

19 Jul 2013
31st Annual General Meeting

22 JUL 2013
Announcement of FY2013/14 first-quarter financial results

7 AUG 2013
Payment of FY2012/13 final dividend

7 NOV 2013
Announcement of FY2013/14 second-quarter financial results

8 NOV 2013
Analyst briefing on FY2013/14 second-quarter financial results

2013

2014

3 FEB 2014
Announcement of FY2013/14 third-quarter financial results

5 MAY 2014
Announcement of FY2013/14 full-year financial results

6 MAY 2014
Analyst briefing on FY2013/14 full-year financial results

25 JUN 2014
Despatch of Annual Report To shareholders

21 JUL 2014
32nd Annual General Meeting

25 JUL 2014
Announcement of FY2014/15 first-quarter financial results

7 AUG 2014
Payment of FY2013/14 final dividend

4 NOV 2014
Announcement of FY2014/15 second-quarter financial results

5 NOV 2014
Analyst briefing on FY2014/15 second-quarter financial results

STATISTICAL HIGHLIGHTS

	2013-14	2012-13	% Change
FINANCIAL STATISTICS [R1]			
Financial Results ($ million)			
Revenue	1,178.2	1,146.7	+ 2.7
Expenditure	1,062.6	1,018.6	+ 4.3
Operating profit	115.6	128.1	- 9.8
Profit before taxation	294.0	297.0	- 1.0
Profit attributable to owners of the parent	265.7	270.1	- 1.6
Financial Position ($ million)			
Equity attributable to owners of the parent	1,360.9	1,301.9	+ 4.5
Total assets	1,707.1	1,632.7	+ 4.6
Return on equity holders' funds (%) [R2]	20.0	21.1	- 1.1 pts
Value added ($ million)	839.6	830.1	+ 1.1
Per Share Data (cents)			
Earnings after tax – basic [R3]	23.9	24.5	- 2.6
– diluted [R4]	23.7	24.3	- 2.5
Net asset value [R5]	122.0	117.7	+ 3.7
Dividends (cents per share)			
Interim dividend	7.0	7.0	–
Final dividend – ordinary	13.0 #	15.0	- 13.3
– special	5.0 #	–	nm
PRODUCTIVITY AND EMPLOYEE DATA			
Average number of employees	6,405	6,272	+ 2.1
Revenue per employee ($)	183,952	182,831	+ 0.6
Value added per employee ($)	131,085	132,346	- 1.0

proposed

R1 SIA Engineering Company's financial year is from 1 April to 31 March. Throughout this report, all financial figures are in Singapore Dollars, unless stated otherwise.

R2 Return on equity holders' funds is the profit attributable to owners of the parent expressed as a percentage of the average equity attributable to owners of the parent.

R3 Earnings after tax per share (basic) is computed by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue.

R4 Earnings after tax per share (diluted) is computed by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue after adjusting for the dilutive effect on the exercise of all outstanding share options, performance shares and restricted shares granted to employees.

R5 Net asset value per share is computed by dividing the equity attributable to owners of the parent by the number of ordinary shares in issue at 31 March.

CORPORATE GOVERNANCE

SIA Engineering Company Limited (the "Company") views good corporate governance to be the hallmark of a well-managed organisation. The focus of the governance framework, formulated on the Company's vision and mission, is to promote accountability and transparency. These are manifested in the composition of the Board and Board Committees, division of powers and duties between the Board and Management, adoption of checks and balances, relevant measures on internal control, and sound corporate ethics across the Company and its subsidiaries (the "Group").

The Board and Management are committed to sustaining value creation for all stakeholders by adhering to a set of well-defined corporate governance principles and maintaining effective structures and processes within the Group for compliance with these principles.

The Company adheres to the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore (the "Code"). The Company has complied in all material aspects with the principles and guidelines set out in the Code. Where there are departures, these are explained under the relevant sections of this Report.

THE ROLE OF THE BOARD AND CONDUCT OF ITS AFFAIRS (Principle 1)

The Board oversees the business of the Company and provides stewardship to Management, conferring regularly with them. There is an objective decision-making process, which allows each Director to exercise independent judgment. The Board and Board Committees have written guidelines providing clear directions to Management on matters requiring their approval, which include all matters of strategic importance, corporate governance practices, legal and regulatory compliances, the adequacy of internal controls, risk management, workplace safety, financial reporting, financial performance and annual budgets, key operational initiatives, investment proposals and major transactions. In line with best practices in corporate governance, the Board also oversees long-term succession planning of Key Executives.

The Company has established financial authorisation and approval limits for operating and capital expenditure, the procurement of goods and services, and the acquisition and disposal of investments.

In the discharge of its duties, the Board is supported by five Board Committees, namely the Audit Committee, the Board Safety & Risk Committee, the Compensation & HR Committee, the Nominating Committee and the Board Committee, each constituted with written terms of reference, defining the duties delegated to it by the Board and other procedural matters. Each Board Committee is responsible for ensuring compliance with legislative and regulatory requirements in relation to matters under its purview, including requirements under the rules of the listing manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Audit Committee, the Board Safety & Risk Committee and the Compensation & HR Committee work within the Company's risk management framework which sets out the risk management policies and the tolerance levels of risks. Each Committee comprises Directors with appropriate qualifications and skills and there is an equitable distribution of responsibilities among Board members. The Board is informed of the key matters discussed at each Board Committee meeting. At all times, the Board and the Board Committees have independent access to external advisers. There is a clear demarcation of responsibilities between the Board and Management.

The Board meets quarterly to review and approve, inter alia, the financial results of the Group. The Chairman meets the Independent Directors twice yearly in the absence of Management and the Non-Independent Directors. Board meeting dates for each financial year are fixed in advance and notified to the Directors before the start of the year to facilitate full attendance. Additional meetings are convened as and when circumstances warrant. Records of meetings, including key deliberations and decisions taken, are maintained by the Company Secretary and the minutes of meetings are circulated to Directors for review and approval. Participation by telephone conferencing and approval by circulation also facilitate Board and Board Committee decision-making.

In addition to the scheduled Board meetings, Directors attend an annual strategy meeting to discuss and prioritise the Company's strategic initiatives over the near and long term. Strategy meetings are held in Singapore or at an overseas location to familiarise Directors with the Group's off-shore operations. Proposals considered at the strategy meeting are further developed by Management and discussed at subsequent Board meetings when the Board reviews the progress to achieve the agreed goals and objectives of the strategy proposals.

Orientation and Training of Directors

The Company issues a letter of appointment to incoming Directors, which sets out their key duties and responsibilities. New appointees undergo an orientation programme, with comprehensive presentations by Management on the Group's core businesses, operations, strategic plans and network of joint ventures, and undertake a tour of the Company's operations and key joint venture facilities in Singapore.

The Company's internally-developed "Director's Handbook" provides new and existing Directors with an easy reference guide on, inter alia, their duties and obligations under prevailing rules and regulations in Singapore, and the Company's key policies, processes and best practices in corporate governance.

The Nominating Committee identifies relevant training programmes for the consideration of the Directors and the Company sponsors courses requested by Directors, as part of ongoing training. These include programmes organised by the Singapore Institute of Directors ("SID"), the Stewardship and Corporate Governance Centre ("SCGC") and others. In FY13/14, some Directors attended the SID programme on "Risk Management Essentials and Audit Committee Essentials" and the SCGC programme on "Enhancing Board Stewardship". As part of the training and professional development of the Board, the Company arranges for Directors to be briefed from time to time on changes to regulations, guidelines and accounting standards, as well as other relevant issues.

BOARD COMPOSITION, BALANCE AND MEMBERSHIP (Principles 2 & 4)

The composition of the current Board and Board Committees, and attendance at meetings held in FY13/14 are as shown below:

	Main Board			Audit Committee		Nominating Committee		Compensation & HR Committee		Board Safety & Risk Committee		Board Committee[ii]
Name	**Status**	**Position**	**Att.[i]**	**Position**	**Att.[i]**	**Position**	**Att.[i]**	**Position**	**Att.[i]**	**Position**	**Att.[i]**	**Position**
Stephen Lee Ching Yen (last re-appointed on 19 Jul 2013, first appointed on 1 Dec 2005)	Non-executive / Non-Independent	Chairman	5/5					Member (wef 1 Oct 2013) Chairman (wef 5 Nov 2013)	3/3			
Goh Choon Phong (last re-appointed on 19 Jul 2013, first appointed on 1 Jan 2011)	Non-executive / Non-Independent	Member	5/5					Member	4/4			Member
Ron Foo Siang Guan (last re-appointed on 19 Jul 2012, first appointed on 1 Aug 2007)	Non-executive / Independent	Member	5/5	Chairman	4/4							Member
Oo Soon Hee (last re-appointed on 22 Jul 2011, first appointed on 1 Aug 2007)	Non-executive / Independent	Member	5/5	Member (till 31 May 2013)	1/1	Chairman	4/4			Chairman	4/4	
Ng Chin Hwee (last re-appointed on 19 Jul 2013, first appointed on 18 Jul 2008)	Non-executive / Non-Independent	Member	5/5			Member	4/4			Member	4/4	
William Tan Seng Koon [iii] (last re-appointed on 19 Jul 2013, first appointed on 1 Mar 2010)	Executive / Non-Independent	Member	5/5									
Manohar Khiatani (last re-appointed on 19 Jul 2013, first appointed on 1 Apr 2013)	Non-executive / Independent	Member	5/5	Member (wef 1 Jun 2013)	3/3					Member (wef 1 Oct 2013)	2/2	
Chew Teck Soon (last re-appointed on 19 Jul 2013, first appointed on 1 May 2013)	Non-executive / Independent	Member	5/5	Member (wef 1 Jun 2013)	3/3	Member (wef 1 Jun 2013)	3/3			Member (wef 1 Jun 2013)	3/3	
Christina Hon Kwee Fong (Christina Ong) (first appointed on 1 Jan 2014)	Non-executive / Independent	Member	1/1	Member (wef 15 Jan 2014)	1/1			Member (wef 15 Jan 2014)	2/2			
Tong Chong Heong (first appointed on 1 Jun 2014)	Non-executive / Independent	Member										
Paul Chan Kwai Wah (retired on 1 Oct 2013 & relinquished all Committee appointments on the same day)	Non-executive / Independent	Member	3/3			Member	2/2	Chairman	1/1	Member	2/2	Alternate
Lim Joo Boon (retired on 1 Oct 2013 & relinquished all Committee appointments on the same day)	Non-executive / Independent	Member	3/3	Member	2/2			Member	1/1			
Lee Kim Shin (retired on 1 Jan 2014 & relinquished all Committee appointments on the same day)	Non-executive / Independent	Member	4/4	Member	2/3			Member	2/2			
Total Number of Meetings Held In FY13/14			5		4		4		4		4	

Notes: i) "Att." refers to the number of Board and Board Committee meetings attended by the respective Directors for the period served in FY13/14.
ii) The Board Committee does not hold physical meetings.
iii) Mr William Tan Seng Koon is the President & CEO of the Company.

The current Board comprises ten Directors, six of whom are Independent Directors. The four Non-Independent Directors include the Executive Director, Mr William Tan, who is also the Chief Executive Officer ("CEO") of the Company. The high representation of Independent Directors serves the Company well. The Board has, at all times, exercised independent judgment in decision-making, using its collective expertise and experience to act in the best interests of the Company. A Director who has an interest in a matter under discussion will declare his interest and abstain from the decision-making. There are no alternate Directors (except for one appointment on the Board Committee till 1 October 2013).

The Board considers the present Board size and the number of Board Committees to be sufficient, taking into account the scope and nature of the Company's operations, the requirements of the business and existing rules and regulations. The Board has the requisite balance of expertise, skills and attributes to oversee the Company's growing businesses. Collectively, the Board has competencies in areas such as airline and MRO operations, accounting, finance, law, engineering, information technology, logistics management, business space solutions, human resource development, and experience in relevant business segments and key markets. The Chairman, the two Singapore Airlines ("SIA") appointed Directors and the CEO also bring to the Company a wealth of airline industry experience. Directors' profiles appear on pages 36 to 48. For information on Directors who are proposed for re-appointment or re-election at the AGM, please refer to pages 29 to 30.

Directors are subject to retirement and re-election at least once every three years. The Board, taking into account the views of the Nominating Committee, determines the independence of Directors upon appointment, annually, and on a continuing basis as and when circumstances require, according to the criteria stipulated in the Code, based on each Director's declaration. None of the Directors has served for a continuous period of more than nine years.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (Principle 3)

The Chairman is a Non-Executive Director and his position is separate from the office of the CEO. There is a clear demarcation of the roles and responsibilities of the Chairman and the CEO.

The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board and its governance processes. At meetings, the Chairman encourages constructive engagement within the Board and between Directors and Management and ensures overall effectiveness of decision-making. The Chairman sets the agenda and dedicates sufficient time for discussions, especially on strategic matters. The Chairman also ensures that Directors receive complete, adequate and timely information, and that there is effective communication with shareholders.

The CEO manages the business of the Company. He chairs the weekly Management Committee ("MC") meetings, attended by Management. The CEO and MC deliberate on, inter alia, policy and operational issues, and implement Board decisions. The Senior Management Committee ("SMC"), which decides on matters delegated to it by the Board and the Board Committees, is chaired by the CEO, and members include the Executive Vice President (Operations) and the Senior Vice Presidents.

By virtue of his position as the Chairman of SIA, the Chairman is considered to be Non-Independent. However, the Chairman and the CEO are separate persons, are not related to each other and the Chairman is not involved in the day-to-day running of the Company's business and operations. The Chairman is therefore considered to be independent of Management. Moreover, a majority of the members of the Board and the Board Committees, including the Chairman of each of the Board Committees, are Independent Directors or deemed to be independent as in the case of the Compensation & HR Committee Chairman, who is deemed to be independent of Management. Accordingly, the Nominating Committee and the Board are of the view that the appointment of a Lead Independent Director is not necessary for the time being. The Board will review the need for the appointment of a Lead Independent Director as part of its continuous assessment of the recommended corporate governance practices, and will appoint a Lead Independent Director if and when it determines that such an appointment is warranted.

BOARD PERFORMANCE (Principle 5)

The Board has a formal process, which is overseen by the Nominating Committee, for assessing the effectiveness of the Board as a whole and the Board Committees, as well as the contributions of the Chairman and individual Directors. For impartiality, the process is managed by an external firm of human resource consultants, who have no other connection with the Company or any of its Directors. The process, comprising an assessment of both qualitative and quantitative criteria, enables the Nominating Committee and the Board to enhance the effectiveness of the Board and its Board Committees. This is the Company's twelfth year of evaluating Board performance.

The qualitative assessment includes a questionnaire designed to measure the overall performance of the Board and the Board Committees, and incorporates a peer assessment of individual performance, including each Director's engagement in decision-making, devotion of time to the affairs of the Company and his/her contributions and commitment to the Board and relevant Board Committees. The quantitative assessment measures the Board's performance against key financial indicators. The overall performance is also benchmarked against the best practices of the Code and the Best Managed Board Award winners. The Nominating Committee, in consultation with the Chairman, takes appropriate actions to address the consultant's findings of the performance assessment.

ACCESS TO INFORMATION AND ACCOUNTABILITY (Principles 6 and 10)

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards, as prescribed by the Accounting Standards Council. Management provides Board members with management accounts on a monthly basis together with such explanation and information, and as the Board may require from time to time, to enable the Board to make a balanced and accurate assessment of the Company's performance, financial position and prospects. Arising material developments or issues are also brought to the attention of the Board. The Board has separate and independent access to Management and is provided with any additional information required to make informed decisions, and Management provides such information in a timely manner.

Directors are provided with papers and related materials, including background or explanatory information relating to matters brought before the Board, well in advance of the meetings of the Board and the Board Committees, or deadlines for decisions, to enable them to make well-considered and informed decisions in a timely manner. Among other discloseable documents, budgets and forecasts are also provided to the Directors, and in respect of budgets, any material variance between the projections and actual results are explained. The Board has a process for Directors, either individually or collectively, to seek independent advice at the Company's expense in furtherance of their duties.

Directors have separate and independent access to the Company Secretary. The Company Secretary, whose appointment and removal are subject to Board approval, attends Board meetings. The duties of the Company Secretary include:

(a) supervising, monitoring and advising on Board procedures and compliance by the Company with its Memorandum and Articles of Association, laws and regulations applicable in Singapore, the Listing Manual and the Code;
(b) ensuring timely flow of information to the Board and the Board Committees and between Management and Non-Executive Directors, and keeping an open and regular line of communication between the Company and the SGX-ST, and the Accounting & Corporate Regulatory Authority;
(c) updating and informing the Board on the principles and best practices of corporate governance; and
(d) facilitating orientation for new Board appointees and identifying suitable training and development for Directors.

The Company has established written policies to ensure compliance with the legislative and regulatory requirements, including the Listing Manual.

RISK MANAGEMENT (Principle 11)

The Board is responsible for the governance of risk, determines the Company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The Board reviews, at least annually, the overall adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology risks.

(a) ***Risk Management Framework***

The Company formed a Risk Management Committee in 2001 to drive risk management activities. In October 2011, the risk management structure was further enhanced with the formation of two additional committees, namely the Group Risk Management Committee and the Joint Ventures Risk Management Committee. The Joint Ventures Risk Management Committee oversees management of key risks by subsidiary, joint venture and associated companies, while the Risk Management Committee oversees management of key risks at the Company level. Both Committees report to the Group Risk Management Committee, which has oversight of risks faced by the Group.

The Risk Management Department was formed in July 2012 to provide support to the three Risk Committees and the business units. Working with the business units, the Risk Management Department identifies, manages and reports the key risks faced by the Group to the Risk Committees.

(b) ***Board Safety & Risk Committee ("BSRC")***

The BSRC was formed in January 2013 to assist the Board in the governing of risks and overseeing the adequacy and effectiveness of the Group's safety and risk management framework and policies.

The BSRC comprises four Non-Executive Directors, three of whom, including the Chairman, are independent. The members of the BSRC were:

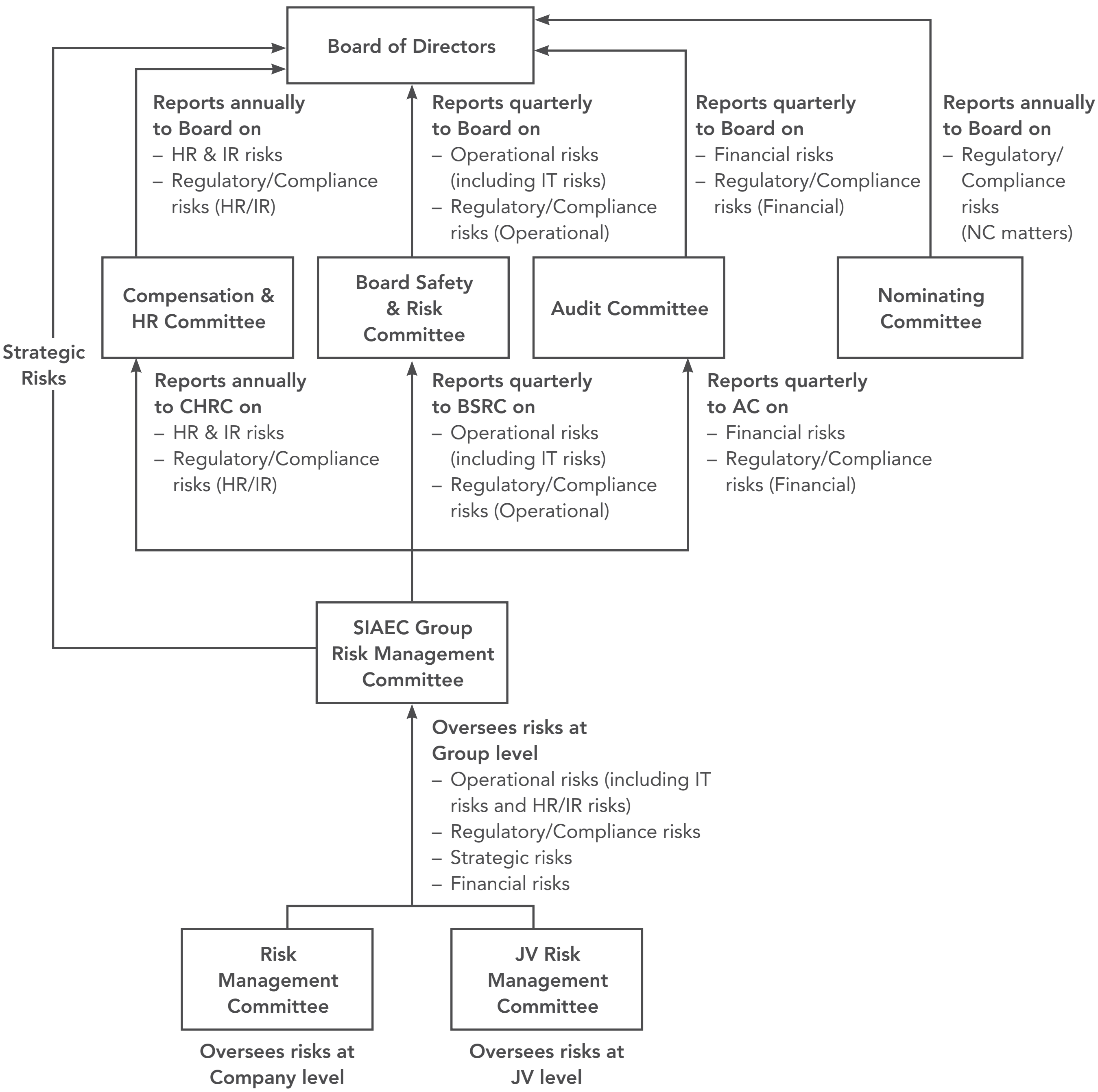
Chairman	Oo Soon Hee
Members	Ng Chin Hwee
	Chew Teck Soon (appointed on 1 Jun 2013)
	Manohar Khiatani (appointed on 1 Oct 2013)
	Paul Chan Kwai Wah (retired on 1 Oct 2013)

The BSRC ensures that Management has put in place the Group's risk management framework and processes for identifying, evaluating, and managing risks. It oversees the work of the Group Risk Management Committee in respect of operational risks, including information technology and regulatory/compliance risks. Key risks of the Group are reviewed by the BSRC during its quarterly meetings.

(c) ***Risk Management Processes and Activities***

The following is an overview of the Group Risk Management framework:

SIAEC GROUP RISK MANAGEMENT FRAMEWORK



The oversight of the various categories of risks is as follows:

Strategic, Financial and HR & IR Risks:

Strategic risks pertaining to the Group's business are overseen directly by the Board. The Audit Committee reviews financial risks and internal controls, while the Compensation & HR Committee reviews HR & IR risks. The Board and the respective Board Committees are also responsible for the regulatory/compliance risks related to matters under their purview.

Operational & Regulatory/Compliance Risks:

In respect of operational risks, including information technology risks, and the related regulatory/compliance risks, which come under the purview of the BSRC, the following risk-related processes and activities were undertaken in FY13/14:

- **Review of Risks and Risk Controls**

  The Company carried out its half-yearly risk reviews in August 2013 and January 2014, respectively. Business units were involved in identifying and assessing risks, which were subsequently consolidated and prioritised for review by the Risk Management Committee. Separately, the Joint Ventures Risk Management Committee also identified top risks associated with the subsidiary, joint venture and associated companies for regular monitoring. The Risk Management Department ensured that the updated risk registers and top risks are reported to the Group Risk Management Committee and BSRC.

  The Risk Management Committee, Joint Ventures Risk Management Committee, Group Risk Management Committee and BSRC carried out reviews of key risks to ensure that the risk management processes pertaining to the key risks were effective and able to respond to changes in the risk environment or the Group's business objectives. To maintain oversight of second-tier risks, the Risk Management Committee progressively reviewed these risks and the effectiveness of mitigation plans and controls.

- **Crisis and Business Continuity Management**

  The Company conducted its annual crisis management exercise in October 2013 and the crisis management process and communication plans were strengthened following the exercise. The Company also reviewed and learned from events in the industry and reinforced its crisis management procedures and responses.

  All business units regularly review their activities to ensure that potential failures to critical functions are covered by relevant Business Continuity Plans ("BCPs"). The BCPs were reviewed by the Risk Management Committee during its monthly meetings to ensure that the plans stay relevant and effective in the current operating environment.

  The Company's BCP was activated in June 2013 when its operations at Changi Airport were affected by severe haze. The Company also reviewed its contingency plans to address operational disruptions in the event the haze worsened.

- **Risk Control and Audit**

  To ensure that risk controls are adequate and effective and are complied with, an internal audit of the Company's risk management processes was carried out. The audit assessed the risk management processes to be good.

  Based on the review of the Group's risk management framework, policies and practices, and the reviews performed by Management and the relevant Board Committees, the Board is of the view that the Group's risk management system in respect of the risks (including financial, operational, compliance and information technology risks) which the Group considers relevant and material to its operations, was adequate and effective as at 31 March 2014. The Board has found no significant evidence to suggest that risks, which the Group considers relevant and material to its operations, are not being satisfactorily managed.

AUDIT COMMITTEE (Principle 12)

The Audit Committee comprises four Non-Executive Directors, all of whom are Independent. The members of the Audit Committee during FY13/14 were:

Chairman: Ron Foo Siang Guan
Members: Manohar Khiatani (appointed on 1 Jun 2013)
Chew Teck Soon (appointed on 1 Jun 2013)
Christina Ong (appointed on 15 Jan 2014)
Oo Soon Hee (until 31 May 2013)
Lim Joo Boon (retired on 1 Oct 2013)
Lee Kim Shin (retired on 1 Jan 2014)

Neither the Chairman of the Audit Committee nor any of its members is a former partner or director of the Company's existing auditing firm. At least two members of the Audit Committee (which includes the Chairman) have recent and relevant accounting or related financial management expertise or experience.

The Audit Committee met four times during the year with Management and the internal and external auditors of the Company. The attendance of individual Directors at these meetings is shown on page 12 of the Annual Report. In the course of the financial year, the Audit Committee performed the following functions in accordance with the terms of reference under its Charter as delegated by the Board:

(a) Financial Reporting

The Audit Committee reviewed the quarterly and annual financial statements and financial announcements required by Listing Manual, for recommendation to the Board for approval. The review focused on changes in accounting policies and practices, major judgmental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with Listing Manual and other legal requirements. The Audit Committee keeps itself apprised of changes in accounting standards and issues which have a direct impact on the financial statements of the Group through regular updates by the external auditor.

(b) External Audit

The Audit Committee discussed with the external auditor the audit plan, and the report on the audit of the year-end financial statements; reviewed the external auditor's management letter and Management's responses thereto; and reviewed the external auditor's objectivity and independence from Management and the Company. In assessing independence, the Committee reviewed the fees paid to the external auditor, including fees paid for non-audit services during the year. Fees of $510,230 were paid to the external auditor of the Group during the year for audit and non-audit services. Of this, fees for non-audit services amounted to $198,830. The Audit Committee is of the opinion that the external auditor's independence has not been compromised.

In addition, the Audit Committee considered and recommended to the Board the re-appointment of the external auditor and the audit fee.

The Company has complied with Rules 712 and 715 of the Listing Manual in relation to its engagement of auditors.

(c) Internal Audit

The Audit Committee reviewed the scope of internal audit work and its audit programmes; reviewed the major findings during the year and Management's responses thereto; and ensured the adequacy and effectiveness, independence and resource sufficiency of the internal audit function, and that it has appropriate standing within the Company. In relation to audit activities conducted during the financial year, the internal auditors had unfettered access to the Group's documents, records, properties and personnel, as well as the Audit Committee.

(d) Internal Controls and Risk Management

The Audit Committee reviewed the adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls.

In line with its responsibilities under the Company's Group Risk Management framework, the Audit Committee provided oversight to the work of the Group Risk Management Committee in respect of financial, internal controls and the related regulatory risks. The Audit Committee has found no significant evidence to suggest that the risks, which the Group considers relevant and material to its operations, are not being satisfactorily managed.

(e) Interested Person Transactions

The Audit Committee reviewed interested person transactions in compliance with the Listing Manual and the Shareholders' Mandate obtained at the last Annual General Meeting.

(f) Whistle-blowing

The Audit Committee reviewed and was satisfied with the adequacy of the whistle-blowing programme instituted by the Company through which staff and others may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. All whistle-blower reports were reviewed by the Audit Committee at its quarterly meetings to ensure independent investigation and adequate resolution.

(g) Others

The Audit Committee has explicit authority to investigate any matter within its terms of reference, and has full access to and the co-operation of Management. The Audit Committee also has full discretion to invite any Director or executive officer to attend its meetings, and has been given adequate resources to discharge its functions. The Audit Committee meets with the internal and external auditors in the absence of Management every quarter.

INTERNAL AUDIT (Principle 13)

The Company has an internal audit function, which is undertaken by the Internal Audit Department of SIA, the Company's parent ("SIA Internal Audit"), pursuant to an agreement between the Company and SIA. The internal audit function is designed to provide reasonable assurance about the adequacy, effectiveness and efficiency of operation controls, reliability of financial information processes, and compliance with policies and procedures, applicable laws and regulations in the Company, its subsidiary and joint venture and associated companies. The internal auditors report directly to the Chairman of the Audit Committee. Annually, the Audit Committee evaluates the adequacy and effectiveness of the internal audit function. In situations where the audit work to be carried out by SIA Internal Audit could give rise to potential conflicts of interest, such as audit work relating to transactions between the Company and SIA, the Audit Committee may authorise such audit work to be carried out by an independent third party as it deems appropriate. SIA Internal Audit is a member of the Singapore chapter of the Institute of Internal Auditors ("IIA") and it meets the standards set by the IIA.

Information technology audits are managed by internal auditors who are Certified Information System Auditors.

INTERNAL CONTROLS AND RISK MANAGEMENT (Principle 11)

The Company has in place a risk management framework (outlined in pages 15 to 17) to oversee the management of the Group's risks, namely, strategic, operational, safety, regulatory/compliance, financial and information technology risks. As can be seen from the outline on page 16, the Board and the Board Committees have responsibility for the management of key risks under their respective purview.

The Board is supported by the Audit Committee in the review of the adequacy and effectiveness of the Group's system of internal controls. The Company's internal control structure consists of policies and procedures established to provide reasonable assurance that transactions undertaken are aligned with the achievement of the Company's objectives. This includes approval limits for every banking and finance transaction, having regard to the nature of the transaction. The Company has an established whistle-blowing programme for the reporting and investigation of any wrongdoing.

