SIA ENGINEERING COMPANY

THE TRUSTED PARTNER IN GLOBAL MRO

ANNUAL REPORT 2018/19

CORPORATE PROFILE

Listed on the mainboard of the Singapore Exchange in 2000, SIA Engineering Company (SIAEC) is one of the world's leading maintenance, repair and overhaul (MRO) organisations.

SIAEC's one-stop maintenance facility in Singapore offers world-class MRO services to a client base of more than 80 international carriers and aerospace equipment manufacturers. Complementing its full spectrum of MRO services is its portfolio of 24 joint ventures in 7 countries, forged with strategic partners and leading original equipment manufacturers (OEM). SIAEC holds certifications from 25 national airworthiness authorities worldwide.

FY2018/19
AT A GLANCE

- SIAEC signed In-Flight Entertainment and Connectivity Maintenance Agreement with Thales
- SIAEC signed $484 million Services Agreement with SilkAir
- SIAEC incorporated Additive Flight Solutions Pte. Ltd., an additive manufacturing joint venture with Stratasys Ltd.
- SIAEC divested its 100% stake in Aircraft Maintenance Services Australia Pty. Ltd.
- SIAEC sold its 20% stake in Jamco Singapore Private Limited
- SIAEC acquired remaining 20% stake in Singapore Aero Support Services Pte. Ltd. (formerly known as Singapore Jamco Services Private Limited)
- SIAEC and NokScoot Airlines Co., Ltd agreed to form a line maintenance joint venture based in Thailand
- SIAEC signed $1.4 billion Services Agreement with Singapore Airlines

REVENUE
$1,020.9
MILLION

NET PROFIT
$160.9
MILLION

DIVIDEND PER SHARE
11
CENTS*

* includes final ordinary dividend of 8 cents per share, which is subject to shareholders' approval

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

The aviation industry saw a challenging operating environment last year, with rising costs and the weakening of world trade expected to have further impact in the year ahead. The MRO industry has been contending with heightened competition from traditional MRO service providers and OEMs. Challenges have been compounded by the longer maintenance intervals and lighter work content of new-generation aircraft, as well as shorter-term headwinds such as the unforeseen grounding of customers' aircraft.

To sharpen our competitive edge, we embarked on our Transformation journey in April 2018 to explore new avenues of growth and enhance productivity. At the same time, we also continued to advance our strategic partnerships and expand our geographical footprint to access new markets, capabilities and technologies.

> "We also continued to advance our strategic partnerships and expand our geographical footprint to access new markets, capabilities and technologies."

CONTINUING OUR TRANSFORMATION JOURNEY

Our Transformation journey is gaining traction. Various initiatives have been implemented across our operations, with some leading to productivity gains and creating additional capacity for growth. More of such productivity and revenue generation initiatives will be progressively implemented over the next three years.

Complementing our Transformation journey is our innovation and technology drive in digitalisation, automation and robotics, data analytics and additive manufacturing, where we have developed an Operations and Technology Capability Roadmap. In this Roadmap, we identified five key technology focus areas, namely digital collaboration, smart control centre, machine vision, predictive maintenance, as well as advanced infrastructure (for enhanced connectivity and workflow) and robotics. More about our innovation and technology initiatives can be found further in this Annual Report.

MAINTAINING SERVICE EXCELLENCE

We have established ourselves as a trusted MRO partner to our airline customers by staying attuned to their needs and working with them to ensure that their aircraft operate with the highest safety standards and reliability. We support their operating efficiencies with our deep knowledge of their maintenance needs and commitment to service excellence.

Underscoring our service excellence, we renewed a comprehensive MRO services agreement with Singapore Airlines. This agreement spans a period of two years with a further two-year renewal option, and will see revenue contribution of \$1.3-\$1.4 billion over the 4-year period. We also inked a new services agreement with SilkAir for a term of 12 years, with an option to renew for a further five years. The total revenue of the foregoing agreement is approximately \$484 million.

Additionally, we partnered with Thales to provide maintenance and support on its in-flight entertainment and connectivity systems for SIA's A350 XWB aircraft fleet. This partnership further enhances our ability to provide one-stop turnkey maintenance solutions to our customers, and continues our proud track record of working with established aerospace players.

STRENGTHENING PARTNERSHIPS AND THE GROUP

To achieve sustained growth, the Group has developed strategic partnerships with leading OEM partners to augment our core competencies. This is evident from the healthy contributions to profits from associated and joint venture companies over the years.

We also regularly review and streamline our portfolio of joint venture companies and associated companies to ensure that it is in line with our growth objectives. As part of our efforts to grow the Group's aircraft and cabin maintenance business, we acquired Jamco Corporation's remaining 20% stake in Singapore Jamco Services, which has since been renamed Singapore Aero Support Services.

Meanwhile, our associated company, Eagle Services Asia, commenced maintenance for the PW1100G engines, which is one of the engine types that power the new-generation A320neo aircraft. We continue to explore opportunities with existing associated and joint venture companies to develop leading-edge capabilities and expand capacity.

Though still in their gestation period, our recently established associated and joint venture companies are progressing in their respective growth journeys. Boeing Asia Pacific Aviation Services, a joint venture with The Boeing Company for fleet management services, became operational in March 2018. Heavy Maintenance Singapore Services and Moog Aircraft Services Asia have also commenced operations during the year. Additive Flight Solutions, our joint venture with Stratasys Ltd., has also commenced operations to provide 3D-printed aftermarket parts for commercial aviation. Its additive manufacturing centre offers design, engineering, certification support and faster production of replacement aircraft cabin interior parts, which complements our efforts to reduce maintenance downtime and increase cost savings for our airline customers.

In December 2018, we divested our subsidiary, Aircraft Maintenance Services Australia, to focus on areas of high growth potential and competitive advantage.

GROWING OUR GEOGRAPHICAL FOOTPRINT

As fleet sizes grow due to robust travel demand, especially in the Asia Pacific region, the expansion of our international line maintenance network continues to be key to our growth strategy, giving us greater access to opportunities in new markets.

In March 2019, we extended our international line maintenance network to Thailand through a joint venture with NokScoot Airlines. The joint venture will offer line maintenance services at Don Mueang International Airport and subsequently expand its operations to other key airports in Thailand.

FINANCIAL PERFORMANCE

The Group registered a higher share of profits from associated and joint venture companies in FY2018/19, which rose 3.7% to \$113.9 million. Overall, revenue for the year declined 6.8% to \$1,020.9 million. Net profit was 13.9% lower than a year ago at \$160.9 million, mainly due to the absence of a \$15 million divestment gain that was recorded in FY2017/18.

CHAIRMAN'S STATEMENT

The Board of Directors is recommending a final ordinary dividend of 8 cents per share. Together with the interim dividend of 3 cents paid out at mid-year, the total payout for FY2018/19 will be 11 cents per share.

APPRECIATION

In closing, I would like to thank my fellow Directors for their commitment and generosity of counsel, and members of the Management team for their contributions to the Group.

In particular, I would like to extend our heartfelt appreciation to Mr Stephen Lee Ching Yen, who retired from his role as Non-executive Chairman in July 2018. Mr Lee helmed the Group for more than a decade and was instrumental to our growth. Amongst his many contributions, he oversaw the conceptualisation and implementation of our ongoing Transformation journey. We are grateful that he remains as Special Advisor to the Board on the Transformation. His experience, insights and inspiration will serve the Group well in its next chapter of growth.

To our staff and unions, thank you for your dedication and hard work. And above all, we are deeply grateful for the strong support from our valued customers and shareholders.