A control self assessment ("CSA") programme, established since FY03/04, provides a tangible control framework that establishes control ownership among functional managers and staff in their areas of responsibilities. The self assessments made by functional managers provide the assurance that key controls to address the financial, operational, compliance and information technology risks identified to be relevant and material to the Company's operations are working. Internal audits complement the CSA programme by providing an independent and objective assessment of the processes and controls which may have a material financial impact on the Company. Internal Audit and CSA results are reviewed by the Audit Committee.

Additionally, as the Group operates in a regulated industry, the Company is also subject to regular audits by airworthiness authorities and customers. The Company holds certifications from 26 airworthiness authorities worldwide, including the Civil Aviation Authority of Singapore, the Federal Aviation Administration and the European Aviation Safety Agency. These authorities, as well the Company's customers, conduct regular audits of the operations of the Company to ensure adherence to operational and safety procedures. In FY13/14, the Company underwent 42 audits by the authorities and 89 audits by customers. All of the certifications and approvals under the audits have been renewed.

The Board has received assurance from the CEO and the Chief Financial Officer that the Group's framework of internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 March 2014 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Based on the framework of internal controls established and maintained by the Company, work performed by the internal and external auditors and the airworthiness authorities, and the reviews performed by Management and the relevant Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations, were adequate and effective as at 31 March 2014.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, fraud or other irregularities.

COMPENSATION & HR COMMITTEE (Principle 7)

The Compensation & HR Committee comprises three Non-Executive Directors. Although Mr Stephen Lee Ching Yen, the Chairman of the Compensation & HR Committee, is not considered independent under the Code by virtue of his position as the Chairman of SIA, the Board and the Nominating Committee are of the view that Mr Lee, being a Non-Executive Chairman, is able to exercise independent judgement and take an objective view from Management in deciding on remuneration matters under the purview of the Compensation & HR Committee. One other member of the Compensation & HR Committee is an Independent Director. The members of the Compensation & HR Committee during FY13/14 were:

Chairman:	Stephen Lee Ching Yen (appointed on 1 Oct 2013, appointed as the Chairman on 5 Nov 2013)
	Paul Chan Kwai Wah (retired on 1 Oct 2013)
Members:	Goh Choon Phong
	Christina Ong (appointed on 15 Jan 2014)
	Lim Joo Boon (retired on 1 Oct 2013)
	Lee Kim Shin (retired on 1 Jan 2014)

The Compensation & HR Committee, guided by the principles of the Code, and in accordance with the terms of reference under its Charter as delegated by the Board, reviews and recommends the general framework of remuneration and the specific remuneration of the Non-Executive Directors, the CEO and the relevant Key Executives who hold the rank of SVP and above, for the endorsement of the Board. The Compensation & HR Committee covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits in kind. The Compensation & HR Committee also reviews and recommends to the Board the key terms and conditions of appointment of the CEO and Key Executives, scope of duties, and compensation, and decides on the compensation packages to recruit, retain and motivate senior management staff who hold the rank of Vice President, with reference to market data provided by recognised surveys of comparative groups in the aerospace and general sectors. An independent consultant is engaged to provide advice to the Compensation & HR Committee on market practices and benchmark data and recommendations on senior executive remuneration, including incentive and share plans. For FY13/14, Carrots Consulting Pte Ltd was engaged to provide such services, the principal adviser being Johan Grundlingh. Carrots Consulting Pte Ltd only provides remuneration consulting services to the Company, and has no other relationship with the Company which could affect its independence and objectivity.

The Compensation & HR Committee is responsible for reviewing the eligibility, guidelines, allotment, awards and payouts under the Company's Restricted Share Plan ("RSP"), Performance Share Plan ("PSP") and EVA-based Incentive Plan ("EBIP").

During FY13/14 the Compensation & HR Committee held four meetings and performed, inter alia, the following main functions:

(a) conducted a review of the FY11/12 and FY12/13 RSP performance to-date;
(b) conducted a review of the FY10/11, FY11/12 and FY12/13 PSP performance to-date;
(c) determined the allotment for the 8th RSP and PSP grants for FY13/14;
(d) reviewed the payouts under the EVA-Based Incentive Plan and the recalibration of the plan for FY13/14 – FY15/16;
(e) reviewed and recommended the total compensation framework for Key Executives for the Board's approval;
(f) conducted the annual performance and compensation review for Key Executives;
(g) reviewed and endorsed the 2014 Succession Development Plan for the Company, including the CEO/SVP Succession Plan;
(h) reviewed the HR Strategy for 2014;
(i) reviewed the fees payable to Directors for FY13/14;
(j) reviewed the revisions to the Code on Remuneration Matters;
(k) reviewed the proposal on a new Profit Sharing Bonus Formula for FY14/15 – FY16/17;
(l) reviewed and endorsed the adoption of new Share Plans to replace the existing SIAEC PSP and RSP, which are due to expire on 24 July 2015;
(m) reviewed the updates to the Compensation & HR Committee's Terms of Reference; and
(n) reviewed all HR Risk Management activities and the measures that are put in place to mitigate the human resource and industrial relations risks.

REMUNERATION REPORT (Principles 8 & 9)

The fee for Non-Executive Directors reflects the scope and extent of a Director's increasing responsibilities and obligations. It is measured against relevant benchmarks and is competitive. The Board believes that it is imperative to remunerate Directors equitably to attract and retain individuals with the necessary talents and capabilities.

DIRECTORS' FEES FOR FY13/14

The remuneration in respect of each Director for FY13/14 is as shown:

	Fee ($)	Salary ($)	Bonuses (vi) ($)	Benefits ($)	Shares (vii) ($)	Total ($)
Stephen Lee Ching Yen	139,014	–	–	–	–	139,014
Goh Choon Phong (i)	90,000	–	–	–	–	90,000
Ron Foo Siang Guan	110,000	–	–	–	–	110,000
Oo Soon Hee	113,342	–	–	–	–	113,342
Ng Chin Hwee (i)	90,000	–	–	–	–	90,000
Manohar Khiatani	91,644	–	–	–	–	91,644
Chew Teck Soon	97,974	–	–	–	–	97,974
Christina Ong (ii)	23,274	–	–	–	–	23,274
Paul Chan Kwai Wah (iii)	55, 644	–	–	–	–	55, 644
Lim Joo Boon (iii)	50,630	–	–	–	–	50,630
Lee Kim Shin (iv)	75,575	–	–	–	–	75,575
William Tan Seng Koon (v)	–	610,200	505,113	63,682	490,893	1,669,888

(i) Directors' fees in respect of Mr Goh Choon Phong and Mr Ng Chin Hwee were paid to and retained by SIA.
(ii) Mrs Christina Ong was appointed Director with effect from 1 Jan 2014.
(iii) Mr Paul Chan and Mr Lim Joo Boon retired as Directors on 1 October 2013.
(iv) Mr Lee Kim Shin retired as Director on 1 January 2014.
(v) As Chief Executive Officer, Mr William Tan Seng Koon does not receive any Director's fees.
(vi) Comprises Economic Value Added ("EVA")-based incentive plan ("EBIP") amount declared for the FY and profit-sharing bonus ("PSB") declared for the FY.
(vii) Comprises shares awarded under the SIAEC RSP and SIAEC PSP during FY13/14; the value of awards is based on the fair value of RSP ($4.362) and PSP ($4.242). Shares awarded under the RSP and PSP are subject to performance targets and other terms and conditions being met under the respective share plans.

Other than the foregoing, no other remuneration is paid to Non-Executive Directors of the Company, nor do they receive any share options or share awards which are granted only to the employees of the Company.

There were no employees who were immediate family members of a Director or the CEO, and whose remuneration exceeded $50,000 for the financial year ended 31 March 2014.

Key Executives' Remuneration

The Company's Key Executives' remuneration structure is designed to include short-term and long-term incentives, which motivate and reward Key Executives, and allows the Company to align executive compensation with market practice. The Key Executives' remuneration structure includes the components of an Economic Value Added ("EVA")-based Incentive Plan ("EBIP") and profit-sharing bonus ("PSB"), and share awards under the SIAEC RSP and the SIAEC PSP, in addition to a fixed basic salary and fixed allowances. The payment of EBIP, PSB and grants of share awards are dependent on the achievement of the Key Executives' individual performance measures and prescribed Group and Company performance measures.

The Company has clawback policies for the unvested and/or unreleased components for the incentive schemes in the event of misstatement, or misconduct/fraud resulting in material losses to the Company.

The remuneration of the Company's Key Executives for FY13/14 is shown in the table on page 22 (for CEO) and in the table below (for other Key Executives):

Remuneration Bands & Key Executives	Salary (%)	Bonuses [1] (%)	Benefits (%)	Shares [2] (%)	Total (%)
$750,001 – $1,000,000					
Png Kim Chiang EVP (Operations)	47	31	4	18	100
$500,001 – $750,000					
Jack Koh Swee Lim SVP (Aircraft & Component Services)	54	18	3	25	100
Zarina Piperdi SVP (Human Resources)	46	28	3	23	100
Ivan Neo Seok Kok SVP (Partnership Management & Business Development)	43	35	2	20	100
Anne Ang Lian Choo SVP (Finance)/CFO	48	27	2	23	100
Chow Kok Wah SVP (Line Maintenance & Information Technology)	48	27	2	23	100
$250,001 - $500,000					
Leck Chet Lam [3] SVP (Fleet Management & Marketing)	53	15	3	29	100

1 Comprises Economic Value Added (EVA)-based incentive plan (EBIP) amount declared for the FY and profit-sharing bonus (PSB) declared for the FY. See below for information on the EBIP.

2 Comprises shares awarded under the SIAEC RSP and SIAEC PSP during FY13/14; the value of awards is based on the fair value of RSP ($4.362) and PSP ($4.242). Shares awarded under the RSP and PSP are subject to performance targets and other terms and conditions being met under the respective share plans.

3 Mr Leck Chet Lam resigned on 15 February 2014. Pursuant to the rules of the SIAEC Share plans, the PSP and RSP granted to Mr Leck lapsed upon his resignation on 15 February 2014.

For FY13/14, other than the in-service and post-retirement travel benefits for Key Executives, there were no termination, retirement and post-employment benefits granted to Directors, the CEO[1] and the Key Executives.

1 Under his service agreement, CEO does not receive any in-service or post-retirement travel benefits.

For FY13/14, the aggregate total remuneration for the seven Key Executives listed above (who are not Directors or the CEO) amounted to $4,321,528.

Pay for Performance Alignment

In performing the duties as required under its Charter, the Compensation & HR Committee ensures that remuneration paid to the CEO and Key Executives is clearly linked to the achievement of business and individual performance targets. The performance targets as determined by the Committee are set at realistic, yet stretched levels, each year to motivate a high degree of business performance, with emphasis on both short and long-term quantifiable objectives.

Individual performance objectives aligned to the overall strategic, financial and operational goals of the Group and the Company are set at the beginning of each financial year and are cascaded down to executives using Individual Performance Scorecards, creating alignment between the performance of the Group and the Company; and the individual. While these performance objectives are different for each executive, they are assessed on the same principles across the following four broad categories of targets:

- Financial and Business
- Customer, Operations and Partners
- People and Organisational Development
- Special Projects

For F13/14, the Compensation & HR Committee engaged a remuneration consultant, Carrots Consulting Pte Ltd, to conduct a Pay-for Performance Alignment study. The Committee concluded that there was adequate linkage of the executive remuneration to the performance of the Group and the Company for FY13/14.

The Compensation & HR Committee has reviewed the compensation structure to take into account the risk policies of the Company and the various compensation risks that may arise, and introduced mitigating policies to better manage risk exposures identified. The Committee will, from time to time, undertake periodic reviews of the compensation-related risks to align the performance of the Key Executives to the overall strategic objectives of the Company.

SIAEC RSP and PSP

Details of the SIAEC RSP and SIAEC PSP, and the awards granted can be found on page 60 of the Report by the Board of Directors and page 143 in this Annual Report.

The SIAEC RSP and SIAEC PSP are due to expire on 24 July 2015. The Compensation & HR Committee has recommended to the Board the adoption of the new SIAEC RSP and the new SIAEC PSP (the "new Share Plans") to replace the existing SIAEC RSP and SIAEC PSP respectively, and the Board has accepted the Compensation & HR Committee's recommendations. The existing SIAEC RSP and the SIAEC PSP will terminate following the adoption of the new Share Plans. The new Share Plans will have substantially the same terms as the existing plans, save that the total number of shares which may be delivered under the new Share Plans (whether in the form of shares or cash in lieu of shares) will be subject to a reduced maximum limit of 5%. In addition, the total number of shares under awards to be granted annually under the new Share Plans shall not exceed 0.5% of the total number of issued shares (excluding treasury shares) from time to time (the "Annual Grant Sub-Limit"). However, if the Annual Grant Sub-Limit is not fully utilised in any given year, the balance of the unutilised Annual Grant Sub-Limit may be used by the Company to make grants of awards in subsequent years. The new Share Plans will be proposed to shareholders for approval at the forthcoming Extraordinary General Meeting.

Economic Value Added ("EVA")-based Incentive Plan ("EBIP")

One of the incentive plans included in the remuneration of Key Executives of the Company is the EBIP, which forms the main portion of the annual performance-related bonus for these executives.

The EBIP rewards for sustainable shareholder value creation achieved over the medium term by growing profits, deploying capital efficiently and managing the risk profile and risk time horizon of the business.

For FY13/14, the actual performance of the Group had partially met the pre-determined targets, and the resulting annual EVA declared under the EBIP has been adjusted accordingly to reflect the performance level achieved.

Under the EBIP, one-third of the accumulated EBIP bonus, comprising the EBIP bonus declared for the financial year, and the balance of the EBIP bonus brought forward from preceding years, is paid out in cash each year. The remaining two-thirds are carried forward in each individual executive's EBIP account for payment in future years. Amounts in the EBIP account are at risk because a significant reduction in EVA in any year will result in retraction of the EBIP bonus earned in preceding years. The EBIP encourages Key Executives to work for sustained EVA generation, and to take actions that are aligned with the long-term interests of shareholders.

The rules of the EBIP are subject to review and amendment by the Compensation & HR Committee, which has the discretion, under authority of the Board, to amend the rules where appropriate and relevant to the business environment in which the Company operates.

Profit-Sharing Bonus ("PSB")

Short-term incentives take the form of an annual Profit-Sharing Bonus ("PSB"). Payment of the PSB in respect of each Key Executive is based on the achievement of financial and operating objectives of the Group and the Company and taking into account individual performance.

The PSB is based on Group and Company Performance and is capped at two times of monthly base salary for the Key Executive. After the assessment of the Individual Performance Scorecards, an Individual Performance Rating is determined and is subsequently used to modify the PSB Payout within the range of 0% - 125%.

PROFILE OF SENIOR EXECUTIVES

Mr William Tan Seng Koon
President & Chief Executive Officer

Mr William Tan is a Director and the President & Chief Executive Officer of SIA Engineering Company (SIAEC). The SIAEC Group of companies, with its main operations in Singapore and 26 joint ventures in nine countries, caters to a global customer base of more than 100 international airlines.

Prior to his appointment as President & CEO of SIAEC in May 2001, Mr Tan served in various senior management positions in Singapore Airlines Ltd from 1978.

Mr Tan is the Chairman of SIA Engineering (Philippines) Corporation, Deputy Chairman of Eagle Services Asia Pte Ltd and Singapore Aero Engine Services Pte Ltd, and Director of JAMCO Singapore Pte Ltd and SIAEC Global Pte Ltd.

Mr Tan graduated from the University of Singapore with a Bachelor of Engineering (Mechanical) degree and holds a Diploma in Business Administration from the National University of Singapore. He is a Fellow of the Institution of Engineers Singapore and Singapore Academy of Engineering.

Mr Png Kim Chiang
Executive Vice President (Operations)

Mr Png joined Singapore Airlines Ltd (SIA) in 1975 and served in various departments of the Engineering Division of SIA. He was appointed Vice President Engineering Supplies in 1998. In April 2001, Mr Png was transferred to SIA Engineering Company as its Senior Vice President (Services). He was appointed Senior Vice President (Commercial) in September 2005, Senior Vice President (Aircraft and Component Services) in April 2009 and Executive Vice President (Operations) in April 2010. He is currently in charge of the operations of Aircraft and Component Services, Line Maintenance and Fleet Management, as well as the support services of Marketing, Sales, Information Technology, Engineering, Quality and Safety and Facilities Development.

Mr Png is the Chairman of NexGen Network (1) Holding Pte Ltd, NexGen Network (2) Holding Pte Ltd and Aviation Partnership (Philippines) Corporation (from 15 June 2014), and a director of SIA Engineering (Philippines) Corporation, Hong Kong Aero Engine Services Ltd (from 15 April 2014) and Singapore Aero Engine Services Pte Ltd (from 15 April 2014).

Mr Png holds a Bachelor of Science (Honours) degree in Computation from the University of Manchester Institute of Science and Technology, as well as a Master of Business Administration degree from the National University of Singapore.

Mr Jack Koh Swee Lim
Senior Vice President (Special Projects)

Mr Jack Koh joined Singapore Airlines Ltd (SIA) in 1971, served as Vice President Technical Projects in 1999 and was appointed Divisional Vice President Engineering in 2001 before joining SIA Engineering Company.

Mr Koh was appointed Senior Vice President (Line Maintenance and Materials) in SIA Engineering Company in September 2005, Senior Vice President (Line Maintenance and Business Development) in October 2007, Senior Vice President (Commercial) in April 2009, Senior Vice President (Fleet Management / Marketing & Sales) in April 2010 and Senior Vice President (Aircraft & Component Services) in April 2013. On 1 April 2014, he was appointed Senior Vice President (Special Projects).

Mr Koh is the Chairman of Aviation Partnership (Philippines) Corporation (until 14 June 2014), Vice-President Commissioner of PT JAS Aero-Engineering Services and a Director of Hong Kong Aero Engine Services Ltd (until 14 April 2014) and Singapore Aero Engine Services Pte Ltd (until 14 April 2014).

Mr Koh holds a Bachelor of Business degree from Curtin University (Australia) and a Master of Business Administration degree from Monash University, Australia.

Ms Zarina Piperdi
Senior Vice President (Human Resources)

Ms Piperdi joined Singapore Airlines Ltd (SIA) in 1983 and had been posted to various positions in the Finance Division. In 1991, she was posted to Los Angeles as SIA's Regional Finance & Admin Manager America. She joined SIA Cargo Pte Ltd in 1997 to spearhead the formation of the cargo airline and was appointed as Vice President Finance & Human Resources in 2001. In March 2006, Ms Piperdi was transferred to SIA Engineering Company and was appointed Senior Vice President (Human Resources) in November 2006. She is currently responsible for the Human Resources and Training Academy Divisions.

Ms Piperdi is the Chairperson of Fuel Accessory Service Technologies Pte Ltd and a Director of Component Aerospace Singapore Pte Ltd, International Engine Component Overhaul Pte Ltd, International Aerospace Tubes-Asia Pte Ltd, NexGen Network (1) Holding Pte Ltd, NexGen Network (2) Holding Pte Ltd and SIAEC Global Pte Ltd.

Ms Piperdi holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and has completed a Senior Executive Programme at London Business School. She is also a Fellow of the Institute of Certified Public Accountants.

Mr Ivan Neo Seok Kok
Senior Vice President (Aircraft & Component Services)

Mr Neo joined Singapore Airlines Ltd (SIA) in 1975. He served in various capacities in the Engineering Division of SIA before his transfer to SIA Engineering Company in 1992.

In SIA Engineering Company, Mr Neo was appointed Vice President in charge of Quality & Safety in 2001, and Base Maintenance and China Projects in 2004. In October 2007, he was appointed Senior Vice President (Aircraft & Component Services). He was subsequently appointed Senior Vice President (Line Maintenance and Business Development) in April 2009, Senior Vice President (Line Maintenance Singapore and International) in April 2010 and Senior Vice President (Partnership Management & Business Development) in February 2012. On 1 April 2014, he was appointed Senior Vice President (Aircraft & Component Services) and is currently responsible for Heavy Maintenance, Heavy Maintenance (Sales), Workshops and Facilities Development Divisions.

Mr Neo is the Chairman of Pan Asia Pacific Aviation Services Ltd (Hong Kong) and Aerospace Component Engineering Services Pte Ltd, Deputy Chairman of Goodrich Aerostructures Service Center – Asia Pte Ltd (from 15 April 2014), and a Director of Panasonic Avionics Services Singapore Pte Ltd (until 31 March 2014) and Goodrich Aerostructures Service (China) Co. Ltd (from 15 April 2014).

In addition to possessing an Aircraft Maintenance Engineer's Licence, Mr Neo holds a Bachelor of Science (Honours) degree from the University of London and a Master of Business and Technology degree from the University of New South Wales.

Ms Anne Ang Lian Choo
Senior Vice President (Finance) / Chief Financial Officer

Ms Ang was appointed as SIA Engineering Company's Chief Financial Officer on 16 May 2008. She joined the Company from Singapore Airlines Ltd (SIA), where she has worked since 1989. She has served in various capacities in SIA's Finance and Internal Audit divisions, including her last appointment as Vice President Revenue Accounting. Prior to joining SIA, Ms Ang was Manager of Singapore Aviation and General Insurance Co. Pte Ltd (SAGI), a wholly owned subsidiary of SIA.

Ms Ang is a Director of Aviation Partnership (Philippines) Corporation, Eagle Services Asia Pte Ltd, Pan Asia Pacific Aviation Services Ltd and Singapore JAMCO Pte Ltd (until 19 May 2014).

Ms Ang has a Bachelor of Accountancy (Honours) degree and a Master of Business Administration degree from the National University of Singapore.

Mr Chow Kok Wah

Senior Vice President (Line Maintenance and Information Technology)

Mr Chow Kok Wah joined Singapore Airlines Ltd (SIA) in 1971. He was appointed Vice President Technical Services in July 1999 and Divisional Vice President Engineering (Operations) in January 2001, and had served in various capacities in the Engineering Division of SIA. In March 2010, he was appointed as Divisional Vice President Cabin Crew Operations and in November 2010, as Acting Senior Vice President Cabin Crew, prior to his secondment to SIA Engineering Company.

Mr Chow was appointed Senior Vice President (Line Maintenance and Information Technology) in SIA Engineering Company in February 2012, and is currently responsible for Line Maintenance Division's operations in Singapore and overseas, and the Information Technology Division.

Mr Chow is the Chairman of Aircraft Maintenance Services Australia Pty Ltd and a Director of Southern Airports Aircraft Maintenance Services Company Ltd (Vietnam).

Mr Chow holds a Bachelor of Engineering (Honours) degree in Electrical Engineering from Monash University (Australia).

NOMINATING COMMITTEE (Principle 4)

The Nominating Committee comprises three non-executive Directors, two of whom are independent, including the Chairman. The key responsibilities of the Nominating Committee, in a accordance with the terms of its Charter, are set out in the subsequent paragraphs. The members of the Nominating Committee during FY13/14 were:

Chairman	Oo Soon Hee
Members	Ng Chin Hwee
	Chew Teck Soon (appointed on 1 Jun 2013)
	Paul Chan Kwai Wah (retired on 1 Oct 2013)

The Nominating Committee reviews Board composition and makes recommendations for the appointment of new Directors. The Nominating Committee is focused on maintaining a strong independent element in the composition of the Board and the Board Committees. Relying on a set of stringent criteria approved by the Board, Directors are carefully selected to augment core competencies and experience of the Board to ensure overall effectiveness and informed decision-making. The Nominating Committee, together with the Board Chairman, meets with the shortlisted candidates to assess their eligibility and recommends their selection to the Board for approval. The Nominating Committee regularly reviews the Board's Skills' Matrix, which denotes the experience and expertise of Directors in relation to the business and strategic goals of the Company. The Skills' Matrix is used in identifying the competencies for new Board appointments.

Having reviewed the contributions of each Director, taking into account his/her listed company directorships and other principal commitments, the Nominating Committee is of the view that each Director has been able to carry out his/her duties adequately. The Nominating Committee has in place a process to assess the estimated time an incoming Director will be able to devote to the Company's affairs in the light of his/her other commitments. Serving Directors are evaluated on, inter alia, their ability to devote sufficient time and attention to the affairs of the Company. Accordingly, the Board has not made a determination of the maximum number of listed board representations a Director may hold.

Pursuant to Article 83 of the Company's Articles of Association, one third of Directors for the time being shall retire at each Annual General Meeting ("AGM"). Retiring Directors are those who have served longest since their last election. They are eligible to offer themselves for re-election under Article 84, subject to the approval of the Nominating Committee and the Board. Directors appointed after the last AGM will also retire and are eligible for re-election at the AGM following their appointment in accordance with Article 90. A serving Director who attains the age of 70 will also retire and is eligible for re-election at the AGM.

At the 32nd AGM to be held on 21 July 2014, Mr Oo Soon Hee will retire pursuant to Section 153(2) of the Companies Act, Cap 50. Mr Ron Foo Siang Guan, Mr Manohar Khiatani and Mr Chew Teck Soon will retire under Article 83. Mrs Christina Ong and Mr Tong Chong Heong will retire under Article 90.

After assessing their respective contributions, including their attendance, preparedness, participation and candour at Board and Board Committee meetings, the Nominating Committee recommends the re-election of Directors who are willing to serve an additional term.

During the year under review, the Nominating Committee also attended, inter alia, to the following:

(a) reviewed the composition of the Board and Board Committees, Board size and the Skills Matrix, which was updated to reflect the skills and expertise of new appointees;

(b) recommended the appointment as Directors of Mrs Christina Ong with effect from 1 January 2014, and Mr Tong Chong Heong with effect from 1 June 2014;

(c) recommended the following appointments: Mr Manohar Khiatani as member of the Audit Committee from 1 June 2013 and the Board Safety & Risk Committee with effect from 1 October 2013; Mr Chew Teck Soon as member of the Audit Committee, the Board Safety & Risk Committee and the Nominating Committee with effect from 1 June 2013; Mr Stephen Lee Ching Yen as member of the Compensation & HR Committee with effect from 1 October 2013 and as the Chairman of the Compensation & HR Committee with effect from 5 November 2013; Mrs Christina Ong as member of the Audit Committee and the Compensation & HR Committee with effect from 15 January 2014;

(d) reviewed and affirmed the independence/non-independence of each Director based on his/her declaration;

(e) considered and recommended Directors to retire by rotation and seek re-election at the AGM;

(f) considered ongoing training of Directors; and

(g) reviewed the compliance of the Nominating Committee with the relevant requirements of the Code.

BOARD COMMITTEE

The Board Committee deputises for the Board on routine matters to facilitate day-to-day administration and to expedite decisions thereon, including the opening of bank accounts, affixing the Company's seal on documents requiring the Company's seal, authorising specific officers to sign pertinent documents on behalf of the Company and approving nominations to the boards of key Group companies and appointments of the Company's corporate representatives. The Board Committee also approves capital expenditures from $1.5 million to $5 million. Approvals of values below the base level of $1.5 million are referred to the Senior Management Committee. The members of the Board Committee during FY13/14 were:

Members	Goh Choon Phong
	Ron Foo Siang Guan
Alternate	Paul Chan Kwai Wah (for both Members) retired on 1 Oct 2013

There is no Chairman for the Board Committee as the members do not meet in person. Papers seeking the Board Committee's approval are circulated and resolutions approved by the Board Committee are reported to the Board at the following Board meeting.

The Board Committee has relieved the Board of routine day-to-day matters that require Board approval. The swiftness of the Board Committee's deliberation and decision-making enables the Company to deal with these matters expeditiously in its daily operations.

MANAGEMENT COMMITTEES

Management oversees specific areas of the Group's operations and businesses through various committees, holding meetings with varying frequencies, from daily, weekly, bi-weekly to monthly. These include the Senior Management Committee, the Management Committee, the Staff Committee, the Investments Committee, the Partnership Review Committee, the Group Risk Management Committee, the Risk Management Committee and the Joint Ventures Risk Management Committee.

SHAREHOLDER RIGHTS, COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDER MEETINGS (Principles 14, 15 and 16)

The Company is committed to the disclosure of material or price-sensitive information in a clear, detailed and timely manner. The Company holds analyst briefings for its mid-year and full-year results. At other times, meetings with analysts and investors are held to facilitate their understanding of the Company's business. The Company's quarterly, mid-year and full-year results are published through SGXNET and press releases, and on the Company's website at www.siaec.com.sg. The Company's Annual Reports and other information of interest to investors are posted on its website.

The Company does not have a formal dividend policy. The Board considers, inter alia, the Company's capital structure, cash requirements and expansion plans in declaring dividends for each year. Barring any unforeseen circumstances, the Company will endeavour to declare dividends at sustainable rates.

Shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders and may appoint up to two proxies, under the current Articles of Association, to attend and vote on their behalf. Shareholders, who hold shares in the Company through corporations which provide nominee/custodial services and who provide satisfactory evidence of their share ownership, are allowed to attend and observe the general meetings.

At shareholders' meetings, every proposal requiring approval is tabled as a separate resolution. For details on resolutions proposed for the 2014 AGM, please refer to the 'Notice of AGM' in this Annual Report, which is also found on the Company's website. With effect from 2012 AGM, the Company adopted electronic poll voting by shareholders for greater transparency in the voting process. The number of votes cast for or against each resolution is displayed immediately after the voting of each resolution. After the meeting, the results are posted on the SGXNET website. Currently, shareholders can vote by proxy but not in absentia. The Company will consider amending its Articles of Association if the Board is of the view that there is justifiable demand for absentia voting, and after the Company has evaluated and put in place the necessary measures to facilitate such voting.

The AGM and/or the EGM are principal forums for dialogue with shareholders. Shareholders are encouraged to participate in such meetings by raising relevant questions or seeking clarification on the motions tabled at these meetings. The Chairman, Directors, Management and external auditors will be in attendance at the AGM to address questions from shareholders. Minutes of shareholders' meetings are made available to shareholders on request.

SECURITIES TRANSACTIONS

As prescribed in the Listing Manual, the Company has adopted a Policy and Guidelines for dealings in the Company's securities, which are posted on the Company's Intranet for easy access by employees. The heads of divisions and departments are responsible for ensuring that the information on the Policy is brought to the attention of employees who do not have ready Intranet access.

The Policy and Guidelines restrict Directors and employees from trading in the Company's securities during the period two weeks prior to the announcement of the Group's results for the first three quarters of the financial year, and one month prior to the announcement of full-year results.

The Policy and Guidelines also remind employees and Directors to avoid trading in the Company's securities for short-term considerations and to be mindful of the insider trading prohibitions under the Securities and Futures Act (Cap. 289) when trading in the Company's or any other related corporation's securities.

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORE-CARD ON THE CODE OF CORPORATE GOVERNANCE 2012 ISSUED BY THE MONETARY AUTHORITY OF SINGAPORE ("CODE")

The following table summarises the Company's compliance with the Code principles. The table also sets out specific disclosures stated in the Annual Report, including key departures from the Code.

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Principle 1: The Board's Conduct of Affairs **Every Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.**	✓	10
Guideline 1.3 Delegation of authority, by the Board to any Board Committee, to make decisions on certain Board matters	✓	10
Guideline 1.4 The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every Board member at these meetings	✓	12
Guideline 1.5 Disclosure in the Annual Report of the types of material transactions that require Board approval	✓	10
Guideline 1.6 Information on induction, orientation and training provided to new and existing Directors	✓	11
Principle 2: Board Composition and Guidance **There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and the Company's substantial shareholders (those who own 10% or more of the Company's shares). No individual or small group of individuals should be allowed to dominate the Board's decision making.**	✓	12
Guideline 2.3 • Each Director considered to be Independent by the Board • A Director considered to be Independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a Director not to be independent, the nature of the Director's relationship and the reasons for considering him as independent to be disclosed	✓	13
Guideline 2.4 If an Independent Director, who has served on the Board for more than 9 years from the date of his first appointment, is considered to be independent, the reasons for considering him as independent should be disclosed	✓	13
Principle 3: Chairman and Chief Executive Officer **There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.**	✓	13
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	✓	13
Guideline 3.3 Every Company should appoint a Lead Independent Director where the Chairman is not an Independent Director	–	13

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Principle 4: Board Membership **There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.**	✓	29
Guideline 4.1 Names of the members of the Nominating Committee ("NC") and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	✓	29
Guideline 4.4 The maximum number of listed company Board representations which Directors may hold	–	29
Guideline 4.6 Process for the selection, appointment and re-appointment of new Directors to the Board, including the search and nomination process	✓	29
Guideline 4.7 Key information regarding Directors, including which Directors are Executive, Non-Executive or considered by the NC to be Independent	✓	12, 36
Principle 5: Board Performance **There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.**	✓	14
Guideline 5.1 Assessment of the contributions of the Board, Board Committees and individual Directors to the effectiveness of the Board; and if such assessment is by an external facilitator.	✓	14
Principle 6: Access to Information **In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**	✓	14
Principle 7: Procedures for Developing Remuneration Policies **There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.**	✓	21
Guideline 7.1 Names of the members of the Remuneration Committee ("RC") and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	✓	21
Guideline 7.3 Names and firms of the remuneration consultants (if any), including a statement on whether the remuneration consultants have any relationships with the Company	✓	21, 24
Principle 8: Level and Mix of Remuneration **The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. Companies should avoid paying more than is necessary for this purpose.**	✓	21
Principle 9: Disclosure of Remuneration **Every Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.**	✓	22
Guideline 9.1 • Remuneration of Directors, the CEO and at least the top 5 key management personnel of the Company. • The aggregate amount of any termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top 5 key management personnel	✓	22, 33

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Guideline 9.2 Fully disclose the remuneration of each individual Director and the CEO on a named basis with a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives	✓	22
Guideline 9.3 • Name and disclose the remuneration of at least the top 5 key management personnel in bands of S$250,000 with a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives. • In addition, the Company should disclose in aggregate the total remuneration paid to the top 5 key management personnel	✓	23, 24
Guideline 9.4 Details of the remuneration of named employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during the year with clear indication of the employee's relationship with the relevant Director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000	✓	22
Guideline 9.5 Details and important terms of employee share schemes	✓	25, 58
Guideline 9.6 More information on the link between remuneration paid to the executive Directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	✓	24
Principle 10: Accountability **The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**	✓	14
Principle 11: Risk Management And Internal Controls **The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.**	✓	15, 20
Guideline 11.3 • The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems.	✓	20
• The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems	✓	20

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Principle 12: Audit Committee ("AC") **The Board should establish an AC with written terms of reference which clearly set out its authority and duties.**	✓	18
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	✓	18
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	✓	18
Guideline 12.7 The existence of a whistle-blowing policy	✓	19
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	✓	18
Principle 13: Internal Audit The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.	✓	19
Principle 14: Shareholder Rights **Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.**	✓	31
Guideline 14.3 Allow corporations which provide nominee or custodial services to appoint more than 2 proxies	–	31
Principle 15: Communication with Shareholders **Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**	✓	31
Guideline 15.4 Steps taken to solicit and understand shareholders' views, eg through analyst briefings, investor road shows or Investors' Day briefings	✓	31
Guideline 15.5 • Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders.	–	31
• Where dividends are not paid, the Company must disclose its reasons	✓	31
Principle 16: Conduct Of Shareholder Meetings **Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**	✓	31
Guideline 16.1 Companies should allow for absentia voting at general meetings of shareholders	–	31

FURTHER INFORMATION ON BOARD OF DIRECTORS

MR STEPHEN LEE CHING YEN
CHAIRMAN, BOARD OF DIRECTORS
CHAIRMAN, COMPENSATION & HR COMMITTEE

Mr Lee was appointed Director on 1 December 2005 and Chairman on 1 January 2006. He is the Chairman of Singapore Airlines Ltd and NTUC Income Insurance Co-operative Ltd, a Director of CapitaLand Ltd, Managing Director of Shanghai Commercial and Savings Bank Ltd (Taiwan) and Great Malaysia Textile Investments Pte Ltd.

Amongst several other appointments, Mr Lee is the President of the Singapore National Employers Federation, a member of the Advisory Panel of Temasek Holdings (Private) Limited and an Alternate Member of the Council of Presidential Advisers. He was Chairman of the Singapore Business Federation from 2002 to 2008 and International Enterprise Singapore from 1995 to 2002. He was a Nominated Member of Parliament from 1994 to 1997. Mr Lee was awarded the Public Service Star in 1998 and the Distinguished Service Order in 2006 for his contributions to both the public and private sectors.

Age: 67

Academic and Professional Qualifications:
- Master of Business Administration, Northwestern University, Illinois

Current Directorships In Other Listed Companies

	Company	Title
1.	Singapore Airlines Ltd	Chairman
2.	CapitaLand Ltd	Director

Other Major Appointments

	Organisation/Company	Title
1.	Shanghai Commercial & Savings Bank Ltd, Taiwan	Managing Director
2.	Great Malaysia Textile Investments Pte Ltd	Managing Director
3.	Singapore National Employers Federation	President

Others

	Organisation/Company	Title
1.	NTUC Income Insurance Co-operative Ltd	Chairman
2.	Singapore Labour Foundation	Director
3.	Shanghai Commercial Bank Ltd, Hong Kong	Director
4.	COFCO Corporation, China	Director
5.	NTUC Enterprise Co-operative Ltd	Director
6.	SLF Strategic Advisers Pte Ltd	Director
7.	National Wages Council	Council Member

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Baosteel Group Corporation, China	Director
2.	Chinese Development Assistance Council	Board Member

MR RON FOO SIANG GUAN
CHAIRMAN, AUDIT COMMITTEE

Mr Foo was appointed Director on 1 August 2007. He has more than 35 years of extensive auditing, accounting and financial experience in Singapore and overseas. He had been a partner in PricewaterhouseCoopers, Singapore for 22 years before retiring in December 2005.

Mr Foo is presently a Director of SembCorp Marine Ltd. He was previously a council member in the Institute of Certified Public Accountants of Singapore (ICPAS) and was awarded the ICPAS Gold Medal 2004 for his distinguished service to the accounting profession and the community.

Age: 66

Academic and Professional Qualifications:
- Bachelor of Arts (Economics), University of Manitoba, Canada
- Fellow, Institute of Certified Public Accountants, Singapore
- Member, Canadian Institute of Chartered Accountants

Current Directorships In Other Listed Companies

	Company	Title
1.	SembCorp Marine Ltd	Director

Other Major Appointments

	Organisation/Company	Title
1.	Alliance Consultancy Corporation	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	NTUC Income Insurance Co-Operative Ltd	Director
2.	Competition Appeal Board	Board Member

MR OO SOON HEE
CHAIRMAN, NOMINATING COMMITTEE
CHAIRMAN, BOARD SAFETY & RISK COMMITTEE

Mr Oo was appointed Director on 1 August 2007. He was previously the President of NatSteel Asia Pte Ltd and was appointed as Director, South East Asia of Tata Steel Ltd on 1 January 2008. Upon his retirement on 31 May 2009, he was appointed as Adviser to the Managing Director of Tata Steel on 1 June 2009. Mr Oo has more than 30 years of extensive experience in businesses operating locally and in Asia.

Mr Oo is presently an Executive Director of NSL Ltd and a Director on the Boards of ComfortDelGro Corporation Ltd, Bangkok Cogeneration Company Ltd, Eastern Pretech Pte Ltd, NSL Chemicals Ltd, NatSteel Holdings Pte Ltd and York Transport Equipment (Asia) Pte Ltd.

Age: 70

Academic and Professional Qualifications:
- Bachelor of Science (Honours) in Applied Chemistry, University of Singapore
- Diploma in Business Administration, University of Singapore

Current Directorships In Other Listed Companies

	Company	Title
1.	ComfortDelGro Corporation Ltd	Director

Other Major Appointments

	Organisation/Company	Title
1.	NSL Ltd	Executive Director

Others

	Organisation/Company	Title
1.	Bangkok Cogeneration Company Ltd	Director
2.	Eastern Pretech Pte Ltd	Director
3.	NSL Chemicals Ltd	Director
4.	NatSteel Holdings Pte Ltd	Director
5.	York Transport Equipment (Asia) Pte Ltd	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Bangkok Synthetics Co., Ltd	Director
2.	BST Elastomers Co., Ltd	Director
3.	BST Specialty Co., Ltd	Director
4.	NatSteel Asia Pte Ltd	Director
5.	TRF Singapore Pte Ltd	Director

MR GOH CHOON PHONG
DIRECTOR

Mr Goh was appointed Director on 1 January 2011. He is a Director and the Chief Executive Officer of Singapore Airlines Ltd. He joined Singapore Airlines in 1990 and has held senior management positions in various divisions in Singapore and overseas, ranging from Marketing to Information Technology to Finance and Cargo. Prior to his appointment as Chief Executive Officer, Mr Goh was Executive Vice President for Marketing and the Regions and also served as President of Singapore Airlines Cargo Pte Ltd (2006 to 2010), Senior Vice President Finance (2004 to 2006) and Senior Vice President Information Technology (2003 to 2004).

Mr Goh is also a Director of Mount Alvernia Hospital, a Member of the Steering Committee of the National Council of Social Service and a Member of the Board of Governors of the International Air Transport Association, of which he is a Member of the Strategy and Policy Committee.

Age: 50

Academic and Professional Qualifications:
- Master of Science in Electrical Engineering and Computer Science
- Bachelor of Science in Computer Science & Engineering
- Bachelor of Science in Management Science
- Bachelor of Science in Cognitive Science
  Massachusetts Institute of Technology

Current Directorships In Other Listed Companies

	Company	Title
1.	Singapore Airlines Limited	Director and CEO

Other Major Appointments

	Organisation/Company	Title
1.	Mount Alvernia Hospital	Director
2.	International Air Transport Association	Member, Board of Governors
3.	National Council of Social Services	Member, Steering Committee

Directorships/Appointments in the past 3 years
Nil

MR NG CHIN HWEE
DIRECTOR

Mr Ng was appointed Director on 18 July 2008. He is the Executive Vice President for Human Resources and Operations in Singapore Airlines (SIA). He joined SIA in 1985 and has been appointed to various senior positions in Singapore and overseas. Among the overseas stints, Mr Ng served as Manager Myanmar for SIA's regional carrier Tradewinds (later renamed as SilkAir), SIA's Manager Victoria and Tasmania in Australia, and General Manager Germany.

Upon his return to Singapore in 1998, he served as Vice President Ground Services. He was then promoted to Divisional Vice President in 1999 and Senior Vice President Americas in 2001. In 2004, he returned to Singapore to take up the position of President & Chief Executive Officer of Singapore Airport Terminal Services Ltd (SATS). He left SATS to rejoin SIA and was promoted to Executive Vice President for Human Resources and Planning on 1 January 2008. He was appointed Executive Vice-President Human Resources and Operations on 1 February 2011 and took charge of the divisions of Cabin Crew, Engineering, Flight Operations and Human Resources.

Mr Ng is presently the Chairman of Singapore Airlines Cargo Pte Ltd and Scoot Pte Ltd.

Age: 53

Academic and Professional Qualifications:
- Master of Science in Management, Massachusetts Institute of Technology, USA
- Bachelor of Engineering (1st Class Honours), National University of Singapore

Other Major Appointments

	Organisation/Company	Title
1.	Singapore Airlines Cargo Pte Ltd	Chairman
2.	Scoot Pte Ltd	Chairman

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	SIA Properties (Pte) Ltd (dissolved on 30 March 2014)	Chairman
2.	Virgin Atlantic Ltd	Director
3.	Virgin Atlantic Airways Ltd	Director
4.	Virgin Travel Group Ltd	Director
5.	VAL Trademark Two Ltd	Director
6.	VAL Trademark Three Ltd	Director
7.	VAL Trademark Four Ltd	Director
8.	VAL Trademark Five Ltd	Director

MR WILLIAM TAN SENG KOON
DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr Tan was appointed Director on 1 March 2010. He is the President & Chief Executive Officer of SIA Engineering Company (SIAEC). The SIAEC Group of companies, with its main operations in Singapore and 26 joint ventures in nine countries, caters to a global customer base of more than 100 international airlines. Prior to his appointment as President & CEO of SIAEC in May 2001, Mr Tan served in various senior management positions in Singapore Airlines Ltd from 1978.

Mr Tan is the Chairman of SIA Engineering (Philippines) Corporation, Deputy Chairman of Eagle Services Asia Pte Ltd and Singapore Aero Engine Services Pte Ltd, and Director of JAMCO Singapore Pte Ltd and SIAEC Global Pte Ltd.

Age: 61

Academic and Professional Qualifications:
- Bachelor of Engineering (Mechanical), University of Singapore
- Diploma in Business Administration, National University of Singapore
- Fellow, Institution of Engineers Singapore
- Fellow, Singapore Academy of Engineering

Other Major Appointments

	Organisation/Company	Title
1.	SIA Engineering (Philippines) Corporation	Chairman
2.	Eagle Services Asia Pte Ltd	Deputy Chairman
3.	Singapore Aero Engine Services Pte Ltd	Deputy Chairman
4.	JAMCO Singapore Pte Ltd	Director

Others

	Organisation/Company	Title
1.	SIAEC Global Pte Ltd	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Singapore JAMCO Pte Ltd	Chairman

MR MANOHAR KHIATANI
DIRECTOR

Mr Manohar Khiatani was appointed Director on 1 April 2013. Mr Khiatani is a Director and the President & Group CEO of Ascendas Pte Ltd, a leading provider of business space solutions in Asia with Assets under Management exceeding US$10 billion. He was previously the Chief Executive Officer of JTC Corporation (JTC), where he spearheaded the development of infrastructure solutions for various industrial sectors. Prior to JTC, Mr Khiatani was the Deputy Managing Director of the Singapore Economic Development Board (EDB). During his tenure in EDB, he played an instrumental role in the development and transformation of important sectors including aerospace, electronics, offshore and marine, logistics, infocomms and media, and clean technology. He was also in charge of the EDB's operations in the Americas and Europe. Mr Khiatani also worked in the private sector for 5 years, where he spent several years as the Managing Director of Preussag SEA, a diversified German conglomerate.

Age: 54

Academic and Professional Qualifications:
- Master of Science (Naval Architecture), University of Hamburg, Germany
- Advanced Management Program, Harvard Business School

	Other Major Appointments	Title
1.	Ascendas Pte Ltd	Director
2.	Ascendas Property Fund (India) Pte Ltd	Director
3.	Ascendas Investment Pte Ltd	Director
4.	Ascendas Land International Pte Ltd	Director
5.	Ascendas Land (Singapore) Pte Ltd	Director
6.	Ascendas Development Pte Ltd	Director
7.	Ascendas Frasers Pte Ltd	Director
8.	Ascendas (China) Pte Ltd	Director
9.	Ascendas Nanjing-Jiangning Investment Holding Pte Ltd	Director
10.	Ascendas Holdings (Manila) Pte Ltd	Director
11.	Ascendas Philippines Properties Pte Ltd	Director
12.	Ascendas Vietnam Investments Pte Ltd	Director
13.	Ascendas (Korea) Pte Ltd	Director
14.	Ascendas (Malaysia) Pte Ltd	Director
15.	Ascendas Japan Pte Ltd	Director
16.	Ascendas Media Hub Pte Ltd	Director
17.	Ascendas-Citramas Pte Ltd	Director
18.	Ascendas Property Fund Trustee Pte Ltd	Director
19.	Ascendas Fund Management (S) Ltd	Director
20.	Ascendas Hospitality Fund Management Pte Ltd	Director
21.	Ascendas Hospitality Trust Management Pte Ltd	Director
22.	Carmelray-JTCI Corporation	Director
23.	Nusajaya Tech Park Sdn Bhd	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	JTC Corporation	Director
2.	JURONG International Holdings	Director
3.	Jurong Port Pte Ltd	Director

MR CHEW TECK SOON
DIRECTOR

Mr Chew Teck Soon was appointed Director on 1 May 2013. Mr Chew was an audit partner with PricewaterhouseCoopers for 25 years before his retirement in December 2009. He has 38 years of international experience in auditing, accounting, business and finance with the Firm, working with clients from a wide range of industries in Singapore, UK, USA and Asia, advising on business risks and strategies, finance management and accounting, and corporate governance. Mr Chew also has deep knowledge in computer auditing and information system security review. He was a regular speaker on information system security risk management at international professional conferences and in-house seminars.

Age: 62

Academic and Professional Qualifications:
- Chartered Certified Accountant (ACCA), Association of Chartered Certified Accountants, UK
- Certified Information Systems Auditor, EDP Auditors Association Inc, USA
- Graduate Certificate in International Arbitration, Law Faculty, National University of Singapore
- Fellow, Chartered Association of Certified Accountants, UK
- Certified Public Accountant, Institute of Certified Public Accountants, Singapore
- Fellow, Institute of Certified Public Accountants, Singapore
- Fellow, Chartered Institute of Arbitrators, UK
- Fellow, Singapore Institute of Arbitrators
- Executive MBA Programme of Stanford-NUS
- Executive MBA Programme of INSEAD-Coopers & Lybrand

Other Major Appointments

	Organisation/Company	Title
1.	IL&FS Wind Power Management Pte Ltd	Director and Chairman of Audit Committee

Others

	Organisation/Company	Title
1.	Nee Soon Town Council	Town Councillor and Chairman, Finance and Investment Committee
2.	JW Marriott Phuket Beach Club	Chairman, Advisory Committee

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Chartered Institute of Arbitrators, Singapore	Director
2.	The Tanglin Club	Member, Audit Committee

MRS CHRISTINA ONG
DIRECTOR

Mrs Ong was appointed Director on 1 January 2014. She is a Partner of Allen & Gledhill LLP, where she is the Head of the Financial Services Department. Her areas of practice include banking, securities offerings, securities regulations, investment funds, capital markets and corporate finance. She has been involved in a broad range of debt and equity issues. She provides corporate and corporate regulatory and compliance advice, particularly to listed companies.

Mrs Ong is currently a Director of Singapore Telecommunications Ltd, Eastern Development Pte Ltd, Eastern Development Holdings Pte Ltd, Trailblazer Foundation Ltd and the Singapore Tourism Board.

Age: 62

Academic and Professional Qualifications:
- Bachelor of Laws, LLB (Honours)(Second Upper), National University of Singapore
- Member, Law Society of Singapore
- Member, International Bar Association

Current Directorships In Other Listed Companies

	Company	Title
1.	Singapore Telecommunications Ltd	Director

Other Major Appointments

	Organisation/Company	Title
1.	Allen & Gledhill LLP	Partner
2.	Eastern Development Pte Ltd	Director
3.	Eastern Development Holdings Pte. Ltd	Director
4.	Trailblazer Foundation Ltd	Director

Others

	Organisation/Company	Title
1.	Singapore Tourism Board	Board Member

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	ST Asset Management Ltd	Director

MR TONG CHONG HEONG

DIRECTOR (from 1 June 2014)

Mr Tong was appointed Director on 1 June 2014. He was Chief Executive Officer of Keppel Offshore & Marine Ltd from 1 January 2009 to 1 February 2014 and was responsible for the overall management and operations of Keppel Offshore & Marine. He was also an Executive Director of Keppel Corporation Ltd since 2009 and Senior Executive Director from 2011 to 2014. Upon his retirement on 1 February 2014, he was appointed Senior Advisor of Keppel Offshore & Marine Ltd.

Mr Tong was appointed Commander of the Volunteer Special Constabulary (VSC) from 1995-2001 and was honoured with the Singapore Public Service Medal at the 1999 National Day Award. He was awarded the Medal of Commendation (Gold) Award at NTUC May Day 2010.

Mr Tong is a Director of Keppel Integrated Engineering Ltd and a member of the Board of Governors of the Institute of Technical Education (ITE) , the Board of Trustees of the NTUC-U Care Fund, the American Bureau of Shipping and the Singapore Maritime Institute Governing Council.

Age: 67

Academic and Professional Qualifications:

- Graduate, Management Development Programme, Harvard Business School
- Graduate, Stanford-NUS Executive Programme
- Diploma in Management Studies, The University of Chicago Graduate Business School
- Fellow, Singapore Institute of Directors
- Fellow, The Royal Institute of Naval Architects (RINA) UK
- Fellow, Institute of Marine Engineering, Science & Technology
- Fellow, Society of Project Managers
- Member, Society of Naval Architects and Marine Engineers (USA)
- Member, American Bureau of Shipping
- Member, Nippon Kaiji Kyokai (Class NK)

Other Major Appointments

	Organisation/Company	Title
1.	Keppel Integrated Engineering Ltd	Director

Others

	Organisation/Company	Title
1.	Institute of Technical Education (ITE)	Member, Board of Governors
2.	NTUC-U Care Fund	Member, Board of Trustees
3.	Singapore Maritime Institute	Member, Governing Council
4.	Singapore Institute Of International Affairs	Advisor

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Keppel Corporation Ltd	Senior Executive Director
2.	Keppel Offshore & Marine Ltd	Chief Executive Officer / Director
3.	Keppel FELS Ltd	Chief Executive Officer / Director
4.	Keppel Shipyard Ltd	Chief Executive Officer / Director
5.	Keppel Seghers Holdings	Director
6.	Keppel Infrastructure Holdings Pte Ltd	Director

MR PAUL CHAN KWAI WAH

CHAIRMAN, COMPENSATION & HR COMMITTEE (until 30 September 2013)

Mr Chan was appointed Director on 1 August 2006 and relinquished his Directorship on 1 October 2013. He stepped down as Senior Vice President and Managing Director of Hewlett-Packard Asia Pacific Pte Ltd on 1 May 2006. He was with Hewlett-Packard for 28 years, including seven years with Compaq Computer Asia Pacific Pte Ltd, where he held a number of senior executive positions and led the successful regional integration of Tandem Computers, Digital Equipment Corporation and Compaq Computers.

Mr Chan is the Chairman of SP Services Ltd and a Director of National Healthcare Group Pte Ltd and Integrated Health Information Systems Pte Ltd. Mr Chan served as Director of the Singapore Economic Development Board from 2004 to 2006. He was awarded the Public Service Star (PBM) in 2005.

Age: 60

Academic and Professional Qualifications:

- Bachelor of Science (Physics), University of Singapore
- Diploma in Marketing, Chartered Institute of Marketing, UK
- Advanced Management Programme, University of Hawaii
- Fellow, Singapore Institute of Directors

Other Major Appointments

	Organisation/Company	Title
1.	SP Services Ltd	Chairman
2.	Integrated Health Information Systems Pte Ltd	Director
3.	National Healthcare Group Pte Ltd	Director

Others

	Organisation/Company	Title
1.	Bethesda (Katong) Church	Director

Directorships/Appointments in the past 3 years

Nil

MR LIM JOO BOON
DIRECTOR (until 30 September 2013)

Mr Lim was appointed Director on 1 August 2007 and relinquished his Directorship on 1 October 2013. He held various senior leadership positions within Accenture organisations in Singapore and the Asia Pacific region, including Country Managing Partner in Accenture Taiwan, Head Electronics and High Technology Industries in Accenture Asia Pacific and Head Supply Change Management. Mr Lim was a Senior Partner of Accenture Singapore before his retirement in 2003. His professional expertise is in organisational transformation, business process re-engineering and large-scale mission critical IT system implementation.

Mr Lim is the Chairman of Pteris Global Ltd and a Director of Phillip Ventures Enterprise Fund 3 Ltd, JurongHealth Fund Ltd, Jurong Health Services Pte Ltd, Star Softcomm Pte Ltd and Asia Philanthropic Ventures Private Limited. He is also an Adjunct Associate Professor at the National University of Singapore.

Age: 60

Academic and Professional Qualifications:

- Bachelor of Accountancy (Honours), University of Singapore
- Graduate, Chartered Institute of Management Accountants, UK
- Fellow, Chartered Association of Certified Accountants, UK
- Founder Member, Institute of Management Consultants, Singapore

Current Directorships In Other Listed Companies

	Company	Title
1.	Pteris Global Ltd	Chairman

Other Major Appointments

	Organisation/Company	Title
1.	Asia Philanthropic Ventures Private Ltd	Director
2.	Phillip Ventures Enterprise Fund 3 Ltd	Director
3.	JurongHealth Fund Ltd	Director
4.	Jurong Health Services Pte Ltd	Director
5.	Star Softcomm Pte Ltd	Director

Others

	Organisation/Company	Title
1.	National University of Singapore	Adjunct Associate Professor

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Inland Revenue Authority of Singapore	Director
2.	Singapore Turf Club	Director
3.	Singapore Pools Pte Ltd	Director

MR LEE KIM SHIN

DIRECTOR (until 31 December 2013)

Mr Lee Kim Shin was appointed Director on 1 August 2012 and relinquished his Directorship on 1 January 2014. He was the managing partner of Allen & Gledhill LLP until 31 December 2013. His areas of practice encompassed mergers and acquisitions, local and regional joint ventures, schemes of reconstruction, amalgamations, capital reductions and restructurings. Mr Lee has extensive experience in mergers and acquisitions involving private equity, venture capital, trade sales and competitive bids.

Mr Lee was, until 31 December 2013, a board member of the Accounting and Corporate Regulatory Authority, and a member of the Board of Trustees of the National Cancer Centre Research Fund, the Community Cancer Fund and the Wildlife Reserves Singapore Conservation Fund. He was also, until that date, a board member of Wildlife Reserves Singapore Pte Ltd and Singex Holdings Pte Ltd.

Age: 53

Academic and Professional Qualifications:

- Bachelor of Laws, LLB (Hons), National University of Singapore

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	HL Global Enterprises Ltd	Director
2.	Linklaters Allen & Gledhill Pte Ltd	Director
3.	Eastern Development Holdings Pte Ltd	Director
4.	Eastern Development Pte Ltd	Director
5.	Singex Holdings Pte Ltd	Director
6.	Singex Exhibitions Pte Ltd	Director
7.	Singex Exhibitions Ventures Pte Ltd	Director
8.	Singex Venues Pte Ltd	Director
9.	Wildlife Reserves Singapore Pte Ltd	Director
10.	Accounting and Corporate Regulatory Authority	Board Member
11.	Community Cancer Fund	Member, Board of Trustees
12.	NCC Research Fund	Member, Board of Trustees
13.	Wildlife Reserves Singapore Conservation Fund	Member, Board of Trustees

FINANCIALS

FINANCIAL REVIEW

EARNINGS

The Group posted a profit attributable to owners of the parent of $265.7 million for 2013-14, $4.4 million (-1.6%) lower than that in 2012-13. Operating profit for the financial year 2013-14 was $115.6 million, compared to $128.1 million recorded in the previous year.

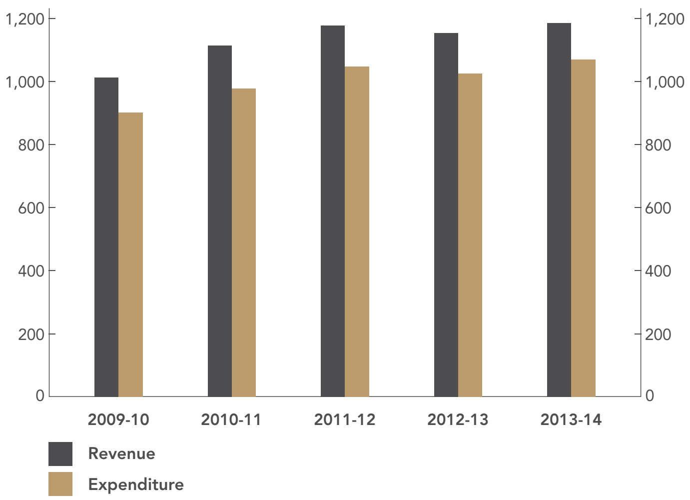
Group revenue was $31.5 million (+2.7%) higher at $1,178.2 million while expenditure increased by $44.0 million (+4.3%) to $1,062.6 million.

The Group's profit before tax decreased $3.0 million (-1.0%) to $294.0 million. This was mainly due to a $12.5 million (-9.8%) decrease in the operating profit and a $3.2 million (-18.8%) decrease in dividends from long-term investment. The decrease was partially mitigated by higher share of profits of associated and joint venture companies of $12.5 million (+8.3%).

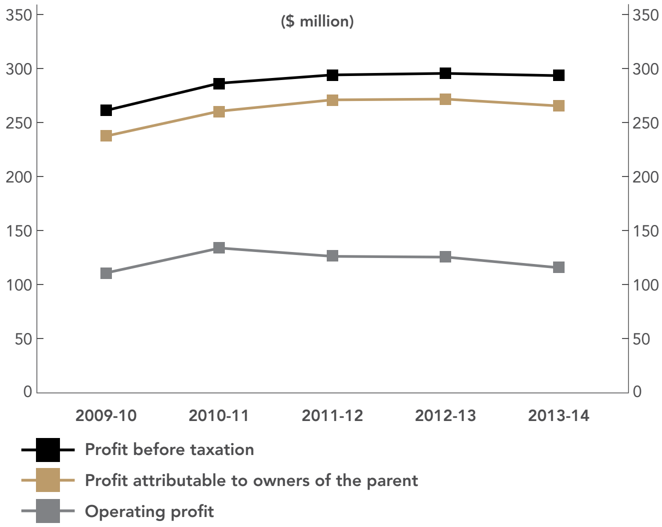
Basic earnings per share for the Group decreased by 0.6 cents (-2.6%) to 23.9 cents.