Tang Kin Fei
Chairman

CORPORATE CALENDAR

2018

2 FEB — Announcement of FY2017/18 third-quarter financial results

15 MAY — Announcement of FY2017/18 full-year financial results

16 MAY — Analyst briefing on FY2017/18 full-year financial results

28 JUN — Despatch of Notice of Annual General Meeting to shareholders and website publication of FY2017/18 Annual Report

19 JUL — 36th Annual General Meeting

19 JUL — Announcement of FY2018/19 first-quarter financial results

7 AUG — Payment of FY2017/18 final dividend

8 NOV — Announcement of FY2018/19 second-quarter and half-year financial results

9 NOV — Analyst briefing on FY2018/19 second-quarter and half-year financial results

29 NOV — Payment of FY2018/19 interim dividend

2019

8 FEB — Announcement of FY2018/19 third-quarter financial results

10 MAY — Announcement of FY2018/19 full-year financial results

13 MAY — Analyst briefing on FY2018/19 full-year financial results

27 JUN — Despatch of Notice of Annual General Meeting to shareholders and website publication of FY2018/19 Annual Report

19 JUL — 37th Annual General Meeting

26 JUL — Announcement of FY2019/20 first-quarter financial results

8 AUG — Payment of FY2018/19 final dividend

1 NOV — Announcement of FY2019/20 second-quarter and half-year financial results

4 NOV — Analyst briefing on FY2019/20 second-quarter and half-year financial results

BOARD OF DIRECTORS

Tang Kin Fei

Chairman
Chairman, Compensation & HR Committee
From 19 July 2018
Non-executive and Independent Director

Stephen Lee Ching Yen

Chairman
Non-executive and Non-independent Director
Until 19 July 2018

Chew Teck Soon

Chairman, Audit Committee
Non-executive and
Independent Director

Christina Ong

Chairperson, Nominating Committee
Non-executive and
Independent Director

Manohar Khiatani

Chairman, Board Safety & Risk Committee
Non-executive and
Independent Director

Goh Choon Phong

Non-executive and
Non-independent Director

Ng Chin Hwee

Non-executive and
Non-independent Director

Dr Raj Thampuran

Non-executive and
Independent Director

Wee Siew Kim

Non-executive and
Independent Director

Chin Yau Seng

Non-executive and
Non-independent Director
From 8 October 2018

Png Kim Chiang

Executive and
Non-independent Director

Tong Chong Heong

Non-executive and
Independent Director
Until 1 June 2018

KEY EXECUTIVES

Png Kim Chiang

Chief Executive Officer

Ivan Neo Seok Kok

Executive Vice President Operations

Zarina Piperdi

SVP Human Resources

Wong Yue Jeen

SVP Aircraft & Component Services

Foo Kean Shuh

SVP Line Maintenance
& Cabin Services

Philip Quek Cher Heong

SVP Partnership Management
& Business Development

Ng Lay Pheng

SVP Finance/
Chief Financial Officer

Ng Jan Lin Wilin

SVP Innovation, Technology
& Fleet Management

THE YEAR IN REVIEW

SIA Engineering Company recorded a profit attributable to owners of the parent of $160.9 million for the financial year ended 31 March 2019

FINANCIAL YEAR OPERATING RESULTS

Group revenue for the year was $1,020.9 million, 6.8% lower than the preceding year, mainly due to a decline in contribution from the airframe and fleet management segment but mitigated by higher contribution from the engine and component segment.

Share of profits of associated and joint venture companies rose 3.7% to $113.9 million. Notwithstanding a one-time tax charge and an upward revision in tax provision by certain engine and component centres in FY2018/19, contribution from the engine and component segment increased $5.5 million to $115.4 million, which was partially offset by a $1.4 million decrease in contribution from the airframe and line maintenance segment.

SHARE OF PROFITS OF ASSOCIATED AND JOINT VENTURE COMPANIES (NET OF TAX) ($M)

OPERATING PERFORMANCE

During the year in review, the number of flights handled by Line Maintenance at Changi Airport increased by 4.3% to 153,006 flights. The Group's international line maintenance network now covers 34 airports in seven countries.

Under Airframe Overhaul, the number of maintenance checks performed at SIAEC's six hangars and at the apron in Singapore totalled 537 against 542 in the preceding year. The three hangars in the Philippines performed 54 checks against 56 checks a year ago.

As at 31 March 2019, the Fleet Management business manages a fleet size of 82 aircraft for its eight airline customers.

OUTLOOK

The MRO market remains challenging amidst heightened competition from traditional MRO service providers and OEMs seeking to expand their share of the aftermarket. This has been compounded by the longer maintenance intervals and lighter work content of new-generation aircraft.

Against this backdrop, we continue with our Transformation drive to sharpen our competitive edge,

BUSINESS SEGMENTS

explore new avenues of growth and business opportunities, streamline processes, enhance productivity and create additional capacity for growth. This is complemented by our push to innovate and adopt technologies, through our investments in digitalisation, automation and robotics, data analytics and additive manufacturing. The Group will pursue improvements in service excellence and expand on the range of service offerings to enhance the engineering reliability and operating efficiencies of airline customers. We will also continue to focus on advancing our strategic partnerships and expanding our geographical footprint to tap growth opportunities in new markets, capabilities and technologies.

During the year, Additive Flight Solutions Pte. Ltd., an additive manufacturing joint venture company with Stratasys Ltd., was incorporated. The joint venture has commenced operations to provide design, engineering, certification support and production of 3D-printed parts for use in commercial aviation. This will enhance the Group's service offerings, especially in the area of cabin services.

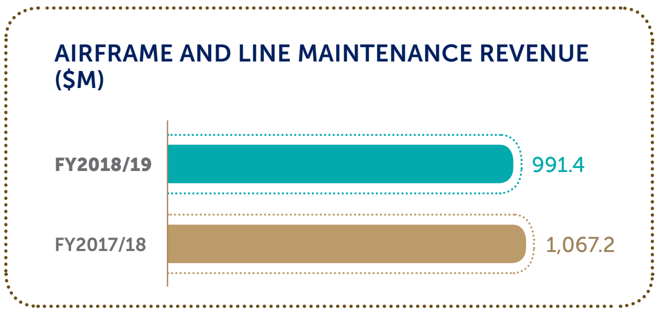
The Company also announced plans to extend the Group's international line maintenance network to Thailand, in partnership with NokScoot Airlines Co., Ltd. The joint venture will commence initial operations at Don Mueang International Airport and subsequently expand to other key airports in Thailand.

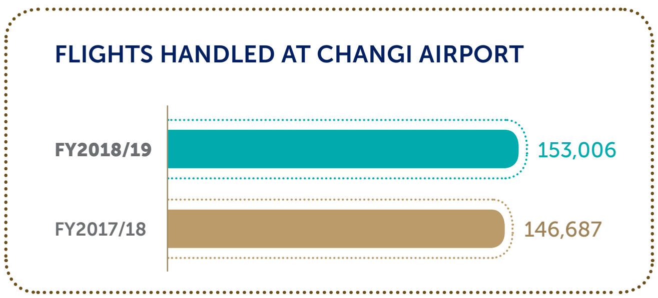
Recently signed contracts with Singapore Airlines Limited ("SIA") and SilkAir (Singapore) Private Limited ("SilkAir") underpin our standing as a trusted MRO partner to our airline customers. The renewed comprehensive MRO services agreement with SIA spans a period of two years with an option to renew for a further two years, and will contribute $1.3-$1.4 billion in revenue over the four-year period. The new services agreement with SilkAir covers a term of 12 years, with an option to renew for a further five years. The total revenue of this agreement is about $484 million over the 12-year term.