Group Revenue and Expenditure

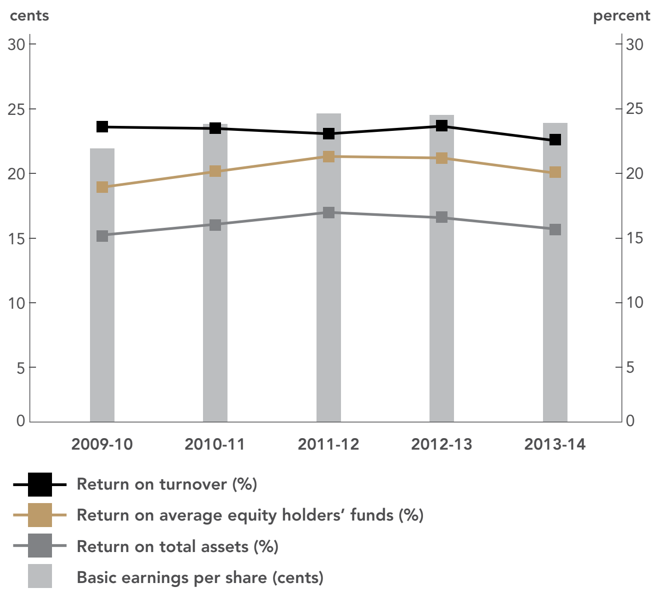
($ million)



Group Operating Profit, Profit Before Taxation and Profit Attributable to Owners of the Parent



Group Profitability Ratios



Profitability ratios of the Group are as follows:

	2013-14 %	2012-13 %	Change % points
Return on turnover	22.6	23.6	– 1.0
Return on average equity holders' funds	20.0	21.1	– 1.1
Return on total assets	15.6	16.5	– 0.9

The Group's revenue composition is as follows:

	2013-14 $ million	2012-13 $ million	Change $ million	Change %
Airframe maintenance and component overhaul services	579.1	551.7	+ 27.4	+ 5.0
Fleet management programme	164.5	173.6	– 9.1	– 5.2
Repair and overhaul	743.6	725.3	+ 18.3	+ 2.5
Line maintenance	434.6	421.4	+ 13.2	+ 3.1
Total	1,178.2	1,146.7	+ 31.5	+ 2.7

Revenue from repair and overhaul segment increased $18.3 million (+2.5%) to $743.6 million. This was mainly due to higher revenue from airframe maintenance and component overhaul services, partially offset by lower revenue from fleet management programme. Line maintenance revenue increased $13.2 million (+3.1%) with more rectification and aircraft support work.

EXPENDITURE

The increase in the Group's expenditure came from:

	2013-14 $ million	2012-13 $ million	Change $ million	Change %
Staff costs	508.4	498.2	+ 10.2	+ 2.0
Material costs	223.1	214.2	+ 8.9	+ 4.2
Overheads	331.1	306.2	+ 24.9	+ 8.1
Total	1,062.6	1,018.6	+ 44.0	+ 4.3

Staff costs increased $10.2 million (+2.0%) to $508.4 million. Material costs increased $8.9 million (+4.2%) to $223.1 million in tandem with higher material revenue. Overheads were $24.9 million (+8.1%) higher in 2013-14 mainly due to an increase in subcontract costs. In addition, an exchange loss of $3.6 million for the year as compared to a gain of $1.2 million last year also contributed to the increase in overheads.

SHARE OF PROFITS OF ASSOCIATED AND JOINT VENTURE COMPANIES

Share of profits of associated and joint venture companies, net of tax, increased $12.5 million (+8.3%) to $162.6 million. This represented 61% of the Group's net profit. The main contributors were the engine repair and overhaul centres which accounted for $125.0 million of the share of profits, an increase of $12.4 million or 11.0% from last year.

TAXATION

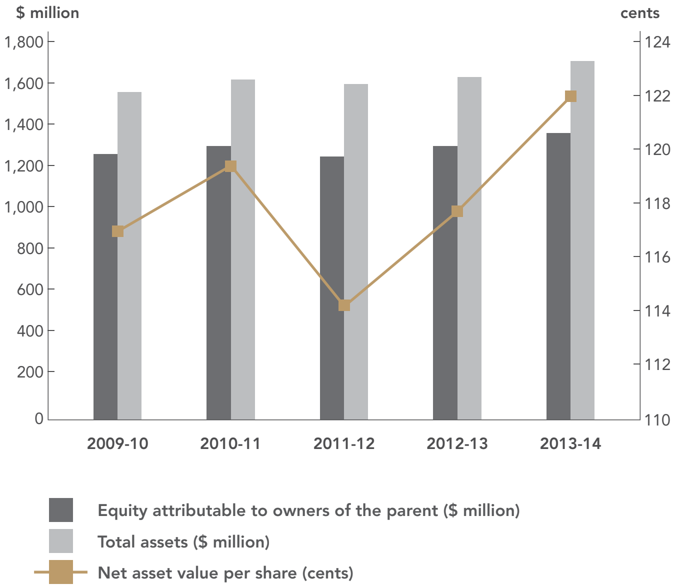
The Group's provision for tax was $23.0 million for the financial year 2013-14, an increase of $0.2 million (+0.9%) compared to last year.

FINANCIAL POSITION

Equity attributable to owners of the parent increased $59.0 million (+4.5%) to $1,360.9 million at the end of the financial year under review. This was mainly due to profit earned for the year, partially offset by payment of the final dividend in respect of 2012-13 and interim dividend for 2013-14.

As at 31 March 2014, total Group assets of $1,707.1 million was $74.4 million or 4.6% higher than a year ago. Net asset value per share of 122.0 cents as at 31 March 2014 was 4.3 cents or 3.7% higher than a year ago.

Equity Attributable to Owners of the Parent, Total Assets and Net Asset Value Per Share



DIVIDENDS

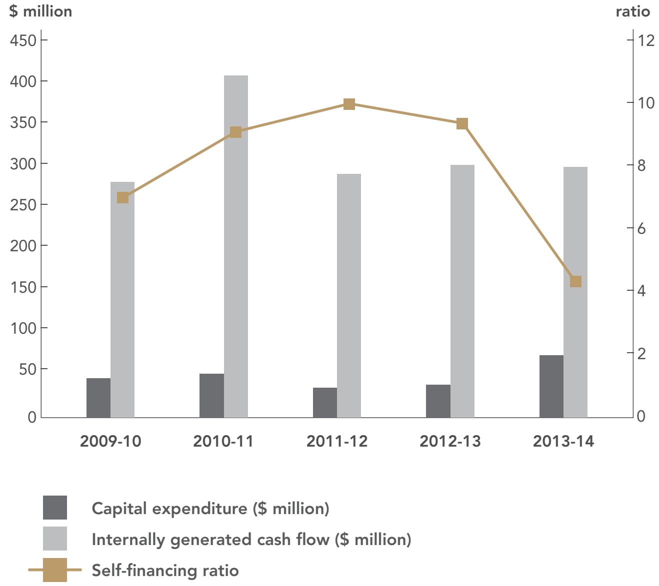
An interim dividend of 7.0 cents per share, amounting to $78.0 million, was paid on 28 November 2013. The Board recommends a final ordinary dividend of 13.0 cents and a special dividend of 5.0 cents per share for 2013-14. The final ordinary and special dividend (amounting to approximately $200.8 million), if approved by shareholders during the Annual General Meeting to be held on 21 July 2014, will be paid on 7 August 2014.

CAPITAL EXPENDITURE AND CASH FLOW

In 2013-14, capital expenditure by the Group was $67.9 million, $36.1 million (+113.5%) higher than last year. The increase was mainly due to the construction of a new hangar in SIA Engineering (Philippines) and purchase of aircraft rotables to support the increase in number of aircraft managed under fleet management programme. Approximately 57% of the expenditure was spent on plant, equipment and tooling and building projects, while 39% was on aircraft rotable spares.

Internally generated cash flow decreased $3.2 million (-1.1%) to $294.8 million. With higher capital expenditure in 2013-14, the self-financing ratio of cash flow to capital expenditure was 4.3 times, compared to 9.4 times in the year before.

Capital Expenditure, Internally Generated Cash Flow and Self-Financing Ratio



STAFF STRENGTH AND INDICES

The Group's average staff strength increased from 6,272 in 2012-13 to 6,405 in 2013-14.

	2013-14	2012-13	% change	
Revenue per employee ($)	183,952	182,831	+	0.6
Value added per employee ($)	131,085	132,346	–	1.0
Staff costs per employee ($)	79,379	79,435	–	0.1
Average number of employees	6,405	6,272	+	2.1

STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION (in $ million)

	2013-14	2012-13
Revenue	1,178.2	1,146.7
Less: Purchase of goods and services	(517.0)	(485.5)
Value added on operations	661.2	661.2
Add:		
Dividend income from long-term investment	13.8	17.0
Net interest income	1.3	1.3
Other income	–	0.2
Surplus on sale of property, plant and equipment	0.7	0.3
Share of profits of associated and joint venture companies	162.6	150.1
Total value added available for distribution	839.6	830.1
Applied as follows:		
To employees		
– Salaries and other staff costs	508.4	498.2
To government		
– Corporate taxes	23.0	22.8
To suppliers of capital		
– Interest charges	0.2	0.1
– Interim and proposed dividends	278.8	243.0
– Non-controlling interests	5.3	4.1
Retained for future capital requirements / (applied from the business)		
– Depreciation	35.7	33.2
– Amortisation of intangibles	1.3	1.7
– Retained profit	(13.1)	27.0
Total value added	839.6	830.1
Value added per $ revenue ($)	0.71	0.72
Value added per $ employment cost ($)	1.65	1.67
Value added per $ investment in property, plant and equipment ($)	1.11	1.20

REPORT BY THE BOARD OF DIRECTORS

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2014.

1. DIRECTORS OF THE COMPANY

The names of the directors in office at the date of this report are:

Stephen Lee Ching Yen	–	Chairman
Goh Choon Phong		(Non-independent)
Ron Foo Siang Guan		(Independent)
Oo Soon Hee		(Independent)
Ng Chin Hwee		(Non-independent)
William Tan Seng Koon	–	Chief Executive Officer
Manohar Khiatani		(Independent)
Chew Teck Soon		(Independent)
Christina Hon Kwee Fong		(Independent, appointed on 1 January 2014)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end, nor at any time during the financial year, did there subsist any arrangement to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares and share options in, or debentures of, the Company or any other body corporate, other than pursuant to the SIA Engineering Company Limited Employee Share Option Plan, the SIA Engineering Company Limited Restricted Share Plan and the SIA Engineering Company Limited Performance Share Plan.

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES

The following directors who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), interests in the following ordinary shares and share options of the Company, and of related companies:

	Direct interest		Deemed interest	
Name of Director	1.4.2013/ date of appointment	31.3.2014	1.4.2013/ date of appointment	31.3.2014
Interest in Singapore Airlines Limited				
Ordinary shares				
Stephen Lee Ching Yen	9,400	9,400	–	–
Goh Choon Phong	183,900	306,158	–	–
Ron Foo Siang Guan	–	–	22,200	22,200
Ng Chin Hwee	83,206	148,736	–	–
William Tan Seng Koon	3,800	3,800	–	–
Manohar Khiatani	4,000	4,000	–	–
Options to subscribe for ordinary shares				
Goh Choon Phong	246,125	189,600	–	–

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (continued)

Name of Director	Direct interest 1.4.2013/ date of appointment	Direct interest 31.3.2014	Deemed interest 1.4.2013/ date of appointment	Deemed interest 31.3.2014
Interest in Singapore Airlines Limited (continued)				
Conditional award of Restricted Share Plan (RSP) shares (Note 1)				
Goh Choon Phong				
– Base Awards	84,366	102,000	–	–
– Final Awards (Pending Release)	12,206	6,912	–	–
Ng Chin Hwee				
– Base Awards	42,183	51,000	–	–
– Final Awards (Pending Release)	13,273	5,642	–	–
Conditional award of Performance Share Plan (PSP) shares (Note 2)				
Goh Choon Phong				
– Base Awards	140,141	206,754	–	–
Ng Chin Hwee				
– Base Awards	65,588	82,701	–	–
Award of time-based restricted shares				
Goh Choon Phong				
– Base Awards	105,917	52,958	–	–
Ng Chin Hwee				
– Base Awards	105,917	52,958	–	–
Conditional award of deferred shares (Note 3)				
Goh Choon Phong				
– Base Awards	–	41,020	–	–
Ng Chin Hwee				
– Base Awards	–	16,470	–	–
Interest in SIA Engineering Company Limited				
Ordinary shares				
Ron Foo Siang Guan	15,000	15,000	25,000	25,000
Oo Soon Hee	–	–	2,000	2,000
Ng Chin Hwee	10,000	10,000	–	–
William Tan Seng Koon	317,547	405,780	–	–
Options to subscribe for ordinary shares				
William Tan Seng Koon	547,200	408,200	–	–

Notes:

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

2. 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.

3. The Deferred Share Award of fully-paid ordinary shares will vest at the end of three years from the date of the grant of the award. At the end of the vesting period, an additional final award will be vested equal to the Base Award multiplied by the accumulated dividend yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period).

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (continued)

	Direct interest		Deemed interest	
Name of Director	1.4.2013/ date of appointment	31.3.2014	1.4.2013/ date of appointment	31.3.2014
Interest in SIA Engineering Company Limited (continued)				
Conditional award of Restricted Share Plan (RSP) shares (Note 1)				
William Tan Seng Koon				
– Base Awards	115,469	118,800	–	–
– Final Awards (Pending Release)	41,994	29,057	–	–
Conditional award of Performance Share Plan (PSP) shares (Note 2)				
William Tan Seng Koon				
– Base Awards	116,712	120,756	–	–
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Stephen Lee Ching Yen	190	190	190	190
Goh Choon Phong	1,610	1,610	–	–
Ron Foo Siang Guan	20,000	20,000	–	–
Oo Soon Hee	9,010	9,010	5,480	5,480
Ng Chin Hwee	2,840	2,840	1,360	1,360
William Tan Seng Koon	3,431	3,431	2,420	2,420
Chew Teck Soon	–	190	190	–
Interest in Singapore Technologies Engineering Limited				
Ordinary shares				
Goh Choon Phong	6,000	6,000	–	–
Ron Foo Siang Guan	45,000	45,000	–	–
Oo Soon Hee	–	–	5,000	5,000
Manohar Khiatani	12,000	–	–	–
Christina Hon Kwee Fong	1	1	–	–
Interest in Neptune Orient Lines Limited				
Ordinary shares				
Stephen Lee Ching Yen	30,000	30,000	–	–
Manohar Khiatani	14,000	14,000	–	–
Interest in Mapletree Logistics Trust				
Units				
Oo Soon Hee	23,000	23,000	83,486	83,486
Ng Chin Hwee	2,000	2,000	–	–
Interest in Mapletree Commercial Trust				
Units				
Manohar Khiatani	–	50,000	–	–

Notes:

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

2. 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.

3. DIRECTORS' INTERESTS IN ORDINARY SHARES, SHARE OPTIONS AND DEBENTURES (continued)

	Direct interest		Deemed interest	
Name of Director	1.4.2013/ date of appointment	31.3.2014	1.4.2013/ date of appointment	31.3.2014
Interest in SP AusNet				
Ordinary shares				
Oo Soon Hee	187,719	200,457	–	–
Ng Chin Hwee	2,000	2,000	–	–

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

Between the end of the financial year and 21 April 2014, (i) Mr Goh Choon Phong's direct interest in Singapore Airlines Limited increased to 332,637 shares due to the release of 26,479 shares to him on 1 April 2014, following the vesting of 25% of 105,917 time-based restricted shares awarded in May 2010, (ii) Mr Ng Chin Hwee's direct interest in Singapore Airlines Limited increased to 175,215 shares due to the release of 26,479 shares to him on 1 April 2014, following the vesting of 25% of 105,917 time-based restricted shares awarded in May 2010, and (iii) Mr Ron Foo Siang Guan acquired a direct interest on 10 April 2014 in S$250,611.78 of 3.08% fixed rate notes due 2022 issued by StarHub Ltd.

Except as disclosed above, there were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2014.

4. DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related company with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

5. EQUITY COMPENSATION PLANS OF THE COMPANY

The Company has in place, the SIA Engineering Company Limited Employee Share Option Plan ("ESOP"), Restricted Share Plan ("RSP") and Performance Share Plan ("PSP").

At the date of this report, the Compensation & HR Committee administering the ESOP, RSP and PSP comprises the following directors:

Stephen Lee Ching Yen – Chairman (appointed as member from 1 October 2013, elected Chairman on 5 November 2013)
Paul Chan Kwai Wah – Chairman (until 30 September 2013)
Goh Choon Phong
Lim Joo Boon (until 30 September 2013)
Lee Kim Shin (until 31 December 2013)
Christina Hon Kwee Fong (appointed on 15 January 2014)

5. EQUITY COMPENSATION PLANS OF THE COMPANY (continued)

(i) Employee Share Option Plan ("ESOP")

Details of the ESOP are disclosed in Note 10 to the financial statements.

At the end of the financial year, options to take up 24,556,312 unissued shares in the Company were outstanding:

	Number of options to subscribe for unissued ordinary shares					
Date of grant	Balance at 1.4.2013	Cancelled	Exercised	Balance at 31.3.2014	Exercise price *	Exercisable period
01.07.2003	292,350	(2,200)	(290,150)	–	$1.25	01.07.2004 - 30.06.2013
01.07.2004	1,417,550	–	(571,150)	846,400	$1.59	01.07.2005 - 30.06.2014
01.07.2005	3,442,075	(2,000)	(1,002,000)	2,438,075	$2.15	01.07.2006 - 30.06.2015
03.07.2006	6,753,125	(48,400)	(1,707,228)	4,997,497	$3.34	03.07.2007 - 02.07.2016
02.07.2007	13,413,150	(103,600)	(2,945,106)	10,364,444	$4.57	02.07.2008 - 01.07.2017
01.07.2008	8,071,196	(47,600)	(2,113,700)	5,909,896	$3.64	01.07.2010 - 30.06.2018
	33,389,446	(203,800)	(8,629,334)	24,556,312		

* At the extraordinary general meeting of the Company held on 26 July 2004, the Company's shareholders approved an amendment to the Plan to allow for adjustment to the exercise prices of the existing options by the Committee administering the Plan, in the event of the declaration of a special dividend. Following approval by the Company's shareholders of the declaration of a special dividend of $0.20 on 26 July 2004 and 21 July 2006 and $0.10 on 22 July 2011, the said Committee approved a reduction of $0.20 in the exercise prices of all share options outstanding on 28 July 2004 and on 25 July 2006 respectively and $0.10 on the outstanding share options on 29 July 2011. The exercise prices reflected here are the exercise prices after such adjustments.

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

Name of Participant	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding at end of financial year under review
William Tan Seng Koon	1,511,200	1,103,000	408,200

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

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

The last grant of the share options under the ESOP was made in July 2008.

5. EQUITY COMPENSATION PLANS OF THE COMPANY (continued)

(ii) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

Details of the RSP and PSP are disclosed in Note 10 to the financial statements.

The RSP and PSP were approved by the shareholders of the Company on 25 July 2005.

Under the RSP and PSP, a base number of conditional share awards ("**Base Award**") is granted to eligible participants annually. Depending on the achievement of pre-determined targets over a two-year performance period for the RSP and a three-year performance period for the PSP, the Compensation & HR Committee will determine an achievement factor which will then be applied to the Base Award to determine the final number of RSP shares and PSP shares to be awarded at the end of the respective performance periods ("**Final Award**"). The achievement factor could range from 0% to 150% for the RSP and from 0% to 200% for the PSP.

Half of the RSP Final Awards of fully paid ordinary shares will be released to the participants upon vesting. The balance will be released equally over the subsequent two years with fulfilment of service requirements and performance conditions. All the PSP Final Awards of fully paid ordinary shares will be released to the participants at the end of the three-year performance period.

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

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

RSP Base Awards

Details of awards granted under the RSP and PSP to directors of the Company are as follows:

Name of Participant	Balance as at 1 April 2013 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2014 = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
William Tan Seng Koon	115,469	67,800	64,469	118,800	355,938

RSP Final Awards (Pending Release) (Note 1)

Name of Participant	Balance as at 1 April 2013 (a)	Final Awards granted during the financial year* (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2014 = (a)+(b)-(c)	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
William Tan Seng Koon	41,994	25,788	38,725	29,057	193,631

Notes:

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

* 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.

5. EQUITY COMPENSATION PLANS OF THE COMPANY (continued)

(ii) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") (continued)

PSP Base Awards (Note 2)

Name of Participant	Balance as at 1 April 2013 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2014 = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
William Tan Seng Koon	116,712	46,000	41,956	120,756	273,777	170,149

Notes:

2. 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.

6. AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Singapore Companies Act. The functions performed are detailed in the Report on Corporate Governance.

7. AUDITOR

Our auditor, Ernst & Young LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

WILLIAM TAN SENG KOON
Chief Executive Officer

Dated this 5th day of May 2014

STATEMENT BY THE DIRECTORS

Pursuant to Section 201(15) of the Singapore Companies Act, Cap. 50

We, Stephen Lee Ching Yen and William Tan Seng Koon, being two of the directors of SIA Engineering Company Limited, do hereby state that, in the opinion of the directors:

(a) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

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

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

WILLIAM TAN SENG KOON
Chief Executive Officer

Dated this 5th day of May 2014

INDEPENDENT AUDITOR'S REPORT
To the Members of SIA Engineering Company Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of SIA Engineering Company Limited (the "Company") and its subsidiary companies (collectively, the "Group") set out on pages 64 to 144, which comprise the balance sheets of the Group and the Company as at 31 March 2014, the statements of changes in equity of the Group and the Company, and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

REPORT ON OTHER 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 companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

Dated this 5th day of May 2014

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2014 (in thousands of $)

	Notes	The Group 2013-14	The Group 2012-13
REVENUE	3	1,178,215	1,146,716
EXPENDITURE			
Staff costs	4	508,422	498,216
Material costs		223,139	214,156
Depreciation	13	35,718	33,218
Amortisation of intangibles	14	1,340	1,713
Company accommodation		50,479	48,381
Subcontract costs		145,691	136,689
Other operating expenses		97,861	86,257
		1,062,650	1,018,630
OPERATING PROFIT	5	115,565	128,086
Interest income	6	1,511	1,360
Interest on external borrowings		(174)	(70)
Surplus on disposal of property, plant and equipment		649	263
Other income		–	251
Dividend from long-term investment		13,820	16,978
Share of profits of associated companies, net of tax		68,624	55,163
Share of profits of joint venture companies, net of tax		93,952	94,894
PROFIT BEFORE TAXATION		293,947	296,925
Taxation expense	7	(22,972)	(22,752)
PROFIT FOR THE FINANCIAL YEAR		270,975	274,173
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		265,676	270,055
Non-controlling interests		5,299	4,118
		270,975	274,173
BASIC EARNINGS PER SHARE (CENTS)	8	23.9	24.5
DILUTED EARNINGS PER SHARE (CENTS)	8	23.7	24.3

The accompanying accounting policies and explanatory notes on pages 72 to 144 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2014 (in thousands of $)

	The Group	
	2013-14	2012-13
PROFIT FOR THE FINANCIAL YEAR	270,975	274,173
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		
Items that will not be reclassified to profit or loss:		
Actuarial gain on remeasurement of defined benefit plan	139	–
	139	–
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	6,654	(5,216)
Net fair value adjustment on cash flow hedges	860	(259)
Share of other comprehensive income of associated / joint venture companies	(856)	400
	6,658	(5,075)
Other comprehensive income, net of tax	6,797	(5,075)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	277,772	269,098
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE PARENT	272,535	264,963
Non-controlling interests	5,237	4,135
	277,772	269,098

The accompanying accounting policies and explanatory notes on pages 72 to 144 form an integral part of the financial statements.

BALANCE SHEETS
As at 31 March 2014 (in thousands of $)

	Notes	The Group 2014	The Group 2013	The Company 2014	The Company 2013
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	10	387,358	348,138	387,358	348,138
Share-based compensation reserve	11	23,936	31,941	23,936	31,941
Foreign currency translation reserve	11	(127,716)	(134,517)	–	–
Fair value reserve	11	(625)	(617)	250	(610)
General reserve		1,077,926	1,056,982	747,991	735,724
		1,360,879	1,301,927	1,159,535	1,115,193
NON-CONTROLLING INTERESTS		29,583	27,262	–	–
TOTAL EQUITY		1,390,462	1,329,189	1,159,535	1,115,193
NON-CURRENT LIABILITIES					
Deferred taxation	12	26,849	25,285	24,444	23,458
Long-term bank loan	27	13,614	–	–	–
		40,463	25,285	24,444	23,458
		1,430,925	1,354,474	1,183,979	1,138,651
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	13	337,200	305,459	286,040	267,602
INTANGIBLES	14	54,282	48,992	3,916	2,644
SUBSIDIARY COMPANIES	15	–	–	95,441	89,979
ASSOCIATED COMPANIES	16	309,355	306,181	179,804	181,953
JOINT VENTURE COMPANIES	17	126,477	120,787	56,599	56,599
LONG-TERM INVESTMENT	18	14,606	14,606	14,606	14,606
CURRENT ASSETS					
Trade debtors	19	97,404	71,274	67,072	55,214
Prepayments and other debtors	20	19,136	15,551	13,277	11,450
Immediate holding company	21	57,173	64,818	55,026	62,007
Amounts owing by related parties	22	48,842	54,420	50,919	54,291
Inventories	23	44,354	50,653	32,539	38,254
Work-in-progress		62,571	57,069	60,595	50,130
Short-term deposits	24	484,900	481,325	481,680	475,830
Cash and bank balances	25	50,765	41,605	35,471	31,864
		865,145	836,715	796,579	779,040
Less:					
CURRENT LIABILITIES					
Trade and other creditors	26	241,929	246,334	208,925	217,271
Amounts owing to related parties	22	4,103	2,315	20,808	15,027
Bank loans	27	8,236	5,674	–	–
Tax payable		21,872	23,943	19,273	21,474
		276,140	278,266	249,006	253,772
NET CURRENT ASSETS		589,005	558,449	547,573	525,268
		1,430,925	1,354,474	1,183,979	1,138,651

The accompanying accounting policies and explanatory notes on pages 72 to 144 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2014 (in thousands of $)

	Notes	Attributable to Owners of the Parent							
		Share capital	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
The Group									
Balance at 1 April 2013		348,138	31,941	(134,517)	(617)	1,056,982	1,301,927	27,262	1,329,189
Profit for the year		–	–	–	–	265,676	265,676	5,299	270,975
Actuarial gain on remeasurement of defined benefit plan		–	–	–	–	66	66	73	139
Foreign currency translation		–	–	6,789	–	–	6,789	(135)	6,654
Net fair value adjustment on cash flow hedges		–	–	–	860	–	860	–	860
Share of other comprehensive income of associated/ joint venture companies		–	–	12	(868)	–	(856)	–	(856)
Other comprehensive income for the year, net of tax		–	–	6,801	(8)	66	6,859	(62)	6,797
Total comprehensive income for the financial year		–	–	6,801	(8)	265,742	272,535	5,237	277,772
Share-based compensation expense	10, 11	–	998	–	–	–	998	–	998
Share awards released	10, 11	1,830	(1,830)	–	–	–	–	–	–
Share options exercised	10, 11	37,390	(7,109)	–	–	–	30,281	–	30,281
Share options lapsed		–	(64)	–	–	64	–	–	–
Dividends	9	–	–	–	–	(244,862)	(244,862)	(2,916)	(247,778)
Total contributions by and distributions to owners		39,220	(8,005)	–	–	(244,798)	(213,583)	(2,916)	(216,499)
Balance at 31 March 2014		387,358	23,936	(127,716)	(625)	1,077,926	1,360,879	29,583	1,390,462

The accompanying accounting policies and explanatory notes on pages 72 to 144 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2014 (in thousands of $)

	Notes	Attributable to Owners of the Parent							
		Share capital	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	General reserve	Total	Non-controlling interests	Total equity
The Group									
Balance at 1 April 2012		317,295	38,218	(129,223)	(819)	1,028,855	1,254,326	25,452	1,279,778
Profit for the year		–	–	–	–	270,055	270,055	4,118	274,173
Foreign currency translation		–	–	(5,233)	–	–	(5,233)	17	(5,216)
Net fair value adjustment on cash flow hedges		–	–	–	(259)	–	(259)	–	(259)
Share of other comprehensive income of associated/ joint venture companies		–	–	(61)	461	–	400	–	400
Other comprehensive income for the year, net of tax		–	–	(5,294)	202	–	(5,092)	17	(5,075)
Total comprehensive income for the financial year		–	–	(5,294)	202	270,055	264,963	4,135	269,098
Share-based compensation expense	10, 11	–	2,270	–	–	–	2,270	–	2,270
Share awards released	10, 11	2,870	(2,870)	–	–	–	–	–	–
Share options exercised	10, 11	27,973	(5,294)	–	–	–	22,679	–	22,679
Share options lapsed		–	(383)	–	–	383	–	–	–
Dividends	9	–	–	–	–	(242,311)	(242,311)	(2,325)	(244,636)
Total contributions by and distributions to owners		30,843	(6,277)	–	–	(241,928)	(217,362)	(2,325)	(219,687)
Balance at 31 March 2013		348,138	31,941	(134,517)	(617)	1,056,982	1,301,927	27,262	1,329,189

The accompanying accounting policies and explanatory notes on pages 72 to 144 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2014 (in thousands of $)

	Notes	Share capital	Share-based compensation reserve	Fair value reserve	General reserve	Total
The Company						
Balance at 1 April 2013		348,138	31,941	(610)	735,724	1,115,193
Profit for the year		–	–	–	257,083	257,083
Actuarial loss on remeasurement of defined benefit plan		–	–	–	(18)	(18)
Net fair value adjustment on cash flow hedges		–	–	860	–	860
Other comprehensive income for the year, net of tax		–	–	860	(18)	842
Total comprehensive income for the financial year		–	–	860	257,065	257,925
Share-based compensation expense	10, 11	–	998	–	–	998
Share awards released	10, 11	1,830	(1,830)	–	–	–
Share options exercised	10, 11	37,390	(7,109)	–	–	30,281
Share options lapsed		–	(64)	–	64	–
Dividends	9	–	–	–	(244,862)	(244,862)
Total contributions by and distributions to owners		39,220	(8,005)	–	(244,798)	(213,583)
Balance at 31 March 2014		387,358	23,936	250	747,991	1,159,535

The accompanying accounting policies and explanatory notes on pages 72 to 144 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2014 (in thousands of $)

	Notes	Share capital	Share-based compensation reserve	Fair value reserve	General reserve	Total
The Company						
Balance at 1 April 2012		317,295	38,218	(351)	721,657	1,076,819
Profit for the year		–	–	–	255,995	255,995
Other comprehensive income for the year, net of tax:						
Net fair value adjustment on cash flow hedges		–	–	(259)	–	(259)
Total comprehensive income for the financial year		–	–	(259)	255,995	255,736
Share-based compensation expense	10, 11	–	2,270	–	–	2,270
Share awards released	10, 11	2,870	(2,870)	–	–	–
Share options exercised	10, 11	27,973	(5,294)	–	–	22,679
Share options lapsed		–	(383)	–	383	–
Dividends	9	–	–	–	(242,311)	(242,311)
Total contributions by and distributions to owners		30,843	(6,277)	–	(241,928)	(217,362)
Balance at 31 March 2013		348,138	31,941	(610)	735,724	1,115,193

The accompanying accounting policies and explanatory notes on pages 72 to 144 form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2014 (in thousands of $)

	Notes	The Group 2013-14	The Group 2012-13
NET CASH PROVIDED BY OPERATING ACTIVITIES	28	112,899	133,606
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(67,895)	(31,786)
Purchase of intangible assets		(5,929)	(13,747)
Proceeds from capital reduction of an associated company		1,849	–
Proceeds from disposal of property, plant and equipment		956	167
Dividend received from a long-term investment		13,820	16,978
Dividends received from associated companies		67,858	50,401
Dividends received from joint venture companies		89,475	87,145
Interest received from deposits		1,295	1,256
NET CASH PROVIDED BY INVESTING ACTIVITIES		101,429	110,414
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(244,862)	(242,311)
Dividends paid by subsidiary companies to non-controlling interests		(2,916)	(2,325)
Proceeds from exercise of share options		30,281	22,679
Interest paid		(174)	(70)
Proceeds from borrowings		16,920	3,462
Repayment of borrowings		(879)	(254)
NET CASH USED IN FINANCING ACTIVITIES		(201,630)	(218,819)
NET CASH INFLOW		12,698	25,201
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		522,930	497,868
Effect of exchange rate changes		37	(139)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		535,665	522,930
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short-term deposits	24	484,900	481,325
Cash and bank balances	25	50,765	41,605
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		535,665	522,930

The accompanying accounting policies and explanatory notes on pages 72 to 144 form an integral part of the 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 principal activities of the Company are the provision of airframe maintenance and component overhaul services, the provision of line maintenance and technical ground handling services, fleet management programme and investment holdings. The principal activities of the subsidiary companies are disclosed in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements for the financial year ended 31 March 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 5 May 2014.

2. ACCOUNTING POLICIES

The accounting policies applied by the Group and the Company are consistent with those used in the previous financial year.

(a) Basis of accounting

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ($) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2013 and has early adopted the following:

- Revised FRS 27 Separate Financial Statements
- Revised FRS 28 Investments in Associates and Joint Ventures
- FRS 110 Consolidated Financial Statements
- FRS 111 Joint Arrangements
- FRS 112 Disclosure of Interests in Other Entities

The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2. ACCOUNTING POLICIES (continued)

(c) Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to FRS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36 Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to FRS 39 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
INT FRS 121 Levies	1 January 2014
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
Improvements to FRS (January 2014)	1 July 2014
Improvements to FRS (February 2014)	1 July 2014

The management expects that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

(d) Significant accounting estimates

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

Depreciation of plant, equipment and tooling, and aircraft rotable spares

The cost of plant, equipment and tooling, and aircraft rotable spares are depreciated on a straight-line basis over the expected useful lives. Management estimates the useful lives of these assets to be within 3 to 15 years. The carrying amount of the Group's and Company's plant, equipment and tooling and aircraft rotable spares as at 31 March 2014 was approximately $147,268,000 (2013: $131,109,000) and $135,282,000 (2013: $119,471,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore future depreciation charges could be revised.

2. ACCOUNTING POLICIES (continued)

(d) Significant accounting estimates (continued)

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide 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.

The carrying amounts of the Group's current tax payable and deferred tax liabilities as at 31 March 2014 were approximately $21,872,000 (2013: $23,943,000) and $26,849,000 (2013: $25,285,000) respectively.

The carrying amounts of the Company's current tax payable and deferred tax liabilities as at 31 March 2014 were approximately $19,273,000 (2013: $21,474,000) and $24,444,000 (2013: $23,458,000) respectively.

Work-in-progress

Work-in-progress is stated at cost plus estimated profit earned, based on the estimated percentage of completion and total estimated budgeted costs. Management made reference to labour hours incurred and the physical stage of maintenance, repair and overhaul in estimating the percentage of completion and budgeted cost. The carrying amount of the Group's and Company's work-in-progress as at 31 March 2014 was approximately $62,571,000 (2013: $57,069,000) and $60,595,000 (2013: $50,130,000) respectively.

Impairment of deferred engine development costs

Management performs impairment testing annually for intangible assets, relating to deferred engine development costs, which is not yet available for use.

Management estimated the recoverable amount using value in use calculation which is based on a discounted cash flow model. The cash flows are derived from the budget approved by the management. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows. Further details of the key assumptions applied in the impairment assessment of deferred engine development costs, are given in Note 14 to the financial statements.

2. ACCOUNTING POLICIES (continued)

(e) Basis of consolidation and business combinations

Basis of consolidation

The consolidated financial statements comprise the separate financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. A list of the Group's subsidiary companies is shown in Note 15 to the financial statements.

All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. ACCOUNTING POLICIES (continued)

(e) Basis of consolidation and business combinations (continued)

Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on each individual business combination whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's idenfiable net assets, at the acquisition date. All other non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2(g). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the parent.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2. ACCOUNTING POLICIES (continued)

(f) Subsidiary, associated companies and joint arrangements

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

Subsidiary companies

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.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Associated and joint venture companies

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

A joint venture is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The joint venture provides the Group with rights to the joint venture companies' net assets.

The Group reassesses whether the type of joint arrangement in which it is involved has changed when facts and circumstances change.

The Group accounts for its investments in associated and joint venture companies using the equity method from the date on which it becomes an associate or joint venture. A list of the Group's associated and joint venture companies is presented in Note 16 and Note 17 to the financial statements.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associated or joint venture company's profit or loss in the period in which the investment is acquired.

2. ACCOUNTING POLICIES (continued)

(f) Subsidiary, associated companies and joint arrangements (continued)

Associated and joint venture companies (continued)

Under the equity method, the investment in associated or joint venture companies are carried in the balance sheets at cost plus post-acquisition changes in the Group's share of net assets of the associated or joint venture companies. The profit or loss reflects the share of results of operations of the associated or joint venture companies. Distributions received from associated or joint venture companies reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associated or joint venture companies, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associated or joint venture companies are eliminated to the extent of the interest in the associated or joint venture companies.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associated or joint venture companies. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associated or joint venture companies is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated or joint venture companies and its carrying value and recognises the amount in profit or loss.

The most recently available audited financial statements of the associated and joint venture companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associated or joint venture company on the same basis as would have been required if that associated or joint venture company had directly disposed of the related assets or liabilities.

When an investment in an associated company becomes an investment in a joint venture company or an investment in joint venture company becomes an investment in an associated company, the Group continues to apply the equity method and does not remeasure the retained interest.

If the Group's ownership interest in an associated or joint venture company is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2. ACCOUNTING POLICIES (continued)

(g) Intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Goodwill impairment is determined by assessing the recoverable amount of each CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed annually.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in the accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

2. ACCOUNTING POLICIES (continued)

(g) Intangible assets (continued)

Other intangible assets (continued)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Computer software

Computer software acquired separately is measured initially at cost. Following initial acquisition, computer software is stated at cost less accumulated amortisation and accumulated impairment losses, if any. These costs are amortised using the straight-line method over their estimated useful lives of 3 to 5 years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and method are reviewed annually.

Deferred engine development costs

This relates to the Group's share of engine development payments made in connection with its participation in aircraft engine development projects with other companies. Amortisation of such intangibles begins only when the aircraft engines are available for sale. These deferred engine development costs are amortised on a straight-line basis over the period of expected sales of the aircraft engines, which is estimated to be over a period of 20 years. The amortisation period and amortisation method would be reviewed annually in light of experience and changing circumstances, and adjusted prospectively, as appropriate at the end of each reporting period.

Others

This includes costs relating to license acquired in business combinations. This intangible is amortised on a straight-line basis over its estimated useful life of 3 years.

2. ACCOUNTING POLICIES (continued)

(h) Functional and foreign currencies

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

Non-monetary items 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 items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Consolidated financial statements

For the purposes of the consolidated financial statements, the assets and liabilities of the foreign operations are translated into Singapore dollars at the exchange rates ruling at the end of the reporting period and their profit or loss are translated into Singapore dollars at the prevailing exchange rates. The resulting gains or losses on exchange are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve.

Goodwill and fair value adjustments arising from the acquisition of foreign operations on or after 1 April 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, and translated at the closing rate at the end of the reporting period.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 April 2005 are deemed to be assets and liabilities of the parent company and are recorded in Singapore dollars at the rates prevailing at the dates of acquisition.

On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associated or joint venture companies that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment other than freehold land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewal is capitalised and expenditure for maintenance and repair costs are recognised in profit or loss as incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment is also capitalised. The accounting policy for borrowing costs is set out in Note 2 (ab).

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

(j) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis at rates which are calculated to write down their costs to their estimated residual values at the end of their operational lives. Operational lives, residual values and depreciation method are reviewed annually in the light of experience and changing circumstances, and adjusted prospectively, as appropriate at the end of each reporting period.

Advance and progress payments are not depreciated as they are not yet available for use.

Fully depreciated assets are retained in the financial statements until they are no longer in use. No depreciation is charged after assets are depreciated to their residual values.

Leasehold land and buildings

Leasehold land and buildings are amortised over the lease period or 30 years, whichever is the shorter.

Plant, equipment and tooling

These are depreciated over 3 to 15 years.

2. ACCOUNTING POLICIES (continued)

(j) Depreciation of property, plant and equipment (continued)

Engine overhaul tooling

These are depreciated over 5 or 7 years.

Aircraft rotable spares

These are depreciated over 3 to 15 years.

Other fixed assets

This covers office furniture and computer equipment, and motor vehicles. These are depreciated over 1 to 7 years.

(k) Leased assets – as lessee

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 or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance lease

Finance leases, which effectively 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 to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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 profit or loss 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.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2. ACCOUNTING POLICIES (continued)

(m) Work-in-progress

Work-in-progress is stated at cost plus a proportion of estimated profit earned to-date, based on the percentage of completion of projects. Cost comprises direct materials, direct labour and other direct overheads. Anticipated losses, if any, are provided for in full as and when they are determined.

(n) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

Financial assets are initially recognised at fair value plus directly attributable transaction costs except for financial assets at fair value through profit or loss, for which transaction costs are expensed off immediately.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or re-purchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from change in fair value of the financial instruments are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

<u>Loans and receivables</u>

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. ACCOUNTING POLICIES (continued)

(n) Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investment classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously reported in other comprehensive income is reclassified from equity to profit or loss when the financial asset is derecognised.

Investments in equity investments whose fair value cannot be reliably measured are stated at cost less impairment losses.

(o) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are initially recognised at fair value plus directly attributable transaction costs except for financial liabilities at fair value through profit or loss, for which transactions costs are expensed immediately.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. ACCOUNTING POLICIES (continued)

(p) Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Regular way purchases and sales of financial assets

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(q) Long-term investment

Long-term investment held by the Group is classified as available-for-sale financial asset. As there is no active market for the trading of this investment and fair value cannot be reliably measured, this investment is stated at cost less impairment loss, if any. The accounting policy for this category of financial assets is stated in Note 2(n).

(r) Trade debtors and other debtors

Trade debtors and other debtors are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2(n).

Further details on the accounting policy for impairment of financial assets are stated in Note 2(ad).

2. ACCOUNTING POLICIES (continued)

(s) Cash and bank balances

Cash and bank balances comprise cash at bank and on hand, demand deposits and short-term, highly liquid investments readily convertible to cash and which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated cash flow statement, cash and bank balances consist of cash on hand and deposits with immediate holding company and banks. The accounting policy for this category of financial assets is stated in Note 2(n).

(t) Taxation

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

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

The 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.

Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2. ACCOUNTING POLICIES (continued)

(t) Taxation (continued)

Deferred tax (continued)

- In respect of deductible temporary differences associated with investments in subsidiary, associated and joint venture companies, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

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 the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the applicable expense; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(u) Loans and borrowings

Loans 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 profit or loss when the liabilities are derecognised as well as through the amortisation process.

2. ACCOUNTING POLICIES (continued)

(v) Employee benefits

Equity compensation plans

Employees of the Group receive remuneration in the form of share options and share awards as consideration for services rendered.

The Company has in place the SIA Engineering Company Limited Employee Share Option Plan for granting of share options to senior executives and all other employees. The exercise price approximates the market value of the shares at the date of grant.

The Company has also implemented the Restricted Share Plan and Performance Share Plan for the award of fully paid ordinary shares to key senior management and senior executives, after pre-determined performance or service conditions are accomplished.

Details of the plans are disclosed in Note 10.

<u>Equity-settled transactions</u>

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options or awards are granted. In valuing the share options or awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

This cost is recognised in profit or loss as share-based compensation expense, with a corresponding increase in the share-based compensation reserve, over the vesting period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). Non-market vesting conditions are included in the estimation of the number of shares under options 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 options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, 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 the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The share-based compensation reserve is transferred to general reserve upon cancellation or expiry of the vested options or awards. When the options are exercised or awards are released, the share-based compensation reserve is transferred to share capital when new shares are issued.

Defined contribution plans

As required by law, companies in Singapore make contributions to the Central Provident Fund scheme ("CPF") in Singapore, a defined contribution scheme. Certain of the Group's subsidiary companies outside Singapore make contributions to their respective country's pension schemes. Such contributions are recognised as expenses in the period in which the related services are performed.

2. ACCOUNTING POLICIES (continued)

(v) Employee benefits (continued)

Defined benefit plans

The Group contributes to several defined benefit pension and post employment benefit plans for some of the regular employees. The cost of providing benefits includes the Group's contribution for the year plus any unfunded liabilities under the plans, which is determined separately for each plan. Contributions to the plans over the expected average remaining working lives of the employees participating in the plans are expensed on accrual basis.

(w) Trade creditors

Trade creditors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

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

(x) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty claims is made for airframe maintenance and component overhaul services based on past experience of the level of repairs.

(y) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(z) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

2. ACCOUNTING POLICIES (continued)

(z) Revenue (continued)

Revenue from airframe maintenance 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.

Revenue from line maintenance and technical ground handling is recognised upon rendering of services.

Revenue from Fleet Management Programme is recognised on a time proportion basis and in accordance with the period in which services have been rendered.

(aa) 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 rate method.

(ab) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(ac) 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 indication exists, or when annual impairment testing 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 cash-generating unit's fair value less costs of disposal 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 group 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 risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

The Group bases its impairment calculation on detailed budgets and/ or forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years, except for the deferred engine development costs as disclosed in note 2 (d). For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

2. ACCOUNTING POLICIES (continued)

(ac) Impairment of non-financial assets (continued)

For 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 cash-generating unit'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 profit or loss.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

(ad) Impairment of financial assets

The Group assesses at each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2. ACCOUNTING POLICIES (continued)

(ad) Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant', is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value had been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income to profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increases in their fair values after impairment are recognised directly in other comprehensive income.

(ae) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risk associated with foreign currency fluctuations.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

2. ACCOUNTING POLICIES (continued)

(ae) Derivative financial instruments and hedging (continued)

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

The Group applies hedge accounting for hedging relationships which qualify for hedge accounting. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedged item or transaction, the hedging instrument, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows or fair value, and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they are designated.

Derivatives are classified as fair value through profit or loss unless they qualify for hedge accounting. Hedges which meet the criteria for hedge accounting are accounted for as cash flow hedges.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in fair value reserve (Note 11), while the ineffective portion is recognised immediately in profit or loss.

Amounts taken to the fair value reserve are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs.

(af) Segmental Reporting

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 the management of the Company who regularly review the segments' results in order to allocate resources to the segments and to assess the segments' performance.

The Company and its subsidiaries operate in Singapore, Philippines, Australia and United States of America. The significant operating segments of the Group are repair and overhaul, and line maintenance. Additional disclosures on each of these segments are shown in Note 32 including the factors used to identify the reportable segments and the measurement basis of segment information.

2. ACCOUNTING POLICIES (continued)

(ag) Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the other).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly-controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(ah) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when there is a currently enforceable 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.

3. REVENUE (in thousands of $)

	The Group	
	2013-14	2012-13
Airframe maintenance and component overhaul services	579,078	551,749
Line maintenance and technical ground handling	434,622	421,365
Fleet management programme	164,515	173,602
	1,178,215	1,146,716

4. STAFF COSTS (in thousands of $)

	The Group	
	2013-14	2012-13
Salary, bonuses and other costs	466,710	458,345
CPF and other defined contributions	40,714	37,601
Share-based compensation expense	998	2,270
	508,422	498,216

The Group contributes to unfunded, non-contributory, defined benefit plans for some of the regular employees. Defined benefit expenses for the Group were approximately $409,000 (2012-13: $421,000). As these amounts are not material to the total staff costs of the Group for 2013-14 and 2012-13, additional disclosures of the defined benefit plan are not presented. Disclosures relating to share-based compensation expense are in Note 10.

5. OPERATING PROFIT (in thousands of $)

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

	The Group	
	2013-14	2012-13
Net exchange loss / (gain) *	3,609	(1,174)
Operating lease expenses	7,181	7,296
Provision for obsolete stocks, net	4,839	5,665
Provision for warranty claims, net	–	37
Professional fee paid to a firm in which a director is a member	469	84
Audit fees		
– Auditors of the Company	253	223
– Other auditors	58	62
Non-audit fees		
– Auditors of the Company	118	126
– Other auditors	81	20

* Amount includes a net fair value loss on forward currency contracts used for hedging purposes of approximately $2,388,000 (2012-13: net fair value gain of $1,726,000), which was realised in the current financial year.

6. INTEREST INCOME (in thousands of $)

	The Group	
	2013-14	2012-13
Deposits placed with immediate holding company	1,453	1,258
Deposits placed with banks	58	102
	1,511	1,360

7. TAXATION EXPENSE (in thousands of $)

The major components of income tax expense for the years ended 31 March 2014 and 2013 are as follows:

	The Group	
	2013-14	2012-13
Current tax		
Provision for the financial year	(22,478)	(24,240)
Over-provision in respect of prior years	894	404
	(21,584)	(23,836)
Deferred tax		
Movement in temporary differences	(913)	(111)
(Under) / over-provision in respect of prior years	(475)	1,195
	(1,388)	1,084
Income tax expense recognised in profit or loss	(22,972)	(22,752)
Deferred tax related to other comprehensive income:		
Net change in the fair value of derivative financial instruments designated as cash flow hedges	(51)	125

On 1 June 2005, the Company was granted a 10-year Development and Expansion Incentive ("DEI"), subject to the Company's compliance with the conditions imposed by the relevant authorities. Based on this DEI, a concessionary tax rate of 5% shall be imposed on qualifying income in excess of a certain 'base' level of taxable income. The base, as well as any income from non-qualifying activities, shall be taxed at the prevailing corporate tax rate.

A reconciliation between taxation expense and the product of accounting profit multiplied by the applicable tax rate for the financial years ended 31 March are as follows:

	The Group	
	2013-14	2012-13
Profit before taxation	293,947	296,925
Less: share of results of associated and joint venture companies	(162,576)	(150,057)
	131,371	146,868
Taxation at statutory tax rate of 17.0% (2013: 17.0%)	(22,333)	(24,968)
Adjustments		
Income not subject to tax	3,430	3,437
Income subject to concessionary tax rate	1,049	1,019
Deferred tax assets not recognised	(973)	(384)
Expenses not deductible for tax purposes	(2,481)	(2,091)
Effects of difference in tax rates of other countries	(1,116)	(1,126)
Over-provision in relation to prior years	419	1,599
Provision of withholding tax expense on share of a subsidiary and associated companies' undistributable reserves	(1,448)	(934)
Others	481	696
Taxation	(22,972)	(22,752)

8. EARNINGS PER SHARE

	The Group	
	2013-14	2012-13
Profit attributable to owners of the parent (in thousands of $)	265,676	270,055
Weighted average number of ordinary shares in issue used for computing basic earnings per share	1,112,757,616	1,101,997,462
Adjustment for dilutive potential ordinary shares	8,945,482	9,173,679
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	1,121,703,098	1,111,171,141
Basic earnings per share (cents)	23.9	24.5
Diluted earnings per share (cents)	23.7	24.3

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

For purposes of calculating diluted earnings per share, the 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: share options, performance shares and restricted shares.

13,413,150 of share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share for 2012-13 because they are anti-dilutive for the previous year presented. There are no share options that are anti-dilutive for the current year.

9. DIVIDENDS PAID AND PROPOSED (in thousands of $)

	The Group and Company	
	2013-14	2012-13
Dividends Paid:		
Final dividend of 15.0 cents per share in respect of 2012-13 (2012-13: 15.0 cents per share in respect of 2011-12)	166,866	165,154
Interim dividend of 7.0 cents per share in respect of 2013-14 (2012-13: 7.0 cents per share in respect of 2012-13)	77,996	77,157
	244,862	242,311

The directors propose a final tax exempt (one-tier) dividend of 18.0 cents per share, comprising an ordinary share of 13.0 cents per share and a special dividend of 5.0 cents per share (2012-13: final ordinary dividend of 15.0 cents per share), amounting to approximately $200,801,000 (2012-13: $166,866,000) to be paid for the financial year ended 31 March 2014.

10. SHARE CAPITAL (in thousands of $)

	The Group and Company 31 March	
	2014	2013
Issued and fully paid		
Balance at 1 April		
1,106,186,574 shares (2012: 1,097,635,481 shares)	348,138	317,295
8,629,334 share options exercised during the year (2012-13: 7,567,057)	37,390	27,973
745,750 share awards released during the year (2012-13: 984,036)	1,830	2,870
Balance at 31 March		
1,115,561,658 shares (2013: 1,106,186,574 shares)	387,358	348,138

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

During the financial year, the Company issued 8,629,334 shares (2013: 7,567,057) upon the exercise of options granted under the Employee Share Option Plan. In addition, the Company issued 745,750 shares (2013: 984,036) upon release of share awards granted under the restricted and performance share plans.

(a) Share Option Plan

The SIA Engineering Company 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, was approved by shareholders on 9 February 2000.

Under the Plan, options are granted for a term no longer than 10 years from the date of grant. The exercise price of the option will be the average of the closing prices of the Company's ordinary shares on the SGX-ST for the five market days immediately preceding the date of grant.

Under the Employee Share Option Scheme, options will vest two years after the date of grant. Under the Senior Executive Share Option Scheme, options will vest:

(i) one year after the date of grant for 25% of the ordinary shares subject to the options;

(ii) two years after the date of grant for an additional 25% of the ordinary shares subject to the options;

(iii) three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and

(iv) four years after the date of grant for the remaining 25% of the ordinary shares subject to the options.

There are no cash settlement alternatives.

10. SHARE CAPITAL (in thousands of $) (continued)

(a) Share Option Plan (continued)

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

	2013-14		2012-13	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 April	33,389,446	$3.69	41,376,903	$3.57
Exercised	(8,629,334)	$3.51	(7,567,057)	$3.00
Cancelled	(203,800)	$4.00	(420,400)	$4.03
Outstanding at 31 March	24,556,312	$3.75	33,389,446	$3.69
Exercisable at 31 March	24,556,312	$3.75	33,389,446	$3.69

The range of exercise prices for options outstanding at the end of the year was $1.59 - $4.57 (2012-13: $1.25 - $4.57). The weighted average remaining contractual life for these options is 2.99 years (2012-13: 3.92 years).

The weighted average share price for options exercised during the year was $4.92 (2012-13: $4.28).

Following the expiry of the share option plans in March 2009, the Company ceased to grant options under ESOP.

Terms of share options outstanding as at 31 March 2014:

Exercisable period	Exercise price ($)	Number outstanding	Number exercisable
01.07.2005 – 30.06.2014	1.59	64,125	64,125
01.07.2006 – 30.06.2014	1.59	631,525	631,525
01.07.2007 – 30.06.2014	1.59	66,875	66,875
01.07.2008 – 30.06.2014	1.59	83,875	83,875
01.07.2006 – 30.06.2015	2.15	125,250	125,250
01.07.2007 – 30.06.2015	2.15	1,871,200	1,871,200
01.07.2008 – 30.06.2015	2.15	203,250	203,250
01.07.2009 – 30.06.2015	2.15	238,375	238,375
03.07.2007 – 02.07.2016	3.34	181,950	181,950
03.07.2008 – 02.07.2016	3.34	4,324,297	4,324,297
03.07.2009 – 02.07.2016	3.34	243,925	243,925
03.07.2010 – 02.07.2016	3.34	247,325	247,325
02.07.2008 – 01.07.2017	4.57	195,250	195,250
02.07.2009 – 01.07.2017	4.57	9,734,794	9,734,794
02.07.2010 – 01.07.2017	4.57	217,200	217,200
02.07.2011 – 01.07.2017	4.57	217,200	217,200
01.07.2010 – 30.06.2018	3.64	5,909,896	5,909,896
Total number of options outstanding/exercisable		24,556,312 @	24,556,312

@ The total number of options outstanding includes 3,573,542 (2012-13: 6,351,728) share options not exercised by employees who have retired or ceased to be employed by the Company or any of the subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of 5 years from the date of retirement or cessation of employment, whichever is earlier.

10. SHARE CAPITAL (in thousands of $) (continued)

(b) Share-based incentive plans

The Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are share-based incentive plans approved by the shareholders of the Company on 25 July 2005. The details of the two plans are described below:

	Restricted Share Plan	Performance Share Plan
Plan Description	Award of fully-paid ordinary shares of the Company, dependent on position level and individual performance targets set at the start of a two-year performance period based on medium-term Group and Company objectives with some degree of stretch.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives for senior management.
Performance Conditions	• Group and Company EBITDA# Margin • Group and Company Value Added per $ Employment Cost The above performance conditions are selected as they are the key operational drivers of shareholder value and are aligned to the Group and Company's business objectives.	• Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE) • Return on Equity (ROE) The above performance measures are selected as key measurement of value-creation for shareholders.
Vesting Condition	Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over the three-year performance period.
Payout	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 200% depending on the achievement of pre-set performance targets over the performance period.

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

10. SHARE CAPITAL (in thousands of $) (continued)

(b) Share-based incentive plans (continued)

The movement of the shares awarded during the financial year is as follows:

RSP

	Number of Restricted shares				
Date of grant	Balance at 1.4.2013/ date of grant	Adjustment *	Cancelled	Released	Balance at 31.3.2014
01.07.2009	200,021	–	–	(200,021)	–
13.07.2009	29,173	–	–	(29,173)	–
01.07.2010	328,009	–	(5,166)	(165,047)	157,796
01.07.2011	818,353	(491,012)	(10,586)	(163,227)	153,528
02.07.2012	839,300	–	(20,300)	–	819,000
08.07.2013	825,500	–	(23,200)	–	802,300
	3,040,356	(491,012)	(59,252)	(557,468)	1,932,624

* Adjustment at the end of the two-year performance period upon meeting stated performance targets.

PSP

	Number of Performance shares				
Date of grant	Balance at 1.4.2013/ date of grant	Adjustment *	Cancelled	Released	Balance at 31.3.2014
01.07.2010	174,987	31,495	(18,200)	(188,282)	–
01.07.2011	157,079	–	(17,908)	–	139,171
02.07.2012	136,800	–	(14,000)	–	122,800
08.07.2013	151,000	–	(14,700)	–	136,300
	619,866	31,495	(64,808)	(188,282)	398,271

* Adjustment at the end of three-year performance period upon meeting stated performance targets.

Fair value of RSP and PSP awards

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year under the SIAEC RSP and PSP. The estimate of the fair value of the services received is measured based on a prospective Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns.

10. SHARE CAPITAL (in thousands of $) (continued)

(b) Share-based incentive plans (continued)

The following table lists the key inputs to the model used for the July 2013 and July 2012 award:

	July 2013 Award		July 2012 Award	
	RSP	PSP	RSP	PSP
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	18.52	18.52	20.68	20.68
Risk-free interest rate (%)	0.24 – 0.89	0.51	0.18 – 0.29	0.25
Expected term (years)	2.00 – 4.00	3.00	2.00 – 4.00	3.00
Share price at date of grant ($)	4.97	4.97	4.00	4.00

For non-market conditions, achievement factors have been estimated based on inputs from the Compensation & HR Committee for the purpose of accrual for the RSP and PSP until the achievement of the targets can be accurately ascertained.

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the RSP ranges from $4.11 to $4.52 (2012-13: $3.32 to $3.65) and the estimated fair value at date of grant for each share granted under the PSP is $4.24 (2012-13: $3.26).

When estimating the fair value of the compensation cost, market-based performance conditions shall be taken into account. Therefore, for performance share grants with market-based performance conditions, the compensation cost shall be charged to profit or loss on a basis that fairly reflects the manner in which the benefits will accrue to the employee under the plan over the remaining service period from date of grant to which the performance period relates, irrespective of whether this performance condition is satisfied.

For performance share grants with non-market conditions, the Company revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to profit or loss and share-based compensation reserve.

Under the RSP and PSP, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2014, were 1,932,624 (2013: 2,214,856) and 398,271 (2013: 468,866) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 2,743,274 (2013: 3,043,683) and 796,542 (2013: 937,732) fully-paid ordinary shares for RSP and PSP respectively.

For the current financial year, the Group has provided approximately $998,000 (2012-13: $2,270,000) in respect of the RSP and PSP based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

The amounts recognised in profit or loss for share-based compensation transactions with employees are as follows:

	The Group and Company	
	2013-14	2012-13
Share-based compensation expense		
– Restricted share plan	591	1,715
– Performance share plan	407	555
	998	2,270

11. OTHER RESERVES (in thousands of $)

(a) Share-based compensation reserve

Share-based compensation reserve represents the equity-settled share options and awards granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options and awards, and is reduced by the release of share awards and exercise / lapse of share options.