DIVIDENDS

For FY2018/19, the Board of Directors has recommended a final ordinary dividend of 8.0 cents per share. Together with the interim dividend of 3.0 cents per share paid earlier, the total dividend payout for FY2018/19 will be 11.0 cents per share. Payment of the final dividend, which amounts to approximately $89.5 million, is subject to shareholders' approval at the Annual General Meeting on 19 July 2019. If approved, the dividend will be paid on 8 August 2019.

AIRFRAME AND LINE MAINTENANCE





BUSINESS SEGMENTS

Number of checks performed at Singapore Base	A	C	Total
FY2018/19	466*	71	537
FY2017/18	455*	87	542

** Including 'A' checks performed by Line Maintenance at the apron*

Number of checks performed at Clark Base	C
FY2018/19	54
FY2017/18	56

AIRFRAME OVERHAUL AND LINE MAINTENANCE

Aircraft are mandated to undergo scheduled checks to maintain their airworthiness certifications with national regulatory authorities, such as the Civil Aviation Authority of Singapore, Federal Aviation Administration of the United States, and the European Aviation Safety Agency of the European Union.

Scheduled A and C checks are performed at our six hangars in Changi. The advent of new-generation aircraft has resulted in less time in the hangars and A checks increasingly being performed at the apron.

Services provided under Airframe Overhaul include airframe structural repair and modification, cabin refurbishment, VIP aircraft modification, aircraft painting and retrofitting of inflight entertainment and avionics systems. The hangars are supported by workshops that are equipped with in-house facilities to provide inspection, repair, modification and test services for aircraft components.

During the year under review, the Company added and renewed 13 Airframe Overhaul contracts with airline customers at its Singapore base.

Supplementing our operations in Singapore is the Company's subsidiary, SIA Engineering (Philippines) Corporation. It currently operates two narrow-body hangars and one wide-body hangar at Clark, Philippines, and provides heavy and light maintenance checks to airlines operating out of the Philippines and in the region.

Another subsidiary located in Singapore, Heavy Maintenance Singapore Services Pte. Ltd., provides airframe maintenance, cabin upgrade and modification services for Airbus aircraft. This joint venture with Airbus will be designated as Airbus' Centre of Excellence for the A380 and A350 heavy maintenance in Asia.

Serving an international client base of more than 50 airlines at Singapore Changi Airport, our licensed engineers and technicians provide aircraft certification and ground handling services, ensuring high dispatch reliability for aircraft on transit and night stops. We also provide cabin maintenance services to cater to airline customers' increasing focus on their cabin interiors.

The Line Maintenance Division's Quick Action Team, a specialised team ready to respond to aircraft-on-ground ("AOG") situations round-the-clock, also carry out AOG engine changes for airline customers in Singapore and overseas.

During the year, the Company serviced a total of 153,006 flights at Singapore Changi Airport, a 4.3% improvement over the previous year. We renewed 22 line maintenance contracts and added five new airline customers.

In April 2018, we signed an In-Flight Entertainment and Connectivity ("IFEC") Maintenance Agreement with Thales to provide maintenance and support on its IFEC systems for SIA's A350 XWB aircraft fleet. This further enhances our ability to provide IFEC maintenance solutions to our customers.

In addition, as part of our efforts to grow the Group's aircraft and cabin maintenance business, we acquired Jamco Corporation's 20% stake in Singapore Jamco Services Private Limited ("SJS"). Following the acquisition, SJS is now a wholly-owned subsidiary of SIAEC and has since been renamed Singapore Aero Support Services Pte. Ltd.

Apart from the operations at Changi Airport, our international line maintenance network currently comprises six line maintenance joint ventures overseas, covering 33 airports in six countries outside Singapore.

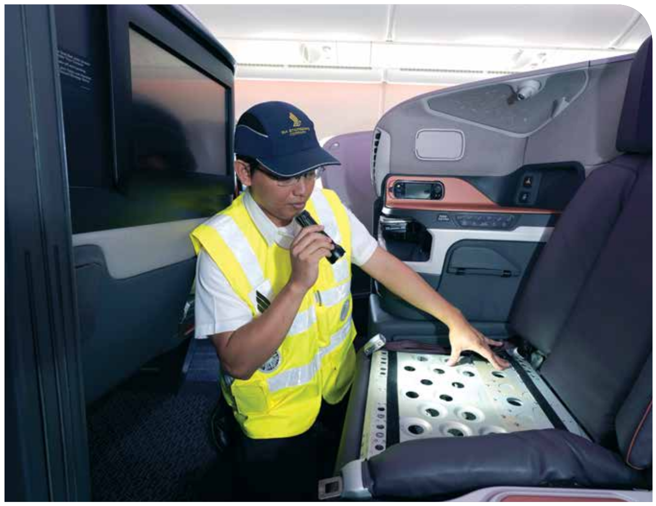
During the year, we announced plans to extend our international line maintenance network to Thailand, in partnership with NokScoot Airlines Co., Ltd. The joint venture will commence initial operations at Don Mueang International Airport and subsequently expand to other key airports in Thailand.

We also divested our line maintenance subsidiary in Australia, Aircraft Maintenance Services Australia Pty Ltd, to focus on areas of high growth potential and competitive advantage.

FLEET MANAGEMENT

The Fleet Management business covers engineering, maintenance support activities and inventory management, including formulating and up-keeping of aircraft maintenance programmes, maintenance planning and control, engineering design, reliability programmes, materials support as well as logistics and supply chain management.

Through the Company's proven capabilities in inventory and supply chain management, airlines are provided with integrated solutions that encompass component pooling, on-site consignment, component repair and overhaul management, warehousing, logistics and 24/7



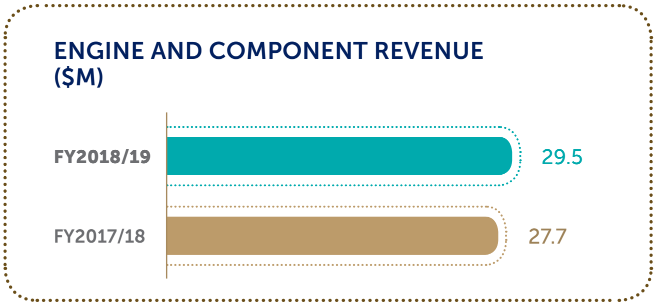
AOG support services. In addition, we also provide turnkey solutions to assist airlines in aircraft entry-into-service preparations. These include the establishment of infrastructure, such as warehousing, logistics and provisioning of on-site spares.

As at 31 March 2019, the number of aircraft under fleet management was 82.

Boeing Asia Pacific Aviation Services Pte. Ltd., our joint venture company in Singapore with The Boeing Company, also provides a comprehensive and integrated suite of engineering, materials management and fleet support solutions for Boeing aircraft to customers in Asia Pacific.

BUSINESS SEGMENTS

ENGINE AND COMPONENT



To enhance the breadth and depth of our engine overhaul services, the Company had forged five joint ventures with the world's leading engine and engine component manufacturers - namely Pratt & Whitney and Rolls-Royce. Amongst these Singapore-based engine/engine component joint ventures, Singapore Aero Engine Services Private Limited and Eagle Services Asia Private Limited are the Asia Pacific Centres of Excellence for Rolls-Royce and Pratt & Whitney, respectively. The other three joint ventures with Pratt & Whitney are Asian Surface Technologies Pte Ltd, Component Aerospace Singapore Pte. Ltd. and Turbine Coating Services Pte Ltd. The Company is also partnering with GE Aviation to form an engine overhaul joint venture company that will provide a full range of MRO services for the GE90 and GE9X engines after incorporation and commencement of operations.

In addition, the Group has seven Singapore-based joint ventures specialising in component repair and overhaul. They include Aerospace Component Engineering Services Pte. Limited, Safran Landing Systems Services Singapore Pte. Ltd., Safran Electronics & Defense Services Asia Pte. Ltd., Goodrich Aerostructures Service Center – Asia Pte. Ltd., Fuel Accessory Service Technologies Pte Ltd, Panasonic Avionics Services Singapore Pte. Ltd. and Moog Aircraft Services Asia Pte. Ltd.

Two other joint ventures based in Singapore are JAMCO Aero Design & Engineering Private Limited, which provides turnkey solutions for aircraft interior modifications, and Additive Flight Solutions Pte. Ltd., which produces 3D-printed parts for use in commercial aviation.

The Company also participates in the development of the Mitsubishi Regional Jet aircraft engine and the Bombardier CSeries engine with Pratt & Whitney under the PurePower PW1000G Risk Revenue Sharing Programs (RRSP), through two wholly-owned subsidiaries, NexGen Network (1) Holding Pte. Ltd. and NexGen Network (2) Holding Pte. Ltd.

All the foregoing joint ventures expand the service offerings of our total MRO solutions.

AIRFRAME AND LINE MAINTENANCE

SIA Engineering (USA)
United States 100%

SIA Engineering Japan
Japan 100%

Singapore Aero Support Services
Singapore 100%

Pan Asia Pacific Aviation Services
Hong Kong 40%

Southern Airports Aircraft Maintenance Services
Vietnam 49%

PT JAS Aero-Engineering Services
Indonesia 49%

Heavy Maintenance Singapore Services
Singapore 65%

Boeing Asia Pacific Aviation Services
Singapore 49%

SIA Engineering (Philippines)
Philippines 65%

Aviation Partnership (Philippines)
Philippines 51%

JV with NokScoot (to be incorporated)
Thailand 49%

ENGINE AND COMPONENT

Singapore Aero Engine Services
Singapore 50%

Eagle Services Asia
Singapore 49%

Component Aerospace Singapore
Singapore 46.4%

Asian Surface Technologies
Singapore 39.2%

Turbine Coating Services
Singapore 24.5%

JV with GE Aviation (to be incorporated)
Singapore 49%

Fuel Accessory Service Technologies
Singapore 49%

Goodrich Aerostructures Service Center – Asia
Singapore 40%

Safran Electronics & Defense Services Asia
Singapore 40%

Safran Landing Systems Services Singapore
Singapore 40%

Additive Flight Solutions
Singapore 60%

Aerospace Component Engineering Services
Singapore 51%

Moog Aircraft Services Asia
Singapore 49%

Panasonic Avionics Services Singapore
Singapore 42.5%

JAMCO Aero Design & Engineering
Singapore 45%

INVESTMENT HOLDING

NexGen Network (1) Holding
Singapore 100%

NexGen Network (2) Holding
Singapore 100%

Rolls-Royce	Pratt & Whitney	UTAS	Safran	Cebu	JAMCO
Boeing	Airbus	GE	NokScoot	Wholly-Owned	Others

THE PUSH FOR INNOVATION

Our innovation initiatives and technology adoption projects continued to take flight during the year, as we marked several important milestones in our innovation journey.

That journey had begun in earnest in 2016 when, amidst the wave of digital revolution sweeping over the MRO industry, we established the Innovation & Technology Group to spearhead our innovation drive in the areas of digitalisation, automation and robotics, data analytics and additive manufacturing, alongside a commitment to invest up to $50 million over five years. These initiatives were aimed at spurring new avenues of growth, building new capabilities, enhancing productivity and safety, and increasing the Group's overall competitiveness.

Several of our key initiatives have been implemented across our operations, leading to productivity gains and creating additional capacity for growth. More of such initiatives will be progressively implemented over the next three years. We also conducted an Operations and Technology Capability Roadmapping Exercise and developed a strategic roadmap. A few key technology focus areas in digital collaboration, smart control centre, machine vision, predictive maintenance, as well as advanced infrastructure (for enhanced connectivity and logistical workflow) and robotics were identified.

DIGITAL COLLABORATION

A key tenet of our digital collaboration drive is to improve information accessibility and enhance connectivity on the go. During the year, more than 800 tablets were issued to the operations divisions, providing users with easy access to technical and essential information. The tablets are pre-loaded with more than 20 mobile applications that provide staff ease of access to technical manuals, and allow staff to retrieve job assignments and even manage human resource matters on the go. Through this digitally collaborative platform, our staff are empowered to make informed decisions quickly and travelling time is reduced, thereby enhancing productivity.

SMART CONTROL CENTRE

In alignment with Industry 4.0, the Group is building a digital infrastructure to connect all applications and equipment via the Internet-of-Things network. The data collected will then be fed into the Smart Control Centre ("SCC") - an intelligent and inter-connected nerve centre - where it will be augmented through artificial intelligence to enable real-time monitoring of operations such as

work status, manning levels, as well as resource and inventory availability. Through better visibility, operations will be able to gain new insights into trends and make data-driven decisions, while deploying resources more efficiently to reduce aircraft downtime and increase cost savings for our airline customers. The project will be implemented in phases over the next three years, with the digital infrastructure expected to be completed by FY2019/20, followed by the subsequent connection of all devices to the network and data injection to the SCC in the later phases.

MACHINE VISION

With automation becoming more pervasive in the MRO industry, the application of machine vision will enable automated inspection, analysis and continuous monitoring to improve productivity and enhance quality at work.

One of our efforts is to introduce video analytics for safety, security and surveillance within our hangars. Upon detection of an anomaly, alerts will be sent out to our operations

centre and ground personnel so that appropriate corrective measures can be applied in a timely manner.

Furthermore, to ensure that our drivers operate safely, we have also leveraged machine vision to monitor their fatigue levels by tracking eye movements. When an anomaly is detected, a vibration mechanism on the driver's seat will be activated to alert the driver. We have since completed a trial run of the system with 10 vehicles, and aim to scale up implementation of the system to other fleets of vehicles.

ADVANCED INFRASTRUCTURE AND ROBOTICS

To ensure seamless delivery of MRO services to our airline customers, we are strengthening the ability to optimise spares logistical flow and conduct all-weather operations through the integration of advanced infrastructure and robotics.

One key initiative is the Pneumatic Tube System ("PTS") that will transport small capsules of spares and expendables from the warehouses to the workshops and hangars. These capsules will improve lead time and efficiency in the transport of such equipment, while reducing the need for manual delivery between locations. The PTS will be installed across 26 locations, and is expected to be progressively implemented from July 2019.

Additionally, we are conducting preliminary feasibility studies on various infrastructural and vehicular-based solutions to enable work to be performed outdoors. An initial concept has been developed for Combinable Smart Trucks with easily erectable roof structures that will serve as mobile command posts.

VIRTUAL REALITY-BASED TRAINING

CULTURE OF INNOVATION

Underlying the efforts to drive improvements in productivity and quality is a culture of innovation that is deeply ingrained within the DNA of our workforce. The primary driver of innovation efforts is our people, whose active participation has been instrumental in this journey of innovation. Employees are encouraged to identify problem areas at the workplace and the Innovation Group will assist to formulate solutions through application of technologies to solve these problems. This bottom-up approach has yielded several staff-contributed ideas, such as the aircraft towing simulator, Virtual Reality-based training and enhanced ground support equipment, including space-efficient fan cowl jigs and more efficient brakes heat extraction systems.

Innovation Group will continue to work with key stakeholders to identify and implement new technology initiatives at the workplace.