(b) Foreign currency translation reserve

The foreign currency translation reserve records 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) Fair value reserve

Fair value reserve records the cumulative fair value of 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 31 March	
	2014	2013
Balance at 1 April	(617)	(819)
Net (loss) / gain on fair value adjustment	(1,528)	1,467
Recognised in "other operating expenses" in profit or loss on occurrence of foreign currency contracts	2,388	(1,726)
Share of other comprehensive income of joint venture companies	(868)	461
Balance at 31 March	(625)	(617)

	The Company 31 March	
	2014	2013
Balance at 1 April	(610)	(351)
Net (loss) / gain on fair value adjustment	(1,528)	1,467
Recognised in "other operating expenses" in profit or loss on occurrence of foreign currency contracts	2,388	(1,726)
Balance at 31 March	250	(610)

(d) General reserve

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

12. DEFERRED TAXATION (in thousands of $)

Deferred tax relates to the following items:

	The Group				The Company	
	Consolidated balance sheet 31 March		Consolidated income statement		Balance sheet 31 March	
	2014	2013	2013-14	2012-13	2014	2013
Deferred tax liability						
Differences in depreciation	26,530	25,184	1,346	(56)	26,137	24,726
Revaluation of forward currency contracts to fair value	51	–	–	–	51	–
Undistributed profits of a subsidiary company	467	268	199	7	–	–
Undistributed profits of overseas associated companies	1,915	1,783	132	47	–	–
Deferred tax asset						
Revaluation of forward currency contracts to fair value	–	(125)	–	–	–	(125)
Other items	(2,114)	(1,825)	(289)	(1,082)	(1,744)	(1,143)
	26,849	25,285			24,444	23,458
Deferred income tax expense			1,388	(1,084)		

The Group has tax losses of approximately $3,267,000 (2012-13: $1,243,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets are recognised due to uncertainty of its recoverability. The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

At the end of the reporting period, deferred tax liability of $467,000 (2013: $268,000) has been recognised for taxes that would be payable on the undistributed earnings of one of the Group's subsidiaries.

For the other subsidiaries of the Group, no deferred tax liability has been recognised as the Group has determined that undistributed earnings of these subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to $4,345,000 (2013: $3,609,000). The deferred tax liability is estimated to be $1,304,000 (2013: $1,083,000).

13. PROPERTY, PLANT AND EQUIPMENT (in thousands of $)

The Group	Leasehold land and buildings	Plant, equipment & tooling	Engine overhaul tooling	Aircraft rotable spares	Office and computer equipment	Motor vehicles	Advance and progress payments #	Total
Cost								
At 1 April 2012	261,530	237,250	1,210	136,288	26,575	7,173	9,880	679,906
Additions	577	9,093	3	12,520	698	713	8,182	31,786
Transfers	8,904	3,922	19	447	1,330	–	(14,622)	–
Transfers from intangibles	–	–	–	–	81	–	–	81
Disposals	(6)	(11,468)	(5)	(608)	(1,449)	(895)	–	(14,431)
Exchange differences	(222)	59	(12)	(48)	(8)	2	19	(210)
At 31 March 2013	270,783	238,856	1,215	148,599	27,227	6,993	3,459	697,132
Additions	499	14,322	2	26,238	1,043	1,694	24,097	67,895
Transfers	3,602	31	(37)	(425)	5,155	68	(8,394)	–
Disposals	–	(5,272)	–	(912)	(885)	(795)	–	(7,864)
Exchange differences	272	(525)	14	71	(28)	(56)	165	(87)
At 31 March 2014	275,156	247,412	1,194	173,571	32,512	7,904	19,327	757,076
Accumulated depreciation								
At 1 April 2012	96,264	199,420	670	45,880	23,323	5,514	–	371,071
Depreciation	9,424	11,539	138	9,760	1,843	514	–	33,218
Disposals	(6)	(9,764)	(3)	(520)	(1,434)	(886)	–	(12,613)
Exchange differences	(25)	55	(5)	(24)	(7)	3	–	(3)
At 31 March 2013	105,657	201,250	800	55,096	23,725	5,145	–	391,673
Depreciation	9,590	12,118	111	11,143	2,100	656		35,718
Impairment	–	–	–	(81)	–	–	–	(81)
Transfers	–	(23)	–	–	–	23	–	–
Disposals	–	(5,225)	–	(329)	(878)	(785)	–	(7,217)
Exchange differences	41	(276)	9	42	(10)	(23)	–	(217)
At 31 March 2014	115,288	207,844	920	65,871	24,937	5,016	–	419,876
Net book value								
At 31 March 2013	165,126	37,606	415	93,503	3,502	1,848	3,459	305,459
At 31 March 2014	159,868	39,568	274	107,700	7,575	2,888	19,327	337,200

\# Advance and progress payments comprise mainly plant, equipment and tooling and building projects.

	The Group 31 March 2014	2013
Net book value of property, plant & equipment acquired under finance lease:		
– Plant, equipment and tooling	45	54
– Motor vehicles	22	29

13. PROPERTY, PLANT AND EQUIPMENT (in thousands of $) (continued)

The Company	Leasehold land and buildings	Plant, equipment & tooling	Engine overhaul tooling	Aircraft rotable spares	Office and computer equipment	Motor vehicles	Advance and progress payments #	Total
Cost								
At 1 April 2012	233,662	220,251	215	131,712	24,376	5,943	9,880	626,039
Additions	–	5,815	–	12,112	290	380	4,500	23,097
Transfers	8,904	3,605	–	–	1,330	–	(13,839)	–
Transfers from intangibles	–	–	–	–	81	–	–	81
Disposals	–	(11,406)	(3)	(610)	(1,327)	(784)	–	(14,130)
At 31 March 2013	242,566	218,265	212	143,214	24,750	5,539	541	635,087
Additions	–	10,072	–	26,056	599	1,444	11,110	49,281
Transfers	790	–	–	–	5,151	–	(5,941)	–
Disposals	–	(5,163)	–	(892)	(807)	(699)	–	(7,561)
At 31 March 2014	243,356	223,174	212	168,378	29,693	6,284	5,710	676,807
Accumulated depreciation								
At 1 April 2012	90,542	190,389	215	43,778	21,654	4,983	–	351,561
Depreciation	8,299	8,995	–	9,076	1,544	354	–	28,268
Disposals	–	(9,710)	(3)	(520)	(1,327)	(784)	–	(12,344)
At 31 March 2013	98,841	189,674	212	52,334	21,871	4,553	–	367,485
Depreciation	8,313	9,289	–	10,520	1,749	461	–	30,332
Impairment	–	–	–	(81)	–	–	–	(81)
Disposals	–	(5,151)	–	(315)	(804)	(699)	–	(6,969)
At 31 March 2014	107,154	193,812	212	62,458	22,816	4,315	–	390,767
Net book value								
At 31 March 2013	143,725	28,591	–	90,880	2,879	986	541	267,602
At 31 March 2014	136,202	29,362	–	105,920	6,877	1,969	5,710	286,040

Advance and progress payments comprise mainly plant, equipment and tooling and building projects.

14. INTANGIBLES (in thousands of $)

The Group	Computer software	Deferred engine development costs	Other intangibles	Advance and progress payments	Total
Cost					
At 1 April 2012	41,345	34,010	4,213	606	80,174
Additions	333	12,404	–	1,010	13,747
Transfers	917	–	–	(917)	–
Transfers to property, plant and equipment	–	–	–	(81)	(81)
Disposals	(18)	–	–	–	(18)
Exchange differences	(7)	(661)	–	–	(668)
At 31 March 2013	42,570	45,753	4,213	618	93,154
Additions	972	3,551	–	1,406	5,929
Transfers	884	–	–	(884)	–
Disposals	(37)	–	–	–	(37)
Exchange differences	3	691	–	3	697
At 31 March 2014	44,392	49,995	4,213	1,143	99,743
Accumulated amortisation					
At 1 April 2012	38,709	–	3,765	–	42,474
Amortisation	1,265	–	448	–	1,713
Disposals	(18)	–	–	–	(18)
Exchange differences	(7)	–	–	–	(7)
At 31 March 2013	39,949	–	4,213	–	44,162
Amortisation	1,340	–	–	–	1,340
Disposals	(33)	–	–	–	(33)
Exchange differences	(8)	–	–	–	(8)
At 31 March 2014	41,248	–	4,213	–	45,461
Net book value					
At 31 March 2013	2,621	45,753	–	618	48,992
At 31 March 2014	3,144	49,995	–	1,143	54,282

Impairment testing of deferred engine development costs

This relates to the Group's share of engine development payments made in connection with its participation in aircraft engine development projects with other companies. As the intangible asset is not yet available for use, an impairment test has been performed.

The recoverable amount of the cash-generating unit (the aircraft engine development project) has been determined based on value in use calculations using cash flow projections from business plan approved by management for the next 48 years. The pre-tax discount rate applied to cash flow projections is 8%.

14. INTANGIBLES (in thousands of $) (continued)

Impairment testing of deferred engine development costs (continued)

The calculations of value in use are most sensitive to the following assumptions:

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

Number of engines – Number of engines represent the projected number of aircraft engines expected to be sold upon completion of the engine development. Projected engine sale is based on current aircraft orders and expectation of market development.

The Company	Computer software	Other intangibles	Advance and progress payments	Total
Cost				
At 1 April 2012	39,194	2,871	606	42,671
Additions	148	–	871	1,019
Transfers	875	–	(875)	–
Transfers to property, plant and equipment	–	–	(81)	(81)
Disposals	(10)	–	–	(10)
At 31 March 2013	40,207	2,871	521	43,599
Additions	886	–	1,406	2,292
Transfers	919	–	(919)	–
Disposals	(37)	–	–	(37)
At 31 March 2014	41,975	2,871	1,008	45,854
Accumulated amortisation				
At 1 April 2012	37,155	2,871	–	40,026
Amortisation	939	–	–	939
Disposals	(10)	–	–	(10)
At 31 March 2013	38,084	2,871	–	40,955
Amortisation	1,016	–	–	1,016
Disposals	(33)	–	–	(33)
At 31 March 2014	39,067	2,871	–	41,938
Net book value				
At 31 March 2013	2,123	–	521	2,644
At 31 March 2014	2,908	–	1,008	3,916

15. SUBSIDIARY COMPANIES (in thousands of $)

	The Company 31 March 2014	2013
Unquoted shares, at cost	95,546	91,404
Loan to a subsidiary company	5,152	2,591
Impairment loss	(5,257)	(4,016)
	95,441	89,979

The subsidiary companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2014	Cost 2013	Percentage equity held by the Group 2014	Percentage equity held by the Group 2013
Aircraft Maintenance Services Australia Pty Ltd ^	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	5,257	5,021	100.0	100.0
NexGen Network (1) Holding Pte Ltd *	Investment holding	Singapore	11,070	10,590	100.0	100.0
NexGen Network (2) Holding Pte Ltd *	Investment holding	Singapore	43,053	39,627	100.0	100.0
SIA Engineering (USA), Inc. #	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	1,358	1,358	100.0	100.0
SIAEC Global Pte Ltd *	Investment holding	Singapore	@	@	100.0	100.0
SIA Engineering (Philippines) Corporation ^	Provide airframe maintenance and component overhaul services	Philippines	17,296	17,296	65.0	65.0
Singapore Jamco Pte Ltd *	Manufacturing aircraft cabin equipment and refurbishment of aircraft galleys	Singapore	3,816	3,816	65.0	65.0
Aerospace Component Engineering Services Pte Limited *	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	10,934	10,934	51.0	51.0

15. SUBSIDIARY COMPANIES (in thousands of $) (continued)

Name of company	Principal activities	Country of incorporation and place of business	Cost 2014	Cost 2013	Percentage equity held by the Group 2014	Percentage equity held by the Group 2013
Aviation Partnership (Philippines) Corporation ^	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Philippines	2,762	2,762	51.0	51.0

* Audited by Ernst & Young LLP, Singapore
^ Audited by member firms of EY Global in the respective countries
@ Cost of investment and issued and paid-up share capital is $2
# Not required to be audited under the law in the country of incorporation

During the financial year:

1. The Company invested approximately $480,000 and $3,426,000 in NexGen Network (1) Holding Pte Ltd ("NGN1") and NexGen Network (2) Holding Pte Ltd ("NGN2") respectively, in accordance to an agreement.

2. The loan extended to a subsidiary company bears an effective interest ranging from 4.45% to 5.85% (2013: 5.47% - 6.92%) per annum. This loan is non-trade related, unsecured and repayable by 31 March 2018 and 31 March 2020 respectively.

3. The Company invested approximately $236,000 in Aircraft Maintenance Services Australia Pty Ltd ("AMSA").

4. An impairment loss of approximately $1,241,000 (2013: nil) was recognised to write down investment in a subsidiary company to its recoverable amount.

16. ASSOCIATED COMPANIES (in thousands of $)

	The Group 31 March 2014	The Group 31 March 2013	The Company 31 March 2014	The Company 31 March 2013
Unquoted shares, at cost	179,804	181,953	179,804	181,953
Share of post-acquisition reserves	252,984	251,783	–	–
Share of other comprehensive income	311	299	–	–
Goodwill written-off to reserves	(25,237)	(25,237)	–	–
Translation adjustment	(98,507)	(102,617)	–	–
	309,355	306,181	179,804	181,953

16. ASSOCIATED COMPANIES (in thousands of $) (continued)

The associated companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2014	Cost 2013	Percentage equity held by the Group 2014	Percentage equity held by the Group 2013
Component Aerospace Singapore Pte Ltd ## +	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	3,011	3,011	49.0	49.0
Eagle Services Asia Private Limited ## ++	Repair and overhaul of aircraft engines	Singapore	71,588	71,588	49.0	49.0
Fuel Accessory Service Technologies Pte Ltd ## +	Repair and overhaul of engine fuel components and accessories	Singapore	5,071	5,071	49.0	49.0
PT Jas Aero-Engineering Services ^^ ++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	3,675	3,675	49.0	49.0
PWA International Limited ### +	Repair, overhaul and re-manufacture of aircraft turbine engine cases, components and related parts	Ireland	6,217	6,217	49.0	49.0
Safran Electronics Asia Pte Ltd ^ ++	Provide avionics maintenance, repair and overhaul services	Singapore	13,479	13,479	49.0	49.0
Southern Airports Aircraft Maintenance Services Company Limited *** ++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	1,117	1,117	49.0	49.0
Pan Asia Pacific Aviation Services Ltd *+++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	3,224	5,373	47.1	47.1
JAMCO Aero Design & Engineering Pte Ltd ** +++	Provide turnkey solutions for aircraft interior modifications	Singapore	767	767	45.0	45.0
Panasonic Avionics Services Singapore Pte. Ltd.@+++	IFE maintenance, repair & overhaul and ancillary services	Singapore	2,685	2,685	42.5	42.5

16. ASSOCIATED COMPANIES (in thousands of $) (continued)

The associated companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2014	Cost 2013	Percentage equity held by the Group 2014	Percentage equity held by the Group 2013
Goodrich Aerostructures Service Center-Asia Pte Ltd ##++	Repair and overhaul of aircraft nacelles, thrust reversers and pylons	Singapore	37,220	37,220	40.0	40.0
Messier Services Asia Private Limited **++	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	13,971	13,971	40.0	40.0
Asian Surface Technologies Pte Ltd ^ ++	Repair and overhaul of aircraft engine fan blades	Singapore	2,718	2,718	39.2	39.2
International Aerospace Tubes - Asia Pte Ltd ## ++	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	Singapore	5,286	5,286	33.3	33.3
Asian Compressor Technology Services Co Ltd # ++	Repair and overhaul of aircraft engine high pressure compressor stators	Taiwan	4,104	4,104	24.5	24.5
Turbine Coating Services Private Limited ## +	Repair and overhaul of aircraft engine turbine airfoils	Singapore	5,671	5,671	24.5	24.5

\#   Audited by PriceWaterhouseCoopers, Taiwan
\##   Audited by PriceWaterhouseCoopers, Singapore
\### Audited by PriceWaterhouseCoopers, Ireland
@   Audited by KPMG, Singapore
*   Audited by BDO Limited, Hong Kong
**   Audited by Ernst & Young LLP, Singapore
*** Audited by Deloitte & Touche, Vietnam
^   Audited by RSM Chio Lim, Singapore
^^   Audited by Deloitte & Touche, Indonesia
\+   Financial year end 30 November
\++   Financial year end 31 December
\+++ Financial year end 31 March

During the financial year:

1. The Company received an amount of approximately $2,149,000 from Pan Asia Pacific Aviation Services Ltd for its capital reduction through shares buyback from shareholders.

16. ASSOCIATED COMPANIES (in thousands of $) (continued)

The carrying amount of the material investment is as follows:

	The Group 31 March 2014	2013
Eagle Services Asia Private Limited ("ESA")	144,932	138,523
Other associated companies	164,423	167,658
	309,355	306,181

The activities of ESA complement the Group's activities.

Dividends of approximately $33,902,000 (2012-13: $24,252,000) were received from ESA.

Summarised financial information in respect of ESA is as follows:

	31 March 2014	2013
Summarised balance sheet		
Funds employed:		
Current assets	348,775	255,669
Non-current assets	42,595	38,907
	391,370	294,576
Current liabilities	(95,033)	(11,428)
Non-current liabilities	(558)	(449)
	295,779	282,699
Financed by:		
Shareholders' equity	295,779	282,699

	2013-14	2012-13
Summarised statement of comprehensive income		
Revenue	1,077,057	870,503
Profit after taxation from continuing operations	78,378	54,019
Total comprehensive income	78,378	54,019

The summarised financial information presented is extracted from the last audited financial statements available and unaudited management financial statements of ESA, prepared in accordance with Singapore Financial Reporting Standards.

16. ASSOCIATED COMPANIES (in thousands of $) (continued)

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

	The Group 31 March 2014	2013
Group's share of 49% of net assets	144,932	138,523

Aggregate information about the Group's investment in associated companies that are not individually material are as follows:

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

	The Group 31 March 2014	2013
Summarised balance sheet		
Funds employed:		
Current assets	168,187	157,192
Non-current assets	55,152	54,600
	223,339	211,792
Current liabilities	(55,450)	(42,099)
Non-current liabilities	(6,477)	(5,046)
	161,412	164,647
Financed by:		
Shareholders' equity	161,412	164,647

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

	The Group 2013-14	2012-13
Summarised statement of comprehensive income		
Profit or loss after tax from continuing operations	30,219	28,694
Other comprehensive income	12	(61)
Total comprehensive income	30,231	28,633

17. JOINT VENTURE COMPANIES (in thousands of $)

	The Group 31 March 2014	The Group 31 March 2013	The Company 31 March 2014	The Company 31 March 2013
Unquoted shares, at cost	56,599	56,599	56,599	56,599
Share of post acquisition reserves	94,437	89,960	–	–
Share of other comprehensive income	(875)	(7)	–	–
Translation adjustment	(23,684)	(25,765)	–	–
	126,477	120,787	56,599	56,599

The joint venture companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2014	Cost 2013	Percentage equity held by the Group 2014	Percentage equity held by the Group 2013
International Engine Component Overhaul Pte Ltd	Repair and overhaul of aero engine components and parts	Singapore	10,067	10,067	50.0	50.0
Singapore Aero Engine Services Pte Ltd	Repair and overhaul of aircraft engines	Singapore	46,532	46,532	50.0	50.0

The joint venture companies are audited by Ernst and Young LLP, Singapore and have financial year end of 31 December.

The carrying amount of the material investment is as follows:

	The Group 31 March 2014	The Group 31 March 2013
Singapore Aero Engine Services Pte Ltd ("SAESL")	115,050	108,260
Other joint venture company	11,427	12,527
	126,477	120,787

The Group has 50% (2013: 50%) interest in the ownership and voting rights in SAESL. The activities of SAESL complement the Group's activities. The Group jointly controls SAESL with other partners under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

Dividends of approximately $80,949,000 (2012-13: $78,128,000) were received from SAESL.

17. JOINT VENTURE COMPANIES (in thousands of $) (continued)

Summarised financial information in respect of SAESL is as follows:

	31 March 2014	31 March 2013
Summarised balance sheet		
Funds employed:		
Cash and short-term deposit	30,466	1,741
Other current assets	415,042	399,783
Total current assets	445,508	401,524
Non-current assets	173,789	146,665
Total assets	619,297	548,189
Current financial liabilities (excluding trade, other payables and provisions)	(96,054)	(137,947)
Other current liabilities	(182,089)	(166,902)
Total current liabilities	(278,143)	(304,849)
Non-current financial liabilities	(111,054)	(26,820)
Total liabilities	(389,197)	(331,669)
Net assets	230,100	216,520
Financed by:		
Shareholders' equity	230,100	216,520

	2013-14	2012-13
Summarised statement of comprehensive income		
Revenue	2,253,833	2,219,319
Depreciation and amortisation	(11,499)	(11,024)
Interest income	93	54
Interest expense	(928)	(1,151)
Profit before tax	173,024	172,709
Taxation	33	(422)
Profit after taxation	173,057	172,287
Other comprehensive income	(1,297)	632
Total comprehensive income	171,760	172,919

The summarised financial information presented is extracted from the last audited financial statements available and unaudited management financial statements of SAESL, prepared in accordance with Singapore Financial Reporting Standards.

17. JOINT VENTURE COMPANIES (in thousands of $) (continued)

A reconciliation of the summarised financial information to the carrying amounts of SAESL is as follows:

	The Group 31 March 2014	The Group 31 March 2013
Group's share of 50% of net assets	115,050	108,260

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

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

	The Group 31 March 2014	The Group 31 March 2013
Summarised balance sheet		
Funds employed:		
Current assets	6,995	8,897
Non-current assets	10,124	10,052
	17,119	18,949
Current liabilities	(5,154)	(5,922)
Non-current liabilities	(538)	(500)
	11,427	12,527
Financed by:		
Shareholders' equity	11,427	12,527

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

	The Group 2013-14	The Group 2012-13
Summarised statement of comprehensive income		
Profit or loss after tax from continuing operations	7,423	8,750
Other comprehensive income	(219)	145
Total comprehensive income	7,204	8,895

18. LONG-TERM INVESTMENT (in thousands of $)

	The Group and the Company 31 March 2014	2013
Unquoted equity investment, at cost	14,606	14,606

The Company holds a 10% (2013: 10%) investment in ordinary shares of Hong Kong Aero Engine Services Limited, which is incorporated and operates in Hong Kong Special Administrative Region of the People's Republic of China.

19. TRADE DEBTORS (in thousands of $)

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

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Not past due and not impaired	52,674	37,423	31,075	25,820
Past due but not impaired *	44,730	33,851	35,997	29,394
	97,404	71,274	67,072	55,214
Impaired trade debtors – collectively assessed	2,727	2,678	2,067	2,678
Less: Accumulated impairment losses	(2,727)	(2,678)	(2,067)	(2,678)
	–	–	–	–
Impaired trade debtors – individually assessed:				
Customers in bankruptcy or other financial reorganisation	3,208	3,075	3,148	3,075
Customers who default in payment within stipulated framework	40	40	–	–
Less: Accumulated impairment losses	(3,248)	(3,115)	(3,148)	(3,075)
	–	–	–	–
Total trade debtors, net	97,404	71,274	67,072	55,214
* Aging of trade debtors that are past due but not impaired				
Less than 30 days	29,838	15,043	26,876	11,965
30 days to 60 days	6,702	2,960	4,501	2,084
61 days to 90 days	2,294	5,945	1,633	5,705
More than 90 days	5,896	9,903	2,987	9,640
	44,730	33,851	35,997	29,394

Trade debtors are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless on the date the impairment loss is recognised, the Group ascertains the amount to be uncollectible whereby it would be reduced directly. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

19. TRADE DEBTORS (in thousands of $) (continued)

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debtor is impaired. Individual trade debtor is written off when management deems the amount not to be collectible.

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

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Balance at 1 April	5,793	9,894	5,753	9,700
Charge/ (Write-back) to profit or loss, net	182	(3,972)	(538)	(3,947)
Written off during the year	–	(129)	–	–
Balance at 31 March	5,975	5,793	5,215	5,753
Bad debts written-off directly to profit or loss, net of debts recovered	26	–	26	–

As at 31 March 2014, 96% of trade debtors (2013: 88%) were held in United States dollars by the Group.

20. PREPAYMENTS AND OTHER DEBTORS (in thousands of $)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Prepayments	5,318	6,370	2,307	5,735
Other debtors	13,818	9,181	10,970	5,715
	19,136	15,551	13,277	11,450

Included in other debtors are deposits of approximately $1,376,000 (2013: $1,245,000) and fair value change of forward contracts of approximately $301,000 (2013: nil) for the Group and deposits of approximately $367,000 (2013: $365,000) and fair value change of forward contracts of approximately $301,000 (2013: nil) for the Company.

The contract/ notional amounts of the forward currency contracts as at 31 March 2014 were approximately $152,790,000 for the Group and the Company. These contracts were entered into by the Company's immediate holding company, on behalf of the Group and the Company.

21. IMMEDIATE HOLDING COMPANY (in thousands of $)

The amounts due from the immediate holding company, which are carried at cost, are unsecured, trade-related, interest-free and are repayable based on agreed trade terms. The Group has an arrangement with its immediate holding company to settle the net amounts due to or from each other in cash, based on the agreed terms.

The Group's receivables and payables from/ (to) immediate holding company that are off-set are as follows:

	The Group 31 March 2014			The Company 31 March 2014		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Receivables	123,300	(66,127)	57,173	121,153	(66,127)	55,026
Payables	66,127	(66,127)	–	66,127	(66,127)	–

	The Group 31 March 2013			The Company 31 March 2013		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Receivables	126,828	(62,010)	64,818	124,017	(62,010)	62,007
Payables	62,010	(62,010)	–	62,010	(62,010)	–

22. AMOUNTS OWING BY/ (TO) RELATED PARTIES (in thousands of $)

The amounts owing by / (to) related parties of the Group are unsecured, trade-related, interest-free and are repayable based on agreed trade terms. The Group has an arrangement with its related parties to settle the net amounts due to or from each other in cash, based on the agreed terms.

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Amounts owing by related parties				
– Fellow subsidiaries	29,815	32,360	29,651	31,513
– Subsidiaries	–	–	2,660	1,945
– Joint venture/ associated companies	5,170	4,597	4,786	4,293
– Others	13,857	17,463	13,822	16,540
	48,842	54,420	50,919	54,291
Amounts owing to related parties				
– Subsidiaries	–	–	(16,737)	(12,723)
– Joint venture/ associated companies	(2,732)	(914)	(2,716)	(903)
– Others	(1,371)	(1,401)	(1,355)	(1,401)
	(4,103)	(2,315)	(20,808)	(15,027)

22. AMOUNTS OWING BY/ (TO) RELATED PARTIES (in thousands of $) (continued)

The Group's receivables and payables from/ (to) related parties that are off-set are as follows:

	The Group 31 March 2014 Gross carrying amounts	The Group 31 March 2014 Gross amounts offset in the balance sheet	The Group 31 March 2014 Net amounts in the balance sheet	The Company 31 March 2014 Gross carrying amounts	The Company 31 March 2014 Gross amounts offset in the balance sheet	The Company 31 March 2014 Net amounts in the balance sheet
Amounts owing by related parties						
– Fellow subsidiaries	34,467	(4,652)	29,815	34,303	(4,652)	29,651
– Subsidiaries	–	–	–	3,167	(507)	2,660
– Joint venture / associated companies	5,208	(38)	5,170	4,824	(38)	4,786
– Others	13,857	–	13,857	13,822	–	13,822
	53,532	(4,690)	48,842	56,116	(5,197)	50,919
Amounts owing to related parties						
– Subsidiaries	–	–	–	(19,712)	2,975	(16,737)
– Joint venture / associated companies	(3,004)	272	(2,732)	(2,988)	272	(2,716)
– Others	(1,371)	–	(1,371)	(1,355)	–	(1,355)
	(4,375)	272	(4,103)	(24,055)	3,247	(20,808)

	The Group 31 March 2013 Gross carrying amounts	The Group 31 March 2013 Gross amounts offset in the balance sheet	The Group 31 March 2013 Net amounts in the balance sheet	The Company 31 March 2013 Gross carrying amounts	The Company 31 March 2013 Gross amounts offset in the balance sheet	The Company 31 March 2013 Net amounts in the balance sheet
Amounts owing by related parties						
– Fellow subsidiaries	36,469	(4,109)	32,360	35,622	(4,109)	31,513
– Subsidiaries	–	–	–	2,766	(821)	1,945
– Joint venture / associated companies	4,603	(6)	4,597	4,299	(6)	4,293
– Others	17,463	–	17,463	16,540	–	16,540
	58,535	(4,115)	54,420	59,227	(4,936)	54,291
Amounts owing to related parties						
– Subsidiaries	–	–	–	(16,695)	3,972	(12,723)
– Joint venture / associated companies	(1,181)	267	(914)	(1,170)	267	(903)
– Others	(1,401)	–	(1,401)	(1,401)	–	(1,401)
	(2,582)	267	(2,315)	(19,266)	4,239	(15,027)

23. INVENTORIES (in thousands of $)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Aircraft and component spares	37,123	43,705	32,152	37,409
Consumable stores and stocks	3,775	3,137	387	845
Raw materials	3,456	3,811	–	–
Total inventories at lower of cost and net realisable value	44,354	50,653	32,539	38,254

Inventories are stated after deducting provision for stock obsolescence. An analysis of the provision for stock obsolescence is as follows:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Balance at 1 April	15,811	11,252	15,294	11,142
Charge to profit or loss, net	4,839	5,609	4,509	5,135
Provision utilised during the year	(1,933)	(1,050)	(1,919)	(983)
Balance at 31 March	18,717	15,811	17,884	15,294
Written down stocks, recognised as expense in profit or loss	–	56	–	56

24. SHORT-TERM DEPOSITS (in thousands of $)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Deposits placed with the immediate holding company	480,178	474,328	480,178	474,328
Fixed deposits placed with banks	4,722	6,997	1,502	1,502
	484,900	481,325	481,680	475,830

Funds surplus to the Group's working capital requirements are placed in short-term deposits with the immediate holding company and external financial institutions for varying periods depending on the immediate cash requirements of the Group. These deposits earn interest ranging from 0.01% to 1.3% (2013: 0.01% to 3.38%) per annum and can be withdrawn on demand. The interest rates are repriced at varying periods ranging from 1 to 12 months (2013: 1 to 12 months).

As at 31 March 2014, 1% of short-term deposits (2013: 0.4%) were held in United States dollars by the Group.

25. CASH AND BANK BALANCES

These balances are placed in current accounts earning interest at floating rates based on daily bank deposit rates ranging from 0.0% to 0.3% (2013: 0.0% to 1.5%) per annum.

As at 31 March 2014, 36% of cash and bank balances (2013: 56%) were held in United States dollars by the Group.

26. TRADE AND OTHER CREDITORS (in thousands of $)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Trade	59,306	64,388	50,366	55,200
Accruals	182,061	181,394	158,372	161,884
Provision for warranty claims	187	187	187	187
Sundry	375	365	–	–
	241,929	246,334	208,925	217,271

These amounts are non-interest bearing.