The primary driver of innovation efforts is our people, whose active participation has been instrumental in this journey of innovation

COMBINABLE SMART TRUCKS

OVERVIEW

ABOUT THIS REPORT

SIA Engineering Company ("the Company" or "SIAEC") is firmly committed to upholding its role as a responsible global corporate citizen in every aspect of its business and operations. Since FY2007/08, SIAEC's Annual Reports have outlined the Company's environmental management efforts and corporate social responsibility activities, inter alia. In 2018, the sustainability section in the Annual Report was expanded and developed into our first comprehensive Sustainability Report. This second Sustainability Report highlights our sustainability practices and efforts for the financial year from 1 April 2018 to 31 March 2019 ("FY2018/19").

The report has been prepared with reference to the guidelines of the Global Reporting Initiative ("GRI") Standards: Core option and the Sustainability Reporting Guide from the Singapore Exchange.

We will seek external assurance for our reports at a time when we are more mature therewith.

REPORTING SCOPE AND BOUNDARY

All information, including data, statistics and targets, are in relation to SIAEC's operations in Singapore where the majority of our activities are carried out unless stated otherwise. Financial information relating to SIAEC Group's ("the Group") business can be found in the Annual Report from page 87. The full list of our subsidiaries, joint ventures and associated companies ("JVs") can be found on page 13 of the Annual Report.

FEEDBACK

Your feedback is important to us. Please address all feedback on our Sustainability Report and any aspect of our sustainability efforts to the Sustainability Working Group at siaec@singaporeair.com.sg.

ABOUT SIA ENGINEERING COMPANY

Listed on the Mainboard of the Singapore Exchange in 2000, SIA Engineering Company Limited is a limited liability company incorporated in Singapore. The Company is a subsidiary of Singapore Airlines Limited, and provides maintenance, repair and overhaul ("MRO") services[1] in Singapore to airline customers globally.

Apart from the operations in Singapore, the Group's business comprises 24 JVs forged with strategic partners and leading Original Equipment Manufacturers ("OEMs").

These JVs in Singapore, Hong Kong, Indonesia, Japan, Philippines, the USA and Vietnam provide a wide range of MRO services from airframe and line maintenance, repair & overhaul of engines and components, engineering & material management support, to additive manufacturing.

1. None of our services are banned in the locations that we operate.

MEMBERSHIP OF ASSOCIATIONS

The Company is a member of Singapore Business Federation, Singapore International Chamber of Commerce, Singapore National Employers Federation, Singapore Institute of Aerospace Engineers and Association of Aerospace Industries (Singapore).

MISSION STATEMENT

SIA Engineering Company is engaged in providing aviation engineering services of the highest quality, at competitive prices for customers and a profit to the Company.

CORE VALUES

Pursuit of Excellence
We strive for the highest professional standards in our work and aim to be the best in everything we do.

Safety
We regard safety as an essential part of all our operations. We maintain and adopt practices that promote the safety of our customers and staff.

Customer First
Our customers are foremost in our minds at all times. We go the extra mile to exceed their expectations.

Concern for Staff
We value our staff and care for their well-being. We treat them with respect and dignity and seek to provide them with appropriate training and development so that they can lead fulfilling careers.

Integrity
We strive for fairness in all our business and working relationships.

Teamwork
We work with pride as one team to achieve success together.

PNG KIM CHIANG
Chief Executive Officer

CEO'S MESSAGE

Last year, we expanded the sustainability section in the Annual Report into our first comprehensive Sustainability Report. Our second report continues the story of our sustainability journey and highlights our sustainability initiatives and efforts for FY2018/19.

In our pursuit to be the MRO service provider of choice, safety remains our foremost priority. Besides upholding high standards of quality in aircraft maintenance, we are committed to creating a safe work environment for our people. In FY2018/19, our reportable accident and severity rates have improved compared to the previous year. We will continue to implement safety initiatives to promote a safety mindset and improve our safety performance.

Our employees are integral to the success of our organisation. We value their contributions and invest in their training. In FY2018/19, each employee received an average 45 hours of training, which surpassed the target that we set for ourselves. We are also honoured to receive the SkillsFuture Employer Award for Non-SMEs for investing in the development of employees' skills, and building an organisational culture that emphasises lifelong learning.

No countries will be spared from the impact of climate change, including Singapore. To address this global issue, Singapore took a significant step of introducing the carbon tax, which has come into effect in 2019. We support the efforts by the global community and Singapore in combating climate change, and will continue to press on with our environmental efforts. For a start, we are enhancing our disclosure and reporting our carbon emissions. As we gain a better understanding of our emissions baseline, we will set our emission-reduction goals.

Some of the other highlights in FY2018/19:

- In the materiality assessment exercise conducted in 2018, we have revalidated our material topics to ensure that they remain relevant, and included additional topics which are material to our organisation and stakeholders, namely Employment, Labour/Management Relations and Emissions.
- In line with our commitment to uphold high ethical standards in the conduct of our business, we have expanded our training on anti-bribery to a wider group of staff and updated the training materials.
- To adapt to the changing MRO landscape, we continue to invest in innovation. An exercise was conducted to benchmark our innovation and technological initiatives against the MRO industry, and a technology roadmap was developed to prioritise the adoption of technologies based on our business objectives and needs. We are also heartened to receive the Gold Award at the Changi Airport Group Annual Airport Safety Awards for our towing simulator, which was developed to provide an immersive risk-free training environment to enhance our staff's proficiency in aircraft pushback and towing operations.
- Our focus on human capital goes beyond SIAEC. To support the growth of the MRO industry, we collaborated with Singapore Institute of Technology on their Aircraft Systems Engineering degree programme, which has taken in the first batch of undergraduates.
- We are humbled to receive the Charity Bronze Award from the Community Chest for the third consecutive year. The recognition from the Community Chest is a testament to our longstanding commitment to contribute to the society.

We would like to thank all our staff and stakeholders who have contributed to our sustainability efforts. We look forward to your continued support.

BOARD STATEMENT

The Board provides guidance and works with the Management Committee on SIAEC's overall strategic direction, policies and business objectives, taking into consideration key material environmental, social and governance factors. The Board oversees the management of these factors through its involvement in the various Board Committees and regular engagement with Senior Management.

MANAGING SUSTAINABILITY

We aim to achieve our goals in a sustainable manner, including contributing to the communities in which we operate. Our objective is to develop and grow our role as a responsible business entity and corporate citizen, with a focus on sustainability issues in Economic, Governance, Social and Environmental areas.

SUSTAINABILITY ORGANISATIONAL STRUCTURE

The Sustainability Working Group, headed by the Chief Financial Officer, drives sustainability initiatives across the organisation, and comprises members from the various operational and support divisions across the Company.

The Sustainability Working Group provides regular updates to the Management Committee, which is chaired by the Chief Executive Officer, and to the Board on sustainability-related matters.

BOARD OF DIRECTORS

▲

MANAGEMENT COMMITTEE

▲

SUSTAINABILITY WORKING GROUP

MATERIALITY ASSESSMENT

The materiality assessment process includes identifying the key stakeholders critical to the business or are affected by the Company's operations, and the issues that are important to them. The identified issues were then prioritised, taking into account considerations such as the interests and expectations of stakeholders, the Group's top risks, as well as our policies and processes.

In the materiality assessment exercise conducted in 2018, we have added three material topics: Emissions, Labour/Management Relations and Employment. The topics were reviewed by the Management Committee and the Board.

Economic
- Investments in JVs
- Transformation
- Innovation and Technology

Governance
- Anti-Corruption/Bribery*

Social
- Aviation Safety
- Diversity and Equal Opportunity
- Employment*
- Freedom of Association and Collective Bargaining
- Labour/Management Relations*
- Local Communities
- Non-Discrimination
- Supplier Social Assessment
- Training and Development*
- Workplace Safety*

Environment
- Effluents and Waste
- Emissions*
- Energy*
- Environmental Compliance
- Water

* Material topics

ENGAGING OUR STAKEHOLDERS

We engage[2] our stakeholders through various platforms to understand and address their interests and concerns. Regular communications with stakeholders enable us to identify emerging trends, issues and concerns. Feedback is solicited on decisions and issues that affect our stakeholders.