Included in trade and other creditors are fair value change of forward contracts of approximately $735,000 in 2013 for the Group and the Company. The contract / notional amounts of the forward currency contracts as at 31 March 2013 were approximately $129,564,000 for the Group and the Company. These contracts were entered into by the Company's immediate holding company, on behalf of the Group and the Company.

As at 31 March 2014, 24% of trade creditors (2013: 18%) were held in United States dollars by the Group.

An analysis of the provision for warranty claims is as follows:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Balance at 1 April	187	173	187	173
Charge to profit or loss, net	–	37	–	37
Provision utilised during the year	–	(23)	–	(23)
Balance at 31 March	187	187	187	187

27. BANK LOANS (in thousands of $)

	The Group 31 March 2014	2013
Current liabilities		
Revolving credit facility	8,236	5,674
Non-current liabilities		
Long-term bank loan	13,614	–

The revolving credit facility denominated in United States dollars taken by a subsidiary company is unsecured and bears a fixed interest at 2.5% per annum (2013: 2.3% per annum). The current revolving credit facility shall be repayable within 12-months after the reporting date.

The long-term bank loan denominated in United States dollars taken by a subsidiary company is unsecured and bears interest at an average floating rate of 1.47% per annum, re-priced quarterly. This loan is repayable by 29 April 2022.

28. CASH FLOW FROM OPERATING ACTIVITIES (in thousands of $)

	The Group 2013-14	2012-13
Profit before taxation	293,947	296,925
Adjustments for:		
Interest income	(1,511)	(1,360)
Interest on external borrowings	174	70
Depreciation	35,718	33,218
Amortisation of intangibles	1,340	1,713
Share of profits of associated and joint venture companies, net of tax	(162,576)	(150,057)
Dividend income from a long-term investment	(13,820)	(16,978)
Surplus on disposal of property, plant and equipment	(649)	(263)
Exchange differences	3,609	(1,174)
Share-based compensation expense	998	2,270
Operating profit before working capital changes	157,230	164,364
(Increase) / decrease in debtors	(32,146)	21,916
Decrease in inventories and work-in-progress	797	9,867
Decrease in creditors	(4,555)	(15,995)
Decrease / (increase) in amounts owing by immediate holding company	7,860	(17,690)
Decrease / (increase) in amounts owing by related parties, net	7,367	(2,134)
Cash generated from operations	136,553	160,328
Income taxes paid	(23,654)	(26,722)
Net cash provided by operating activities	112,899	133,606

29. CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditures, with an aggregate value of approximately $61,536,000 (2013: $74,385,000) for the Group and $18,738,000 (2013: $27,427,000) for the Company.

In addition, the Group's share of a joint venture company's purchase commitments for capital expenditure totalled approximately $2,524,000 (2013: $23,743,000).

(b) Operating lease commitments (in thousands of $)

The Group has entered into operating lease agreements for certain equipment and leasehold land and buildings. These non-cancellable leases have lease terms of between 1 and 49 years. There are no restrictions placed upon the Group or the Company by these lease arrangements.

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

	The Group 31 March	
	2014	2013
Within one year	15,969	14,500
After one year but less than 5 years	21,383	20,225
More than 5 years	58,106	60,830
	95,458	95,555

30. FINANCIAL INSTRUMENTS (in thousands of $)

(a) Classification 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 income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the balance sheet by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

The Group	Loans and receivables	Available-for sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
2014					
Assets					
Unquoted equity investment	–	14,606	–	–	14,606
Trade debtors	97,404	–	–	–	97,404
Other debtors	13,517	–	301	–	13,818
Immediate holding company	57,173	–	–	–	57,173
Amounts owing by related parties	48,842	–	–	–	48,842
Short-term deposits	484,900	–	–	–	484,900
Cash and bank balances	50,765	–	–	–	50,765
Total financial assets	752,601	14,606	301	–	767,508
Total non-financial assets					939,557
Total assets					1,707,065
Liabilities					
Trade and other creditors	–	–	–	241,742	241,742
Amounts owing to related parties	–	–	–	4,103	4,103
Bank loans	–	–	–	8,236	8,236
Long-term bank loan	–	–	–	13,614	13,614
Total financial liabilities	–	–	–	267,695	267,695
Total non-financial liabilities					48,908
Total liabilities					316,603
2013					
Assets					
Unquoted equity investment	–	14,606	–	–	14,606
Trade debtors	71,274	–	–	–	71,274
Other debtors	9,181	–	–	–	9,181
Immediate holding company	64,818	–	–	–	64,818
Amounts owing by related parties	54,420	–	–	–	54,420
Short-term deposits	481,325	–	–	–	481,325
Cash and bank balances	41,605	–	–	–	41,605
Total financial assets	722,623	14,606	–	–	737,229
Total non-financial assets					895,511
Total assets					1,632,740
Liabilities					
Trade and other creditors	–	–	735	245,412	246,147
Amounts owing to related parties	–	–	–	2,315	2,315
Bank loans	–	–	–	5,674	5,674
Total financial liabilities	–	–	735	253,401	254,136
Total non-financial liabilities					49,415
Total liabilities					303,551

30. FINANCIAL INSTRUMENTS (in thousands of $) (continued)

(a) Classification of financial instruments (continued)

The Company	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
2014					
Assets					
Unquoted equity investment	–	14,606	–	–	14,606
Loan to a subsidiary company	5,152	–	–	–	5,152
Trade debtors	67,072	–	–	–	67,072
Other debtors	10,669	–	301	–	10,970
Immediate holding company	55,026	–	–	–	55,026
Amounts owing by related parties	50,919	–	–	–	50,919
Short-term deposits	481,680	–	–	–	481,680
Cash and bank balances	35,471	–	–	–	35,471
Total financial assets	705,989	14,606	301	–	720,896
Total non-financial assets					712,089
Total assets					1,432,985
Liabilities					
Trade and other creditors	–	–	–	208,738	208,738
Amounts owing to related parties	–	–	–	20,808	20,808
Total financial liabilities	–	–	–	229,546	229,546
Total non-financial liabilities					43,904
Total liabilities					273,450
2013					
Assets					
Unquoted equity investment	–	14,606	–	–	14,606
Loan to a subsidiary company	2,591	–	–	–	2,591
Trade debtors	55,214	–	–	–	55,214
Other debtors	5,715	–	–	–	5,715
Immediate holding company	62,007	–	–	–	62,007
Amounts owing by related parties	54,291	–	–	–	54,291
Short-term deposits	475,830	–	–	–	475,830
Cash and bank balances	31,864	–	–	–	31,864
Total financial assets	687,512	14,606	–	–	702,118
Total non-financial assets					690,305
Total assets					1,392,423
Liabilities					
Trade and other creditors	–	–	735	216,349	217,084
Amounts owing to related parties	–	–	–	15,027	15,027
Total financial liabilities	–	–	735	231,376	232,111
Total non-financial liabilities					45,119
Total liabilities					277,230

30. FINANCIAL INSTRUMENTS (in thousands of $) (continued)

(b) 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.

Financial instruments carried at fair value

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 that the Group can access at the measurement date;
- 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), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 the Company 31 March 2014			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs, other than quoted price (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements				
Financial asset:				
Derivative financial instrument				
Currency hedging contracts	–	301	–	301
	–	301	–	301

	The Group and the Company 31 March 2013			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs, other than quoted price (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial liability:				
Derivative financial instruments				
Currency hedging contracts	–	735	–	735
	–	735	–	735

30. FINANCIAL INSTRUMENTS (in thousands of $) (continued)

(b) Fair values (continued)

Financial instruments carried at fair value (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 liabilities are reasonable approximation 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, trade and other debtors and creditors.

The carrying amounts of the long-term bank loan and loan to a subsidiary company are reasonable approximation of fair value as the loans are floating rate loans that are re-priced to market interest rate quarterly.

Financial instruments carried at cost

	The Group and the Company			
	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Long-term investment	14,606	#	14,606	#

Unquoted shares in the long-term investment stated at cost have no market prices and the fair value cannot be reliably measured using valuation techniques. The Group and the Company have no intention to dispose of their interests in the above investment in the foreseeable future.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $)

The Group operates principally in Singapore and generates revenue mainly in Singapore dollars. The Group also has investments in subsidiary, associated and joint venture companies that operate in nine countries. The Group's operations carry certain financial risks, including the effects of changes in foreign exchange rates and interest rates. The Group's risk management approach is to moderate the effects of such volatility on its financial performance. The Group's policy permits 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 costs 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 material loss arising in the event of non-performance by a counterparty is considered to be unlikely.

The Audit Committee provides oversight to the work of the Group Risk Management Committee in respect of financial risks.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $) (continued)

(a) Foreign currency risk

The Group has transactional currency exposures arising from operating revenues and expenses that are denominated in a currency other than the respective functional currencies of Group entities, primarily, Singapore dollar (SGD), Australian dollar (AUD), Philippine Peso (PHP), and United States dollars (USD). The foreign currencies in which these transactions are denominated are mainly United States dollars. For the financial year ended 31 March 2014, these accounted for 32% of total revenue (2012-13: 30%) and 16% of total operating expenses (2012-13: 16%). The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Group and Company also hold cash and cash equivalents in foreign currency, denominated mainly in USD, for working capital purposes. At the end of the reporting period, such USD balances amounted to approximately $25,039,000 (2013: $25,262,000) and $12,875,000 (2013: $15,079,000) for the Group and the Company respectively.

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 Singapore dollars. The Group also uses forward foreign currency contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell United States dollars at predetermined forward rates, depending on forecast requirements, with settlement dates that range up to one year. The Group uses forward contracts purely as a hedging tool. It does not take positions in currencies with a view to make speculative gains from currency movements.

Cash flow hedges

The Company enters into forward currency contracts to hedge against foreign currency risk for a portion of the forecast net cash generation of USD in the next 12 months.

The cash flow hedges of the expected inflows and outflows in USD in the next 12 months were assessed to be highly effective and at 31 March 2014, a net fair value gain before tax of $301,000 (2013: net fair value loss before tax of $735,000) with a related deferred tax liability of $51,000 (2012-13: deferred tax asset of $125,000), were included in fair value reserve in respect of these contracts.

The cash flows arising from these derivatives are expected to occur and enter into the determination of profit or loss in the next financial year.

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 to a 1% strengthening or weakening of USD exchange rate against the SGD with all other variables held constant. The sensitivity analysis includes only the USD currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rate.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $) (continued)

(a) Foreign currency risk (continued)

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Effect of strengthening of USD				
Profit before taxation [R1]	337	560	330	467
Equity [R2]	(1,525)	(1,303)	(1,525)	(1,303)
Effect of weakening of USD				
Profit before taxation [R1]	(337)	(560)	(330)	(467)
Equity [R2]	1,525	1,303	1,525	1,303

R1 Sensitivity analysis on significant outstanding USD denominated monetary items.
R2 Sensitivity analysis on outstanding USD hedging contracts.

(b) Interest rate risk

The Group's exposure to market risk for changes in the interest rates relates primarily to the Group's short-term deposits with the immediate holding company and banks and other interest-bearing financial assets and liabilities. As most of the deposits and borrowings are short-term, the Group has minimal interest rate exposure risk.

As at 31 March 2014, other than those short-term deposit and borrowings, the Group has a long-term bank loan which is subjected to floating rate and re-priced quarterly.

Interest rate sensitivity analysis

At the end of the reporting period, if the floating rates had been 50 basis points lower/ higher with all other variable held constant, the Group's profit before tax would have been approximately $32,000 (2013: nil) higher/ lower, arising mainly as a result of lower/ higher interest expense on the floating rate loan.

(c) Credit and Counterparty risk

The Group's and Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 March 2014 in relation to each class of recognised financial assets are as follows:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Unquoted equity investment	14,606	14,606	14,606	14,606
Loan to a subsidiary company	–	–	5,152	2,591
Trade debtors	97,404	71,274	67,072	55,214
Other debtors	13,818	9,181	10,970	5,715
Immediate holding company	57,173	64,818	55,026	62,007
Amounts owing by related parties	48,842	54,420	50,919	54,291
Short-term deposits	484,900	481,325	481,680	475,830
Cash and bank balances	50,765	41,605	35,471	31,864
	767,508	737,229	720,896	702,118

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $) (continued)

(c) Credit and Counterparty risk (continued)

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

Concentrations of credit risk with respect to trade debtors are limited to the entities comprising the Group's customer base. The Group carefully assesses the financial strength of its customers and where appropriate, obtains collaterals, including bank guarantees and letters of credit, from customers. In addition, the Group monitors the receivable balances on an ongoing basis, providing for doubtful accounts whenever risks are identified. At 31 March 2014, the only trade debtor exceeding 10% of the Group's trade debtors was an amount of approximately $57,173,000 (2013: $64,818,000) due from its immediate holding company, Singapore Airlines Limited.

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 exposure 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	
	2014	2013	2014	2013	2014	2013	2014	2013
Counterparty profiles								
By industry:								
Airlines	649,171	640,134	85%	87%	619,734	619,494	86%	88%
Financial institutions	55,470	48,585	7%	7%	36,973	33,366	5%	5%
Others	34,443	24,723	4%	3%	33,461	26,346	5%	4%
	739,084	713,442	96%	97%	690,168	679,206	96%	97%
By region:								
East Asia	679,241	662,598	89%	90%	639,281	636,182	89%	91%
Europe	25,307	21,713	3%	3%	25,305	21,713	4%	3%
South West Pacific	10,533	7,165	1%	1%	8,430	4,967	1%	1%
Americas	10,521	7,239	1%	1%	3,854	1,765	0%	0%
West Asia and Africa	13,482	14,727	2%	2%	13,298	14,579	2%	2%
	739,084	713,442	96%	97%	690,168	679,206	96%	97%
By Moody's credit ratings:								
Investment grade (A to Aaa)	49,179	44,566	6%	6%	36,973	33,366	5%	5%
Non-rated	689,905	668,876	90%	91%	653,195	645,840	91%	92%
	739,084	713,442	96%	97%	690,168	679,206	96%	97%

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $) (continued)

(d) Liquidity risk

The Group monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and credit facilities from financial institutions. As at 31 March 2014, the Group had at its disposal, cash and short-term deposits amounting to approximately $535,665,000 (2013: $522,930,000). In addition, the Group had available short-term credit facilities of approximately $29,915,000 (2013: $13,744,000).

The Group's holding of cash and short-term deposits, together with credit facilities and net cash flow from operations, are expected to be sufficient for working capital purposes as well as future capital commitments. The shortfall, if any, could be met by bank borrowings.

The maturity profile of the financial assets and liabilities of the Group and the Company is as follows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
2014							
The Group							
Financial assets							
Unquoted equity investment	–	–	–	–	–	14,606	14,606
Trade and other debtors	110,921	–	–	–	–	–	110,921
Derivative financial instruments:							
Forward currency contracts – gross receipts	152,790	–	–	–	–	–	152,790
Forward currency contracts – gross payments	(152,489)	–	–	–	–	–	(152,489)
Immediate holding company	57,173	–	–	–	–	–	57,173
Amounts owing by related parties	48,842	–	–	–	–	–	48,842
Short-term deposits	485,275	–	–	–	–	–	485,275
Cash and bank balances	50,765	–	–	–	–	–	50,765
Total undiscounted financial assets	753,277	–	–	–	–	14,606	767,883
Financial liabilities							
Trade and other creditors	241,742	–	–	–	–	–	241,742
Amounts owing to related parties	4,103	–	–	–	–	–	4,103
Bank loans	8,257	–	–	–	–	–	8,257
Long-term bank loan	150	722	1,254	1,780	1,758	8,890	14,554
Total undiscounted financial liabilities	254,252	722	1,254	1,780	1,758	8,890	268,656
Net total undiscounted financial assets	499,025	(722)	(1,254)	(1,780)	(1,758)	5,716	499,227

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $) (continued)

(d) Liquidity risk (continued)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
2014							
The Company							
Financial assets							
Unquoted equity investment	–	–	–	–	–	14,606	14,606
Loan to a subsidiary company	268	268	268	2,596	154	3,297	6,851
Trade and other debtors	77,741	–	–	–	–	–	77,741
Derivative financial instruments:							
Forward currency contracts – gross receipts	152,790	–	–	–	–	–	152,790
Forward currency contracts – gross payments	(152,489)	–	–	–	–	–	(152,489)
Immediate holding company	55,026	–	–	–	–	–	55,026
Amounts owing by related parties	50,919	–	–	–	–	–	50,919
Short-term deposits	482,055	–	–	–	–	–	482,055
Cash and bank balances	35,471	–	–	–	–	–	35,471
Total undiscounted financial assets	701,781	268	268	2,596	154	17,903	722,970
Financial liabilities							
Trade and other creditors	208,738	–	–	–	–	–	208,738
Amounts owing to related parties	20,808	–	–	–	–	–	20,808
Total undiscounted financial liabilities	229,546	–	–	–	–	–	229,546
Net total undiscounted financial assets	472,235	268	268	2,596	154	17,903	493,424

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $) (continued)

(d) Liquidity risk (continued)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
2013							
The Group							
Financial assets							
Unquoted equity investment	–	–	–	–	–	14,606	14,606
Trade and other debtors	80,455	–	–	–	–	–	80,455
Immediate holding company	64,818	–	–	–	–	–	64,818
Amounts owing by related parties	54,420	–	–	–	–	–	54,420
Short-term deposits	481,827	–	–	–	–	–	481,827
Cash and bank balances	41,605	–	–	–	–	–	41,605
Total undiscounted financial assets	723,125	–	–	–	–	14,606	737,731
Financial liabilities							
Trade and other creditors	245,412	–	–	–	–	–	245,412
Derivative financial instruments:							
Forward currency contracts – gross receipts	(129,564)	–	–	–	–	–	(129,564)
Forward currency contracts – gross payments	130,299	–	–	–	–	–	130,299
Amounts owing to related parties	2,315	–	–	–	–	–	2,315
Bank loans	5,693	–	–	–	–	–	5,693
Total undiscounted financial liabilities	254,155	–	–	–	–	–	254,155
Net total undiscounted financial assets	468,970	–	–	–	–	14,606	483,576

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of $) (continued)

(d) Liquidity risk (continued)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
2013							
The Company							
Financial assets							
Unquoted equity investment	–	–	–	–	–	14,606	14,606
Loan to a subsidiary company	141	2,731	–	–	–	–	2,872
Trade and other debtors	60,929	–	–	–	–	–	60,929
Immediate holding company	62,007	–	–	–	–	–	62,007
Amounts owing by related parties	54,291	–	–	–	–	–	54,291
Short-term deposits	476,321	–	–	–	–	–	476,321
Cash and bank balances	31,864	–	–	–	–	–	31,864
Total undiscounted financial assets	685,553	2,731	–	–	–	14,606	702,890
Financial liabilities							
Trade and other creditors	216,349	–	–	–	–	–	216,349
Derivative financial instruments:							
Forward currency contracts – gross receipts	(129,564)	–	–	–	–	–	(129,564)
Forward currency contracts – gross payments	130,299	–	–	–	–	–	130,299
Amounts owing to related parties	15,027	–	–	–	–	–	15,027
Total undiscounted financial liabilities	232,111	–	–	–	–	–	232,111
Net total undiscounted financial assets	453,442	2,731	–	–	–	14,606	470,779

32 SEGMENT INFORMATION (IN THOUSANDS OF $)

For management purposes, the Group is organised into business units based on the nature of the services provided, and has the reportable operating segments as follows:

- The repair and overhaul segment provides airframe maintenance, component overhaul, engine repair and overhaul services, and fleet management programme. These services include scheduled routine maintenance and overhaul, specialised and non-routine maintenance, modification and refurbishment programs. Fleet management programme encompasses fleet technical management and inventory technical management services, which include the provision of comprehensive engineering and MRO solutions that can be customised to provide maintenance support to airlines.

- The line maintenance segment provides aircraft certification and technical ground handling services such as push-back and towing, and the provision of aircraft ground support equipment and rectification work.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

32. SEGMENT INFORMATION (in thousands of $) (continued)

All other unallocated items will be disclosed in the consolidated financial statements.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Segment liabilities are not available as the information is not used by management to make operating decisions.

Transfer prices between operating segments are on agreed terms between the operating segments.

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 financial years ended 31 March 2014 and 31 March 2013 and certain assets information of the operating segments as at those dates.

Operating Segments

	Notes	Repair and overhaul	Line maintenance	Total segments	Consolidation eliminations & adjustments	Per consolidated financial statements
2013-14						
TOTAL REVENUE						
External revenue		743,593	434,622	1,178,215	–	1,178,215
Inter-segment revenue	(a)	26,414	623	27,037	(27,037)	–
		770,007	435,245	1,205,252	(27,037)	1,178,215
RESULTS						
Segment results		32,429	83,136	115,565		115,565
Interest income						1,511
Dividend income from long-term investment						13,820
Share of profits of associated companies, net of tax		65,882	2,742	68,624		68,624
Share of profits of joint venture companies, net of tax		93,952	–	93,952		93,952
Other unallocated income	(b)					475
Profit before taxation						293,947
Taxation						(22,972)
Profit for the financial year						270,975
Other segment items						
Depreciation		29,619	6,099	35,718		35,718
Amortisation of intangibles		902	438	1,340		1,340
Segment assets						
Property, plant and equipment		298,235	38,965	337,200		337,200
Intangibles		52,873	1,409	54,282		54,282
Investment in associated/ joint venture companies		427,958	7,874	435,832		435,832
Other unallocated assets	(c)					879,751
Total assets		779,066	48,248	827,314		1,707,065

32. SEGMENT INFORMATION (in thousands of $) (continued)

Operating segments (continued)

	Notes	Repair and overhaul	Line maintenance	Total segments	Consolidation eliminations & adjustments	Per consolidated financial statements
2012-13						
TOTAL REVENUE						
External revenue		725,351	421,365	1,146,716	–	1,146,716
Inter-segment revenue	(a)	22,364	968	23,332	(23,332)	–
		747,715	422,333	1,170,048	(23,332)	1,146,716
RESULTS						
Segment results		39,733	88,353	128,086		128,086
Interest income						1,360
Dividend income from long-term investment						16,978
Share of profits of associated companies, net of tax		53,336	1,827	55,163		55,163
Share of profits of joint venture companies, net of tax		94,894	–	94,894		94,894
Other unallocated income	(b)					444
Profit before taxation						296,925
Taxation						(22,752)
Profit for the financial year						274,173
Other segment items						
Depreciation		27,324	5,894	33,218		33,218
Amortisation of intangibles		911	802	1,713		1,713
Segment assets						
Property, plant and equipment		266,966	38,493	305,459		305,459
Intangibles		47,849	1,143	48,992		48,992
Investment in associated/ joint venture companies		417,606	9,362	426,968		426,968
Other unallocated assets	(c)					851,321
Total assets		732,421	48,998	781,419		1,632,740

Notes:

(a) Inter-segment revenues are eliminated on consolidation.

(b) The following items are added to / (deducted from) segment result to arrive at "profit before taxation" presented in the consolidated income statement:

	The Group 2013-14	The Group 2012-13
Interest on external borrowings	(174)	(70)
Surplus on disposal of property, plant and equipment	649	263
Other income	–	251
	475	444

32. SEGMENT INFORMATION (in thousands of $) (continued)

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

	The Group 31 March 2014	2013
Long-term investment	14,606	14,606
Current assets	865,145	836,715
	879,751	851,321

Geographical segments

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

	Revenue 2013-14	Revenue 2012-13	Non-current assets 31 March 2014	Non-current assets 31 March 2013
East Asia	911,796	907,205	784,695	733,481
Europe	155,138	106,976	4,895	14,244
South West Pacific	49,382	52,470	1,474	1,604
Americas	43,538	22,652	50,856	46,696
West Asia and Africa	18,361	57,413	–	–
Total	1,178,215	1,146,716	841,920	796,025

Non-current assets information presented above consists of property, plant and equipment, intangibles, long-term investment and investments in associated and joint venture companies as presented in the consolidated balance sheet.

Major customers

Revenue from one major customer amounted to approximately $507,631,000 (2012-13: $523,775,000), arising from sales by repair & overhaul and line maintenance segments.

33. CAPITAL MANAGEMENT (in thousands of $)

The primary objective of the management of the Company's capital structure is to maintain an appropriate capital base while 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.

During the financial year ended 31 March 2014, the Company made a total dividend payment to shareholders of approximately $244,862,000 (2012-13: $242,311,000).

No significant changes were made in the objective, policies or processes relating to the management of the Company's capital structure during the years ended 31 March 2014 and 31 March 2013.

33. CAPITAL MANAGEMENT (in thousands of $) (continued)

Capital for the Group and Company is tabulated below:

	The Group 31 March		The Company 31 March	
	2014	2013	2014	2013
Total debt:				
Bank loans	8,236	5,674	–	–
Long-term bank loans	13,614	–	–	–
	21,850	5,674	–	–
Total capital:				
Share capital	387,358	348,138	387,358	348,138
Reserves	973,521	953,789	772,177	767,055
	1,360,879	1,301,927	1,159,535	1,115,193
Capital and total debt	1,382,729	1,307,601	1,159,535	1,115,193

34. RELATED PARTY TRANSACTIONS (in thousands of $)

In addition to the related party information disclosed elsewhere in the financial statements, these were the following significant related party transactions between the Group and related parties that took place at terms agreed between the parties during the financial year:

Sale and purchase of goods and services

	The Group		The Company	
	2013-14	2012-13	2013-14	2012-13
Income				
Sales of services and related materials to:				
– the immediate holding company and fellow subsidiaries	669,717	675,859	654,583	658,125
– associated companies	8,507	9,733	7,554	8,404
– joint venture companies	15,065	14,761	15,065	14,761
– others	66,393	65,196	66,073	61,793
Interest income from the immediate holding company	1,453	1,258	1,453	1,258
Equipment fee charged to the immediate holding company	2,079	2,214	2,079	2,214
Rental of office space charged to the immediate holding company	75	390	75	390

34. RELATED PARTY TRANSACTIONS (in thousands of $) (continued)

Sale and purchase of goods and services (continued)

	The Group		The Company	
	2013-14	2012-13	2013-14	2012-13
Expense				
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases	10,032	8,464	10,032	8,464
Rental of hangars, workshops and office space charged by the immediate holding company	18,825	18,838	18,825	18,838
Purchases of materials from the immediate holding company	140,947	133,686	140,947	133,686
Purchases of goods from:				
– associated companies	25,656	22,968	25,648	22,940
– joint venture companies	–	111	–	111
– others	24,302	23,857	23,939	23,504
Services rendered by:				
– the immediate holding company	13,724	12,274	13,724	12,274

Compensation of key management personnel

Directors' and key executives' remuneration of the Company

	The Company	
	2013-14	2012-13
Directors		
Directors' fees	937	657
Key executives		
Salary, bonuses and other costs	4,446	4,630
CPF and other defined contributions	78	62
Share based compensation expense	523	824

34. RELATED PARTY TRANSACTIONS (in thousands of $) (continued)

Compensation of key management personnel (continued)

Share options granted to and exercised by director and key executives of the Company are as follows:

Name of Participant	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding at end of financial year under review
William Tan Seng Koon	1,511,200	1,103,000	408,200
Png Kim Chiang	738,900	710,200	28,700
Jack Koh Swee Lim	71,700	–	71,700
Ivan Neo Seok Kok	454,900	271,600	183,300
Zarina Piperdi	106,700	–	106,700
Anne Ang Lian Choo	–	–	–
Leck Chet Lam *	293,900	293,900	–

* The aggregate options presented for Mr Leck Chet Lam are up to his resignation on 15 February 2014.

The details of RSP and PSP granted to director and key executives of the Company are as follows:

(a) RSP Base Awards

Name of Participant	Balance as at 1 April 2013 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2014/ cessation of employment = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
William Tan Seng Koon	115,469	67,800	64,469	118,800	355,938
Png Kim Chiang	43,083	15,500	25,583	33,000	135,366
Jack Koh Swee Lim	40,466	17,700	20,466	37,700	129,832
Zarina Piperdi	40,466	17,700	20,466	37,700	131,732
Ivan Neo Seok Kok	40,466	17,700	20,466	37,700	129,832
Anne Ang Lian Choo	40,466	17,700	20,466	37,700	124,232
Chow Kok Wah	–	17,700	–	17,700	17,700
Leck Chet Lam #	34,466	17,700	20,466	31,700	138,932

Pursuant to the rules of SIAEC Share Plans, the RSP and PSP granted to Mr Leck Chet Lam lapsed upon his resignation on 15 February 2014.

34. RELATED PARTY TRANSACTIONS (in thousands of $) (continued)

Compensation of key management personnel (continued)

(b) **RSP Final Awards** (Pending Release)

Name of Participant	Balance as at 1 April 2013 (a)	Final Awards granted during the financial year* (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2014/ cessation of employment = (a)+(b)-(c)	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
William Tan Seng Koon	41,994	25,788	38,725	29,057	193,631
Png Kim Chiang	17,645	10,233	16,362	11,516	86,721
Jack Koh Swee Lim	15,128	8,186	14,062	9,252	81,821
Zarina Piperdi	15,128	8,186	14,062	9,252	84,025
Ivan Neo Seok Kok	15,128	8,186	14,062	9,252	81,821
Anne Ang Lian Choo	18,235	8,186	17,169	9,252	79,663
Leck Chet Lam #	18,235	8,186	17,169	9,252	101,911

(c) **PSP Base Awards**

Name of Participant	Balance as at 1 April 2013 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2014/ cessation of employment = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
William Tan Seng Koon	116,712	46,000	41,956	120,756	273,777	170,149
Png Kim Chiang	71,166	16,800	25,583	62,383	135,192	81,562
Jack Koh Swee Lim	53,316	14,700	17,908	50,108	115,242	72,505
Zarina Piperdi	53,316	14,700	17,908	50,108	109,442	70,185
Ivan Neo Seok Kok	53,316	14,700	17,908	50,108	99,842	62,985
Anne Ang Lian Choo	53,316	14,700	17,908	50,108	68,016	21,131
Chow Kok Wah	–	14,700	–	14,700	14,700	–
Leck Chet Lam #	49,816	14,700	17,908	46,608	64,516	21,131

* 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.

Pursuant to the rules of SIAEC Share Plans, the RSP and PSP granted to Mr Leck Chet Lam lapsed upon his resignation on 15 February 2014.

35. DISPOSAL OF A SUBSIDIARY'S CORE BUSINESS

In April 2014, the Company commenced the restructuring of one of its subsidiary companies which will result in the disposal of one of the subsidiary's core businesses. The total assets and liabilities of this business as at 31 March 2014 were approximately $14,703,000 and $3,790,000 respectively.