OUR STAKEHOLDERS

Employees
We value our staff and care for their well-being and development.

Customers
We are committed to providing our customers with high quality aviation engineering services.

Shareholders
We maximise returns for long-term profitability with the aim of creating sustainable shareholder value.

JV Partners
We work with our JV partners to build long-term growth at our JVs.

Suppliers
We treat our suppliers with respect and emphasise fairness in our relationships and dealings with them.

The table below highlights some of the key topics and concerns from our stakeholders and examples of our approach to address them.

Stakeholders	Key Topics and Concerns	Examples of Approach / Responses
Employees	• Company/Group performance, business updates and Transformation initiatives • Staff policies and activities • Workplace-related and safety-related issues • Collective Agreement matters and staff-related issues	• Our inhouse magazine, Electronic Bulletin Board and Communication Packages provide timely updates to staff on latest news and information. • Half-yearly Business Meetings to update staff on the Company's performance and ongoing initiatives. • Organisational Climate Survey and Pulse Surveys to gather feedback from staff. • Management walkabouts in relation to various initiatives/ campaigns to demonstrate Management's commitment and support. • Monthly Union-Management meetings to discuss staff-related issues. • Informal get-together sessions and retreats for unions and Management to maintain collaborative relationships.

2. These engagements were not conducted specifically for the Sustainability Report.

Stakeholders	Key Topics and Concerns	Examples of Approach / Responses
Customers	• Status of their maintenance checks • Address customers' concerns and queries • Promote new engineering capabilities	• Progress reports on the aircraft maintenance checks. • Annual independent customer survey to gather feedback from customers. • Quarterly review of compliments and complaints.
Shareholders	• Challenges facing the Group • Financial performance of the Group • Transformation	• Presentation to shareholders at Annual General Meeting on the challenges of the MRO industry and the strategies to position the Group for the future. • All financial results, as well as price-sensitive information, are released in a timely manner through the Company's website and via SGXNet. • Analyst briefings are held on a half-yearly basis. • Investor Relations email and telephone contacts for investors to reach out to the Company for queries. • Updates on the progress of Transformation are included in the quarterly announcements of financial results.
JV Partners	• Review of JVs' performance • Review of key issues affecting growth and strategic objectives of the JVs with the partners • Matters requiring alignment with the JV agreements	• Weekly internal meetings with Senior Management to review JVs' performance and issues. • JVs' issues are raised at the JV Board meetings and JV partners' meetings. • Scheduled internal audits on JVs' internal controls and compliance. • Periodic presentation on JVs' performance by JV Management and/or JV partners to SIAEC Board. • Partnership Management Division engaging JV Management on issues affecting JVs' performance. • Maintain good relationships with JV partners through events, visits etc.
Suppliers	• Collaboration with suppliers to ensure that the Company continues to engage cost-effective and socially responsible suppliers • Supplier performance • Breaches of Supplier Code of Conduct	• Engage selected suppliers regularly through meetings, emails, tele-conferences to discuss both commercial and operational matters. • Periodic review of suppliers' performance to ensure that suppliers comply with the established standards, procedures or key performance indicators. • Evaluate any breaches of Supplier Code of Conduct, and formulate, implement and monitor corrective actions. • Questionnaire for new suppliers.

EMPLOYEES

We constantly engage our staff through various platforms, including recreational and wellness/health activities, as well as at community service and social functions. The latest news and information on the Company's activities are communicated to our staff through platforms such as the Company's intranet (Electronic Board Bulletin), inhouse magazine, Business Meetings, Communication Packages and toolbox briefings to update staff on issues affecting them. During the year, we also launched a one-stop employee application to allow staff access to corporate news and their personal records on-the-go. With the application, staff can now access the Company's latest news and information on their mobile phones, as well as submit claims and leave applications.

CEO briefing staff at the Business Meeting

An Organisational Climate Survey is conducted every two years to gather staff feedback on employee engagement and workplace-related issues. The latest survey was conducted in early 2019 and the results were analysed to guide action plans and measures – from the overall staff engagement strategy at the Company level to specific action plans at the divisional level.

As our Transformation journey progresses, we regularly update and engage our staff on the ongoing initiatives via various channels. Besides an internal Transformation website, email and intranet updates and posters, staff engagement sessions are conducted with Senior Management to allow staff to share their concerns and provide suggestions. A quarterly pulse survey on Transformation is also conducted to solicit views from staff. To-date, three such surveys have been conducted.

CUSTOMERS

We understand our airline customers' objective of keeping their aircraft flying safely and work together with them to provide solutions for airframe maintenance and overhaul services, fleet management services, cabin modifications, aircraft painting, components maintenance and overhaul, training of engineers and technicians, line maintenance and technical handling. Complementing our services in Singapore are our overseas maintenance network in different regions, and our expanded maintenance capabilities through our JVs with various OEMs. We continue to equip ourselves with the skills and knowledge to maintain the newest aircraft types that our customers operate.

We maintain regular contact with our customers through visits, meetings, telephone calls, e-mails, tele-conferences and events such as international MRO shows and exhibitions. Customer satisfaction surveys are also carried out regularly. These surveys enable us to better understand our customers' changing expectations.

SHAREHOLDERS

We remain committed to the disclosure of material or price-sensitive information in a clear, detailed and timely manner. The Group's quarterly, mid-year and full-year results are published through SGXNet, press releases and on our corporate website (www.siaec.com.sg). Our Annual Reports are also posted on the website.

The Company holds analyst briefings to present its mid-year and full-year results. At other times, meetings with analysts and investors are held to facilitate their understanding of the Group's business. The contact details of the Investor Relations team are also available on our website to enable investors to reach out to us.

The Annual General Meetings and/or extraordinary general meetings are principal forums for dialogue with shareholders. Shareholders are encouraged to participate in these meetings to raise questions or seek clarification on the Group's performance, and vote on resolutions tabled at the meetings. The Chairman, Directors and Management are present at the meetings to address questions from shareholders.

For more details, please refer to pages 66 to 67 of the Annual Report on Shareholder Rights, Communication with Shareholders and Conduct of Shareholder Meetings.

JV PARTNERS

Through collaborations with leading industry players and the formation of JVs, we have established a strong network with major OEMs and strategic partners. Such relationships enable the JVs to leverage the joint strengths of our JV partners' technical capabilities, and SIAEC's extensive MRO experience and intimate understanding of airline customers' needs, to offer high quality and competitive maintenance solutions.

To optimise the benefits and returns from our investments in the JVs, we actively track the performance of the JVs through our Partnership Management Division. This division acts as the liaison between the JV partners, JV Management and SIAEC Management. Through Partnership Management Division, we are in continual engagement with the JV partners in the management of the JVs, reviewing the performance, and identifying business, commercial and marketing synergies to advance the growth of the JVs.

SUPPLIERS

SIAEC has an extensive pool of suppliers consisting of OEMs, authorised distributors/repairers, and engineering spares and service providers. Majority of our suppliers are based in Singapore, the USA and Europe. Major OEMs include Airbus and Boeing who supply aircraft parts and tooling to support our MRO business.

We believe in long-term collaborative relationships with our suppliers who provide us with goods or services. We also value them as our strategic partners and prefer suppliers who are socially responsible.

Our environment, social and ethical requirements are set out in the Supplier Code of Conduct. Compliance with this policy is an essential component of all our quotations, tenders and agreements. Any suppliers who are found to be in breach of the policy must take prompt corrective actions or risk our termination of the contract.

Supplier risk assessments are conducted during the selection phase to identify and mitigate sustainability risks and impacts. A self-assessment questionnaire institutes a continuous effort to engage socially and environmentally responsible suppliers.

Digitalisation plays an important role in supply chain sustainability. We continue to explore data analytics tools and online sourcing platforms to enhance the sourcing and supplier selection process.

ECONOMIC

Technology has disrupted and reshaped the MRO landscape. With longer maintenance intervals and lighter work content of new-generation aircraft, coupled with keen competition, the operating environment is expected to remain challenging in the near term.

Our core competencies and wide portfolio of JVs allow us to offer airline customers a comprehensive suite of MRO services. To strengthen our position as a leading MRO, the Company has embarked on a Transformation journey to enhance productivity, streamline processes and increase competitiveness. We will continue to invest and develop new capabilities for next-generation aircraft and engine types, in addition to pursuing innovation and technology initiatives. Strategic collaborations with OEMs and leading companies will remain a key thrust in growing our portfolio of partnerships across the various MRO business segments.

INVESTMENTS IN JVS

The Company has formed JVs with OEMs and airlines over the years to enhance our service offerings to customers. Together with our network of JVs, we offer our customers a comprehensive suite of services covering different geographical locations.

We are constantly reviewing our JV portfolio to ensure a sustainable return on our investments. In FY2018/19, we incorporated an additive manufacturing JV, Additive Flight Solutions Pte Ltd, formed with Stratasys Ltd. We also acquired the minority stake in Singapore Jamco Services Pte Ltd, making it a wholly-owned subsidiary and renamed the company Singapore Aero Support Services Pte Ltd. In the same financial year, we entered into a JV agreement with NokScoot Airlines to form a line maintenance JV based in Thailand, and divested our wholly-owned line maintenance subsidiary in Australia, Aircraft Maintenance Services Australia Pty Ltd and our minority stake in Jamco Singapore Pte Ltd. The foregoing activities are in line with our strategy to streamline and rationalise our business to focus on areas of high growth potential and competitive advantage.

TRANSFORMATION

The Transformation journey on which we have embarked has been gaining momentum with the progressive implementation of initiatives covering a wide range of measures including resource optimisation, management systems, planning enhancement, supply chain improvement and digitalisation. At the same time, initiatives to strengthen organisation health are also being rolled out in phases. Progress has been achieved in the implementation of the high-impact initiatives in the major business units especially in heavy maintenance and line maintenance.

In the coming months, the Company will continue to drive the implementation of Transformation initiatives to bring about marked improvements in productivity, efficiency and value to our customers.

INNOVATION AND TECHNOLOGY

Innovation is a key driver of the value propositions that we continually develop and offer to our customers. In 2016, we announced that we are investing up to $50 million over the next few years on innovation initiatives and technology adoption projects, with the support of the Economic Development Board.

Over the last two years, we have collaborated with technology partners, research institutions and OEMs to develop and introduce new technologies in key areas of additive manufacturing, automation & robotics, data analytics and digitalisation, which are expected to bring greater efficiencies and give us an edge over our competitors.

Please refer to pages 14 to 15 of the Annual Report for more details of our innovation and technological initiatives.

FINANCIAL RESILIENCE

We are prudent in our approach to managing our finances and financial risks, making calibrated adjustments to changes in economic conditions as required, to sustain shareholder and market confidence. In managing the Company's capital structure, our primary objective is to maintain an appropriate capital base, while retaining financial flexibility to pursue business opportunities and ensure adequate access to liquidity to mitigate the effect of unforeseen events.

For more details, please refer to pages 184 to 189 of the Annual Report on Financial Risk Management Objectives and Policies, and page 194 on Capital Management.

GOVERNANCE

CORPORATE GOVERNANCE

We believe that effective corporate governance and internal controls that are aligned with responsible and sustainable methods increase the Company's value.

Our Board and Management are committed to conducting our business ethically and responsibly. The focus of the governance framework is to promote accountability, transparency and sustainability. This is achieved through the composition of the Board and Board Committees, clear division of powers and duties between the Board and Management, adoption of checks and balances, internal controls, sound corporate ethics, and risk management practices across the Company and its subsidiaries.

The Board oversees the business and strategy of the Company and provides guidance to Management, conferring with them regularly. The Board is supported by various Board Committees.

The Audit Committee oversees the adequacy and effectiveness of the Group's system of internal controls and financial reporting. The Company's internal control structure consists of policies, procedures and processes established to provide reasonable assurance that transactions undertaken are aligned with the achievement of the Company's objectives. A Control Self-Assessment programme, established since FY2003/04, provides the framework for accountability among functional managers and staff, while internal audits provide independent and objective assessments of the processes and controls which may have a material financial impact on the Company.

The Compensation & HR Committee oversees succession planning of Key Executives, and all matters related to executive compensation and benefits. It supervises the structure and levels of remuneration to attract, retain and motivate key management personnel. An independent consultant is engaged to provide guidance on market practices and benchmarks.

BOARD EVALUATION AND DIVERSITY

The Board, through the Nominating Committee, has a formal process for assessing the effectiveness of the Board Committees and the Board as a whole, as well as the contributions of the Chairman, Chairmen of all the Board Committees and individual Directors. For impartiality, the process is managed by an external firm of consultants which has no connection with the Company or any of its Directors.

Diversity is important to ensure that the profiles of Board members provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management of the Company's business. Our diversity initiatives are designed to attract the most talented individuals as Directors, regardless of their race, ethnicity, nationality, sexual orientation, religion, age, gender, disability status or any other dimension of diversity.

As part of the director nomination and selection process, the Nominating Committee considers diversity criteria, among other relevant criteria, when determining the optimum composition and balance of the Board. In support of the specific objective of gender diversity, the Nominating Committee ensures that appropriate efforts are made to include women in the list of candidates being considered for a Board position. On an annual basis, the Committee assesses the effectiveness of the director nomination and selection process in terms of whether it meets the Company's commitment to Board diversity.

RISK MANAGEMENT

Risk management is an integral part of our decision-making process. Through a holistic approach to identifying and managing risks, we instil effective risk ownership and management across all business units and support divisions.

The Board has overall responsibility for the governance of risk. Annually, the Board reviews the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and information technology risks. The Board, supported by the Board Committees, oversees the key risks of the Group's business.

The Board Safety and Risk Committee assists the Board in overseeing the adequacy and effectiveness of the Group's risk management framework and policies, with the objective of maintaining a sound system of risk management to safeguard shareholders' interests and the Group's assets.

Management is responsible for the effective implementation of the risk management strategy, policies and processes to facilitate the achievement of the Group's business and strategic objectives. Key risks are proactively identified, addressed and reviewed in detail on an ongoing basis. The Company has in place a continuous and iterative risk management process.

The Risk Management framework is published on our website and further details can be found on pages 47 to 50 of the Annual Report.

ETHICS AND INTEGRITY

Ethics and integrity are critical to SIAEC's long-term success. Failure to adhere to laws and regulations may result in fines, penalties, or the revocation of our licences and/or other regulatory approvals which may disrupt our operations.

The Company is committed to act lawfully and in accordance with high standards of integrity and ethics in every aspect of its business. To this end, the Company has introduced a comprehensive set of policies, including without limitation, policies on Anti-Corruption/Bribery, Whistle-Blowing, Corporate Gifts, Employee Code of Conduct and Supplier Code of Conduct, as part of its commitment to maintain a robust system of risk management and internal controls.

Policies are reviewed regularly and any introduction of new policies and/or revisions of existing policies are broadcasted via the Company's intranet which is accessible to all employees. Policies applicable to the Company's service providers, suppliers and other external stakeholders are incorporated as provisions in our agreements with external parties, which can be found on our corporate website.