The transaction will not have a material impact on the financial position and performance of the Group.

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current financial year's presentation.

1. INTERESTED PERSON TRANSACTIONS (in thousands of $)

The aggregate value of all interested person transactions ("IPTs") entered into during the financial year 2013/14 are as follows:

Name of interested person	Non-Mandated Aggregate value of all IPTs (excluding all mandated transactions pursuant to Rule 920 of the SGX Listing Manual and transactions less than $100,000)	Mandated 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)
Singapore Airlines Group		
SilkAir (Singapore) Pte Ltd	–	350,000
Singapore Airlines Cargo Pte Ltd	–	85,780
Singapore Airlines Ltd	–	24,414
Scoot Pte Ltd	–	342
SATS Ltd		
SATS Security Services Pte Ltd	–	8,734
Singapore Technologies Engineering Group		
ST Aerospace Supplies Pte Ltd	–	471
Temasek Holdings (Private) Limited and Associates		
TJ Systems (S) Pte Ltd	–	115
Tiger Airways Group		
Tiger Airways Singapore Pte Ltd	–	47,529
Tiger Airways Australia Pty Ltd	–	663
PT Mandala Airlines	–	417
Total	–	518,465

Note:

– 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.

– All the above interested person transactions were done on normal commercial terms.

2. MATERIAL CONTRACTS

Since the end of the previous financial year, the Company and its subsidiaries did not enter into any material contracts involving interests of the Chief Executive Officer, directors or controlling shareholders and no such material contracts still subsist at the end of the financial year.

QUARTERLY RESULTS OF THE GROUP

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue:						
2013-14	($ million)	289.4	293.9	283.8	311.1	1,178.2
	(%)	24.6	24.9	24.1	26.4	100.0
2012-13	($ million)	300.5	284.5	278.2	283.5	1,146.7
	(%)	26.2	24.8	24.3	24.7	100.0
Expenditure:						
2013-14	($ million)	261.7	265.4	258.6	276.9	1,062.6
	(%)	24.6	25.0	24.3	26.1	100.0
2012-13	($ million)	266.1	252.9	247.0	252.6	1,018.6
	(%)	26.1	24.8	24.3	24.8	100.0
Operating Profit:						
2013-14	($ million)	27.7	28.5	25.2	34.2	115.6
	(%)	24.0	24.6	21.8	29.6	100.0
2012-13	($ million)	34.4	31.6	31.2	30.9	128.1
	(%)	26.9	24.7	24.3	24.1	100.0
Profit before taxation:						
2013-14	($ million)	76.0	78.0	66.8	73.2	294.0
	(%)	25.9	26.5	22.7	24.9	100.0
2012-13	($ million)	76.9	73.4	73.5	73.2	297.0
	(%)	25.9	24.7	24.8	24.6	100.0
Profit attributable to owners of the parent:						
2013-14	($ million)	69.0	71.0	60.5	65.2	265.7
	(%)	26.0	26.7	22.8	24.5	100.0
2012-13	($ million)	70.1	67.1	67.0	65.9	270.1
	(%)	26.0	24.8	24.8	24.4	100.0
Earnings (after tax) per share – basic:						
2013-14	(cents)	6.2	6.4	5.4	5.9	23.9
	(%)	25.9	26.8	22.6	24.7	100.0
2012-13	(cents)	6.4	6.1	6.1	5.9	24.5
	(%)	26.1	24.9	24.9	24.1	100.0

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2013-14	2012-13	2011-12	2010-11	2009-10
Income statement ($ million)					
Revenue	1,178.2	1,146.7	1,169.9	1,106.9	1,006.4
Expenditure	1,062.6	1,018.6	1,040.3	971.2	896.0
Operating profit	115.6	128.1	129.6	135.7	110.4
Other income	15.8	18.8	16.6	16.0	22.5
Share of profits of associated and joint venture companies, net of tax	162.6	150.1	146.3	134.0	126.8
Profit before tax	294.0	297.0	292.5	285.7	259.7
Profit attributable to owners of the parent	265.7	270.1	269.1	258.5	236.1
Balance sheet ($ million)					
Share capital	387.3	348.1	317.3	297.8	262.9
Share-based compensation reserve	23.9	31.9	38.2	40.7	45.4
Foreign currency translation reserve	(127.7)	(134.5)	(129.2)	(128.6)	(79.8)
Fair value reserve	(0.6)	(0.6)	(0.9)	4.4	0.2
General reserve	1,078.0	1,057.0	1,028.9	1,088.4	1,036.1
Equity attributable to owners of the parent	1,360.9	1,301.9	1,254.3	1,302.7	1,264.8
Non-controlling interests	29.6	27.3	25.5	25.5	26.9
Total equity	1,390.5	1,329.2	1,279.8	1,328.2	1,291.7
Property, plant and equipment	337.2	305.5	308.8	318.7	315.5
Intangibles	54.3	49.0	37.7	25.1	16.8
Associated companies	309.4	306.2	304.8	296.0	362.6
Joint venture companies	126.5	120.8	113.2	102.8	108.2
Long-term investment	14.6	14.6	14.6	14.6	14.6
Current assets	865.1	836.6	820.2	864.3	743.3
Total assets	1,707.1	1,632.7	1,599.3	1,621.5	1,561.0
Non-current liabilities	40.4	25.3	26.4	31.1	28.1
Current liabilities	276.2	278.2	293.1	262.2	241.2
Total liabilities	316.6	303.5	319.5	293.3	269.3
Net assets	1,390.5	1,329.2	1,279.8	1,328.2	1,291.7
Cash flow statement ($ million)					
Cash flow from operations	136.6	160.3	157.7	240.1	123.4
Internally generated cash flow [R1]	294.8	298.0	287.1	405.9	277.1
Capital expenditure	67.9	31.8	28.8	44.6	39.6

Notes:

R1 Internally generated cash flow comprises cash generated from operations, dividends from associated and joint venture companies, and proceeds from disposal of property, plant and equipment.

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2013-14	2012-13	2011-12	2010-11	2009-10
Profitability ratios (%)					
Return on equity holders' funds [R2]	20.0	21.1	21.1	20.1	18.9
Return on total assets	15.6	16.5	16.8	15.9	15.1
Return on turnover	22.6	23.6	23.0	23.4	23.5
Productivity and employee data					
Value added ($ million)	839.6	830.1	803.2	777.9	711.7
Value added per employee ($)	131,085	132,346	130,619	126,450	115,273
Revenue per employee ($)	183,952	182,831	190,257	179,927	163,009
Average number of employees	6,405	6,272	6,149	6,152	6,174
Per share data (cents)					
Earnings after tax – basic [R3]	23.9	24.5	24.6	23.8	21.9
– diluted [R4]	23.7	24.3	24.4	23.5	21.8
Net asset value [R5]	122.0	117.7	114.3	119.4	117.0
Gross dividends (cents per share)					
Interim dividend	7.0	7.0	6.0	6.0	5.0
Final dividend – ordinary	13.0 #	15.0	15.0	14.0	13.0
– special	5.0 #	–	–	10.0	–
Total dividends	25.0	22.0	21.0	30.0	18.0

proposed

Notes:

R2 Return on equity holders' funds is the profit attributable to owners of the parent expressed as a percentage of the average equity attributable to owners of the parent.

R3 Earnings after tax per share (basic) is computed by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue.

R4 Earnings after tax per share (diluted) is computed by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue after adjusting for the dilutive effect on the exercise of all outstanding share options, performance shares and restricted shares granted to employees.

R5 Net asset value per share is computed by dividing the equity attributable to owners of the parent by the number of ordinary shares in issue at 31 March.

GROUP CORPORATE STRUCTURE
As at 31 March 2014

SIA ENGINEERING COMPANY LIMITED

SUBSIDIARY COMPANIES

100%	Aircraft Maintenance Services Australia Pty Ltd
100%	SIA Engineering (USA), Inc.
100%	SIAEC Global Pte Ltd
100%	NexGen Network (1) Holding Pte Ltd
100%	NexGen Network (2) Holding Pte Ltd
65%	Singapore Jamco Pte Ltd
65%	SIA Engineering (Philippines) Corporation
51%	Aerospace Component Engineering Services Pte Limited
51%	Aviation Partnership (Philippines) Corporation

JOINT VENTURE COMPANIES

50%	International Engine Component Overhaul Pte Ltd
50%	Singapore Aero Engine Services Pte Ltd

ASSOCIATED COMPANIES

49%	Component Aerospace Singapore Pte Ltd
49%	Eagle Services Asia Private Limited
49%	Fuel Accessory Service Technologies Pte Ltd
49%	PWA International Limited
49%	PT Jas Aero-Engineering Services
49%	Safran Electronics Asia Pte Ltd
49%	Southern Airports Aircraft Maintenance Services Company Limited
47.1%	Pan Asia Pacific Aviation Services Ltd
45%	JAMCO Aero Design & Engineering Pte Ltd
42.5%	Panasonic Avionics Services Singapore Pte. Ltd.
40%	Goodrich Aerostructures Service Center - Asia Pte Ltd
40%	Messier Services Asia Private Limited
39.2%	Asian Surface Technologies Pte Ltd
33.3%	International Aerospace Tubes-Asia Pte Ltd
24.5%	Asian Compressor Technology Services Co Ltd
24.5%	Turbine Coating Services Private Limited

SHAREHOLDING STATISTICS
As at 30 May 2014

NUMBER OF SHARES IN ISSUE	:	1,117,209,130
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE FOR 1 SHARE
NO. OF TREASURY SHARES	:	NIL

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	216	1.51	91,585	0.01
1,000 – 10,000	12,447	86.95	33,047,385	2.96
10,001 – 1,000,000	1,641	11.46	57,436,109	5.14
1,000,001 and above	12	0.08	1,026,634,051	91.89
Total	14,316	100.00	1,117,209,130	100.00

MAJOR SHAREHOLDERS

No.	Name	No. of Shares	%
1	SINGAPORE AIRLINES LIMITED	870,000,000	77.87
2	DBS NOMINEES PTE LTD	75,879,560	6.79
3	CITIBANK NOMINEES SINGAPORE PTE LTD	36,882,162	3.30
4	DBSN SERVICES PTE LTD	16,631,000	1.49
5	HSBC (SINGAPORE) NOMINEES PTE LTD	9,767,283	0.87
6	UNITED OVERSEAS BANK NOMINEES PTE LTD	6,128,000	0.55
7	RAFFLES NOMINEES (PTE) LTD	4,318,198	0.39
8	DB NOMINEES (S) PTE LTD	2,800,100	0.25
9	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,146,002	0.10
10	GRALF MAX HANS SIEGHOLD	1,080,000	0.10
11	BANK OF SINGAPORE NOMINEES PTE LTD	1,001,260	0.09
12	BNP PARIBAS SECURITIES SERVICES	1,000,486	0.09
13	DBS VICKERS SECURITIES (S) PTE LTD	951,000	0.09
14	MERRILL LYNCH (SINGAPORE) PTE LTD	901,988	0.08
15	PHILLIP SECURITIES PTE LTD	896,628	0.08
16	WONG KET SEONG @ WONG KET YIN	700,000	0.06
17	YIM CHEE CHONG	625,000	0.06
18	CIMB SECURITIES (SINGAPORE) PTE LTD	551,120	0.05
19	MORGAN STANLEY ASIA (SINGAPORE)	470,811	0.04
20	LEE HUAN SHANG	468,000	0.04
	Total	1,032,198,598	92.39

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	Deemed Interest (1)	Total Interest	% (2)
Temasek Holdings (Pte) Limited	Nil	872,000,000	872,000,000	78.05
Singapore Airlines Limited	870,000,000	Nil	870,000,000	77.87

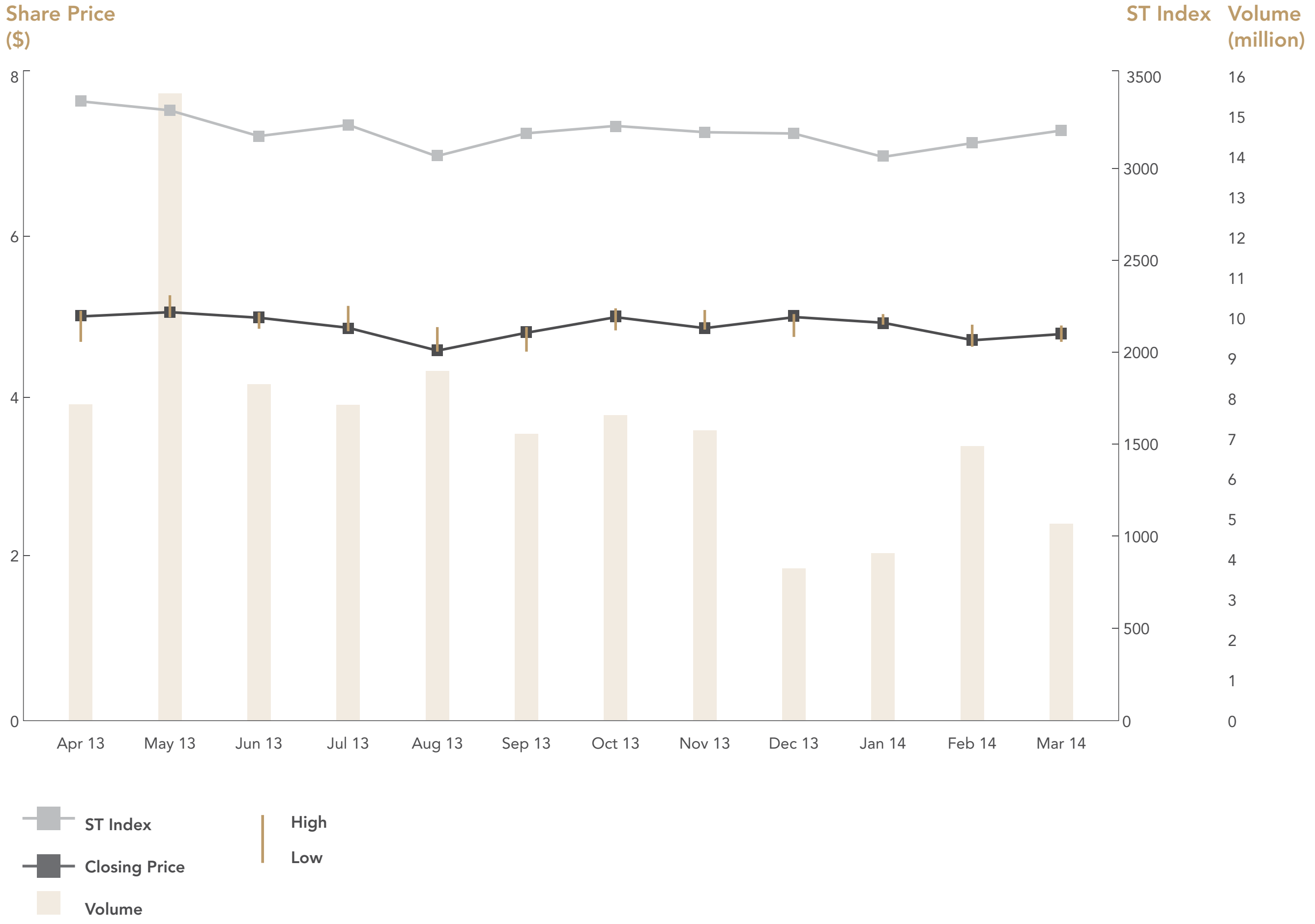
Notes:

(1) Deemed interest means interest determined pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore.
(2) Based on 1,117,209,130 issued ordinary shares as at 30 May 2014.

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as of 30 May 2014, 22.03 per cent of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.

SHARE PRICE AND TURNOVER



	FY 2013/14	FY 2012/13
Share Price (S$)		
Highest closing price	5.29	5.10
Lowest closing price	4.39	3.88
31 March closing price	4.84	4.74
Market Value Ratios *		
Price/Earnings	20.27	19.34
Price/Book Value	3.97	4.03
Price/Cash Earnings **	17.79	17.13

Notes

* Based on closing price on 31 March
** Cash earnings is defined as profit attributable to equity holders of the Company plus depreciation and amortisation of intangibles.

NOTICE OF ANNUAL GENERAL MEETING

SIA ENGINEERING COMPANY LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 198201025C

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting of SIA Engineering Company Limited ("the **Company**") will be held at Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Monday, 21 July 2014 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 March 2014 and the Auditor's Report thereon.

2. To declare a final ordinary dividend of 13.0 cents per ordinary share and a special dividend of 5.0 cents per ordinary share for the financial year ended 31 March 2014.

3. To re-appoint Mr Oo Soon Hee as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

4. To re-elect the following Directors who are retiring by rotation pursuant to Article 83 of the Company's Articles of Association and who, being eligible, offer themselves for re-election as Directors pursuant to Article 84 of the Company's Articles of Association:

   4.1 Mr Ron Foo Siang Guan

   4.2 Mr Manohar Khiatani

   4.3 Mr Chew Teck Soon

5. To re-elect the following Directors who are retiring pursuant to Article 90 of the Company's Articles of Association and who, being eligible, offer themselves for re-election as Directors:

   5.1 Ms Christina Hon Kwee Fong (Mrs Christina Ong)

   5.2 Mr Tong Chong Heong

6. To approve the Directors' fees of up to $1,134,000 for the financial year ending 31 March 2015 (FY2013/14: up to $1,134,000).

7. To re-appoint Messrs Ernst & Young as Auditor of the Company to hold office until the next Annual General Meeting and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

8. To consider and, if thought fit, approve, with or without modification, the following resolutions as Ordinary Resolutions:

8.1 That pursuant to Section 161 of the Companies Act, Cap. 50, authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty (50) per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed ten (10) per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

8.2 That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are "entities at risk" (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of interested person transactions described in the appendix (the "**Appendix**") to the Letter to Shareholders dated 25 June 2014 (the "**Letter**") with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above (the "**IPT Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required), as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the IPT Mandate and/or this Resolution.

ANY OTHER BUSINESS

9. To transact any other business of the Company which may arise and can be transacted at an Annual General Meeting.

By Order of the Board

DEVIKA RANI DAVAR
Company Secretary
25 June 2014
Singapore

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders being obtained at the 32nd Annual General Meeting of the Company for the payment of the final ordinary dividend and the special dividend, the Share Transfer Books and the Register of Members of the Company will be closed on 30 July 2014 for the preparation of dividend warrants.

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 29 July 2014 will be registered to determine shareholders' entitlement to the proposed dividends. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 29 July 2014 will be entitled to the proposed dividends. The Company will pay the proposed dividends to CDP, which will, in turn, distribute the entitlements to the proposed dividends to CDP account-holders in accordance with its normal practice.

The proposed dividends, if approved by shareholders, will be paid on 7 August 2014.

EXPLANATORY NOTES:

1. In relation to Ordinary Resolution No. 3, Mr Oo Soon Hee will be retiring from office at the Annual General Meeting pursuant to Section 153 of the Companies Act, Cap. 50, and will be standing for re-election at the Annual General Meeting. Mr Oo will, upon re-election, continue to serve as Chairman of the Nominating Committee and the Board Safety & Risk Committee, respectively, till the next Annual General Meeting. Mr Oo is considered an Independent Director. Please refer to the sections on Board of Directors and Corporate Governance in the FY2013/14 Annual Report for information on Mr Oo.

2. In relation to Ordinary Resolution Nos. 4.1, 4.2, and 4.3, Mr Ron Foo Siang Guan, Mr Manohar Khiatani and Mr Chew Teck Soon will be retiring from office at the Annual General Meeting pursuant to Article 83 of the Company's Articles of Association and will be standing for re-election at the Annual General Meeting. Mr Foo will, upon re-election, continue to serve as Chairman of the Audit Committee and as a member of the Board Committee. Mr Khiatani will, upon re-election, continue to serve as a member of the Audit Committee and the Board Safety & Risk Committee. Mr Chew will, upon re-election, continue to serve as a member of the Audit Committee, the Nominating Committee and the Board Safety & Risk Committee. Mr Foo, Mr Khiatani and Mr Chew are considered Independent Directors. Please refer to the sections on Board of Directors and Corporate Governance in the FY2013/14 Annual Report for information on Mr Foo, Mr Khiatani and Mr Chew.

3. In relation to Ordinary Resolution Nos. 5.1 and 5.2, Article 90 of the Company's Articles of Association permits the Directors to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following Annual General Meeting, and shall then be eligible for re-election. Ms Christina Hon Kwee Fong (Mrs Christina Ong) was appointed on 1 January 2014, and Mr Tong Chong Heong was appointed on 1 June 2014, and they are each therefore seeking re-election at the forthcoming 32nd Annual General Meeting pursuant to Article 90. Mrs Ong will, upon re-election, continue to serve as a member of the Audit Committee and the Compensation & HR Committee. Mrs Ong and Mr Tong are considered Independent Directors. Please refer to the sections on Board of Directors and Corporate Governance in the FY2013/14 Annual Report for information on Mrs Ong and Mr Tong.

4. Ordinary Resolution No. 6, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during FY14/15. The amount of the Directors' fees is computed based on the anticipated number of Board meetings for FY14/15, assuming full attendance by all Directors. The amount also includes an additional five (5) per cent to cater for unforeseen circumstances, for example, the appointment of an additional Director, additional unscheduled Board meetings, additional appointments to Board Committees and/or the formation of additional Board Committees. In the event that the amount proposed is insufficient, approval will be sought at the next Annual General Meeting for payments to meet the shortfall.

   As disclosed on page 22 of the Annual Report, Directors' fees due to Mr Goh Choon Phong and Mr Ng Chin Hwee will be paid to and retained by Singapore Airlines Limited ("**SIA**"), the holding company of the Company. Mr Goh and Mr Ng hold executive positions in SIA. No Directors' fees will be paid to Mr William Tan Seng Koon as he is the President & Chief Executive Officer of the Company.

5. Ordinary Resolution No. 8.1, if passed, will empower the Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments. The number of shares which the Directors may issue under this Resolution will not exceed fifty (50) per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company with a sub-limit of ten (10) per cent for issues other than on a pro rata basis. The ten (10) per cent sub-limit for non-pro rata issues is lower than the twenty (20) per cent sub-limit allowed under the Listing Manual of the SGX-ST and the Articles of Association of the Company. The Directors believe that the lower sub-limit of ten (10) per cent would sufficiently address the Company's present need to maintain flexibility while taking into account shareholders' concerns against dilution. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time this Ordinary Resolution is passed; and (b) any subsequent bonus issue or consolidation or subdivision of shares. For the avoidance of doubt, shareholders' approval will be required for any consolidation or subdivision of shares.

6. Ordinary Resolution No. 8.2, if passed, will allow the Company, its subsidiaries and relevant associated companies or any of them to enter into certain interested person transactions with certain classes of interested persons as described in the Appendix to the Letter.

Notes:

1. The Chairman of the Annual General Meeting will be exercising his right under Article 64 of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting will be voted on by way of a poll.

2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be deposited at the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time appointed for holding the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This page has been intentionally left blank.

PROXY FORM

SIA ENGINEERING COMPANY LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 198201025C

IMPORTANT:
CPF investors
1. For investors who have used their Central Provident Fund ("**CPF**") monies to buy the Company's shares, the FY2013/14 Annual Report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the 32nd Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company's Registrar (please see Note No. 8).

Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 25 June 2014.

*I/We, ______________________________ (Name)

______________________________ (NRIC/Passport Number)

of ______________________________ (Address)

being *a member/members of SIA Engineering Company Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

or failing *him/her, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend and vote for *me/us and on *my/our behalf at the AGM of the Company to be held at Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Monday, 21 July 2014 at 2.30 pm and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be *my/our *proxy/proxies to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.

NOTE: The Chairman of the AGM will be exercising his right under Article 64 of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the AGM and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of a poll.

No.	Ordinary Business	** No. of Votes "For"	** No. of Votes "Against"
1.	Adoption of the Directors' Report, Audited Financial Statements and the Auditor's Report		
2.	Declaration of ordinary dividend and special dividend		
3.	Re-appointment of Mr Oo Soon Hee as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50		
4.	Re-election of Directors retiring by rotation pursuant to Articles 83 and 84 of the Articles of Association of the Company:		
	4.1 Mr Ron Foo Siang Guan		
	4.2 Mr Manohar Khiatani		
	4.3 Mr Chew Teck Soon		
5.	Re-election of Directors retiring pursuant to Article 90 of the Articles of Association of the Company:		
	5.1 Ms Christina Hon Kwee Fong (Mrs Christina Ong)		
	5.2 Mr Tong Chong Heong		
6.	Approval of Directors' fees for financial year ending 31 March 2015		
7.	Re-appointment and remuneration of Auditor		
	Special Business		
8.1	Authority for Directors to issue shares or make or grant offers, agreements or options requiring shares to be issued		
8.2	Approval for the proposed renewal of the Mandate for Interested Person Transactions		
	Any Other Business		
9.	To approve any other business		

* Delete accordingly
** If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please insert the relevant number of shares in the boxes provided

Dated this ____________ day of ____________ 2014.

Total Number of Shares Held:

____
Signature(s) of Member(s) or Common Seal

Important: Please read notes on the reverse side

1st fold here

NOTES:-

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The appointment of a proxy or proxies by this instrument shall not preclude a member from attending and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.

2. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. The instrument appointing a proxy or proxies must be signed by the appointor or his duly authorised attorney or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or duly authorised officer.

4. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

5. This instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time fixed for holding the AGM.

6. A member should insert the total number of shares held in this instrument of proxy. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act. Chapter 50 of Singapore, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the member.

7. The Company shall be entitled to reject this instrument of proxy or proxies if it is incomplete, or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register at least 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

8. Agent Banks acting on the request of the CPF investors who wish to attend the AGM as Observers are requested to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, addresses and number of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company's Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, at least 48 hours before the time fixed for holding the AGM.

2nd fold here

Please
Affix
Postage
Stamp

M & C Services Private Limited

Share Registrar for
SIA Engineering Company Limited
112 Robinson Road #05-01
Singapore 068902
Republic of Singapore

3rd fold here

CORPORATE DATA

BOARD OF DIRECTORS

CHAIRMAN
Stephen Lee Ching Yen

DIRECTORS
Goh Choon Phong
Ron Foo Siang Guan
Oo Soon Hee
Ng Chin Hwee
William Tan Seng Koon
Manohar Khiatani
Chew Teck Soon
(from 1 May 2013)
Paul Chan Kwai Wah
(until 30 Sep 2013)
Lim Joo Boon
(until 30 Sep 2013)
Lee Kim Shin
(until 31 Dec 2013)
Christina Ong
(from 1 Jan 2014)
Tong Chong Heong
(from 1 Jun 2014)

COMPANY SECRETARY
Devika Rani Davar

AUDIT COMMITTEE

CHAIRMAN
Ron Foo Siang Guan

MEMBERS
Manohar Khiatani
(from 1 Jun 2013)
Chew Teck Soon
(from 1 Jun 2013)
Oo Soon Hee
(until 31 May 2013)
Lim Joo Boon
(until 30 Sep 2013)
Lee Kim Shin
(until 31 Dec 2013)
Christina Ong
(from 15 Jan 2014)

NOMINATING COMMITTEE

CHAIRMAN
Oo Soon Hee

MEMBERS
Ng Chin Hwee
Chew Teck Soon
(from 1 Jun 2013)
Paul Chan Kwai Wah
(until 30 Sep 2013)

COMPENSATION & HR COMMITTEE

CHAIRMAN
Paul Chan Kwai Wah
(until 30 Sep 2013)
Stephen Lee Ching Yen
(member from 1 Oct 2013, Chairman from 5 Nov 2013)

MEMBERS
Goh Choon Phong
Lim Joo Boon
(until 30 Sep 2013)
Lee Kim Shin
(until 31 Dec 2013)
Christina Ong
(from 15 Jan 2014)

BOARD SAFETY & RISK COMITTEE

CHAIRMAN
Oo Soon Hee

MEMBERS
Ng Chin Hwee
Chew Teck Soon
(from 1 Jun 2013)
Paul Chan Kwai Wah
(until 30 Sep 2013)
Manohar Khiatani
(from 1 Oct 2013)

BOARD COMMITTEE

MEMBERS
Ron Foo Siang Guan
Goh Choon Phong

ALTERNATE
Paul Chan Kwai Wah
(until 30 Sep 2013)

REGISTRAR

M & C SERVICES PRIVATE LIMITED
112 Robinson Road #05-01
Singapore 068902

AUDITORS

ERNST & YOUNG LLP
Certified Public Accountants
One Raffles Quay
Level 18, North Tower
Singapore 048583

AUDIT PARTNER

Winston Ngan Wan-Sing
(appointed from FY2010/11)

EXECUTIVE MANAGEMENT

PRESIDENT & CHIEF EXECUTIVE OFFICER
William Tan Seng Koon

EXECUTIVE VICE PRESIDENT
(Operations)
Png Kim Chiang

SENIOR VICE PRESIDENT
(Special Projects)
Jack Koh Swee Lim

SENIOR VICE PRESIDENT
(Human Resources)
Zarina Piperdi

SENIOR VICE PRESIDENT
(Aircraft & Component Services)
Ivan Neo Seok Kok

SENIOR VICE PRESIDENT
(Finance) / Chief Financial Officer
Anne Ang Lian Choo

SENIOR VICE PRESIDENT
(Line Maintenance & Information Technology)
Chow Kok Wah

REGISTERED OFFICE

SIA ENGINEERING COMPANY LIMITED
31 Airline Road
Singapore 819831
Email: siaec@singaporeair.com.sg
Website: www.siaec.com.sg
Tel: (65) 6541 5151
Fax: (65) 6546 0679

CONTACT PERSONS:

COMPANY SECRETARY / VICE PRESIDENT CORPORATE
Devika Rani Davar
Email: devikarani_davar@singaporeair.com.sg
Tel: (65) 6541 5151
Fax: (65) 6546 0679

SENIOR MANAGER PUBLIC AFFAIRS
Chia Peck Yong
Email: peckyong_chia@singaporeair.com.sg
Tel: (65) 6541 5134
Fax: (65) 6546 0679

SIA ENGINEERING COMPANY LIMITED
31 Airline Road Singapore 819831
Tel: (65) 6541 5151
Fax: (65) 6546 0679
Email: siaec@singaporeair.com.sg
www.siaec.com.sg

Contact Persons:

Devika Rani Davar
Company Secretary / Vice President Corporate
Email: devikarani_davar@singaporeair.com.sg
Tel: (65) 6541 5151
Fax: (65) 6546 0679

Chia Peck Yong
Senior Manager Public Affairs
Email: peckyong_chia@singaporeair.com.sg
Tel: (65) 6541 5134