ANTI-CORRUPTION/BRIBERY

The Company has adopted a zero-tolerance policy towards bribery and corruption. Clear guidelines and procedures for the giving and receiving of corporate gifts and concessionary offers have been instituted. To ensure compliance, the Company has an online training programme on anti-corruption/bribery policies and requires employees that may be exposed to illegal and/or unethical influences to complete this online training regularly. Such recurrent training serves as a reminder to the employees to maintain the highest standards of integrity in their work and business dealings with the Company's stakeholders, and the completion rates are reported to the Management Committee on a quarterly basis.

In FY2018/19, all employees who were assessed to have exposure to illegal and/or unethical influences in the course of their working, ranging from junior administrative officers to Senior Management, based in our Singapore office or seconded to our affiliated companies had completed this online training. In total, 511 employees were trained. Since 1 April 2019, the training has been extended to include a wider group of staff.

In addition to regular training and education, the Company has an established whistle-blowing programme for the reporting and investigation of wrongdoings. The programme provides the means for internal and external stakeholders to submit confidential feedback or raise concerns about possible improprieties in any matter. All whistle-blowing reports are reviewed by a Whistle-Blowing Committee and reported to the Audit Committee. Our internal processes ensure independent investigation of any reported incidents and appropriate actions for follow up. Actions taken may include the termination of employment, and/or reporting to the appropriate external authorities.

During the year, there was one incident of fraud discovered. Following independent internal investigations, appropriate actions were taken and reports had been made to the relevant authorities.

EMPLOYEE CODE OF CONDUCT

To foster high standards of professionalism and conduct in our workforce, our Employee Code of Conduct provides comprehensive policies on staff regulations and conduct, ranging from harassment, reporting of wrongdoing, to anti-corruption and competition laws. A disciplinary inquiry process is in place for the handling of misconduct and all employees are made aware of the channels to raise concerns that they may have or for reporting of misconduct.

SUPPLIER CODE OF CONDUCT

We have adopted the following best practices with our suppliers:

Compliance with Applicable Laws

Through our procurement agreements, suppliers are obliged to commit and warrant that all products and services supplied to us are in compliance with applicable laws and regulations.

Anti-Corruption/Bribery Practices

All purchase orders and agreements for goods and services to the Company incorporate anti-corruption/bribery provisions. These provisions mandate that: (i) the supplier shall be compliant with the laws of the countries in which they operate, (ii) the supplier warrants that it has not and shall not provide any favours, payments or other transfers of value, directly or indirectly, to any government official or private person in order to influence any decision or act, or to secure any improper advantage, and (iii) acts which are contrary to the Company's acceptable standards on ethics and integrity shall be disclosed to the Company immediately.

Suppliers who participate in our requests for quotations or tenders are expected to adopt our Supplier Code of Conduct. By accepting our purchase orders/agreements, suppliers confirm that they will adopt the Supplier Code of Conduct. Suppliers' subcontractors and service providers are also required to adhere to the principles set out under the Supplier Code of Conduct. In addition, any instances of wrongdoing in the conduct and behaviour by the supplier or the Company may be reported to, and investigated by, the Audit Committee in accordance with the Company's whistle-blowing programme.

The Company's corporate governance report is set out in pages 41 to 85 of the Annual Report.

SAFETY

Passed 259 audits by airworthiness authorities and customers	Received Gold Award at Changi Airport Group Annual Airport Safety Awards 2018

Safety is of utmost importance in our business and operations. Our safety journey is one without a finish line. We are committed to maintain a world class standard in aviation safety, and continuously improve our workplace safety and health standards within our organisation. We work towards ensuring a safe work environment while providing high quality aviation engineering services to our customers through four key thrusts:

- Board and Management Emphasis and Oversight
- Implementing a Well-Structured Safety Management System
- Training and Communication to Enhance Safety Awareness
- Partnering our Stakeholders on Safety Ownership

AVIATION SAFETY

There is no compromise on safety. Safety is of paramount importance to the continuing operations of our organisation. We uphold the highest standards of quality and safety in aircraft maintenance to ensure that our customers' aircraft are airworthy and safe for flight.

Operating in a highly regulated industry, we are subject to regular audits conducted by airworthiness authorities and customer airlines in adherence to mandated standards of safety and quality. In FY2018/19, the Company successfully passed 108 audits by the authorities and 151 audits by customers.

The Company holds certifications from 25 national airworthiness authorities worldwide, including Singapore.

WORKPLACE SAFETY

Any staff injury will adversely affect our productivity, costs and staff morale. As such, we strive towards zero safety incidents. We instil and promote safety consciousness among our staff to prevent accidents and injuries, and focus on safety as an essential part of all our operations.

THRUST 1: BOARD AND MANAGEMENT EMPHASIS AND OVERSIGHT

SIAEC's safety governance structure covers the following three levels of safety management and oversight:

THRUST 2: SAFETY MANAGEMENT SYSTEM

The Company's Safety Management System consists of an integrated framework which focuses on effective safety management at the workplace and promoting safety ownership within the workforce. The Management, in collaboration with the operational divisions and unions, leads continual efforts to strengthen safety compliance and improve safety performance.

In upholding our priority on aircraft safety, the Company has implemented an Aviation Safety Management System that meets the requirements set by the Civil Aviation Authority of Singapore, and in accordance with the International Civil Aviation Organisation's standards and recommendations.

The Executive Vice President Operations is the Accountable Manager for Aviation Safety at SIAEC. The Accountable Manager, supported by the Management, is responsible for ensuring an effective and functioning Aviation Safety Management System.

To ensure that our operations are aligned with internationally recognised standards of occupational health and safety, our safety processes are accredited with OHSAS 18001 certification.

THRUST 3: TRAINING AND COMMUNICATION

We believe that all staff must understand risks at the workplace and partake in identifying them. The heightened situational awareness enables the workforce to provide feedback on safety matters, making the work environment safe while maintaining operational performance. A confidential reporting channel is also available for staff to raise, in confidence, quality or safety concerns. Reports are followed up promptly to ensure that the issues are adequate resolved.

Staff are kept abreast of the latest safety requirements, inhouse rules and industry best practices, through regular and comprehensive training. Through our safety training courses, each of them has been provided with our Safety Handbook as part of the Company's comprehensive safety awareness and knowledge development programme to engage and educate these stakeholders with the latest safety knowledge. All new employees and contractors will have to undergo safety awareness trainings conducted by qualified workplace safety and health officers before they can start work.

Performance Dialogue

In 2018, a performance dialogue framework was introduced. The framework consists of a cascade of metrics and targets across all levels, from top-level objectives down to the daily activities of the operational staff. Leaders' engagement is key to the success of our performance management system. Supervisory staff continually monitor these metrics and regularly engage with their teams to discuss the unit's performance such as cost, manpower and delivery, with emphasis on quality and safety. Performance dialogue cadence are constantly reviewed, and they form part of the rhythm of everyday operations. The daily engagements improve staff morale by providing clear visibility of progress in addressing operational issues and feedback raised.

Towing Simulator Training

To enhance the quality and safety of training, the towing simulator was developed with over 80 scenarios to improve aircraft pushback and towing operations. It provides an immersive training experience by allowing staff to practice emergency scenarios in a risk-free environment and improves proficiency in handling contingencies. Since its commissioning in April 2017, over 1,100 staff have undergone training in the towing simulator. In August 2018, the simulator was upgraded to include:

- Expansion of terrains to include engine run-up bays, Changi Airport Terminals 3 and 4
- Configurable aircraft and obstacle layout to simulate congested apron and hangar conditions
- Additional emergency scenarios

CHANGI AIRPORT GROUP ANNUAL AIRPORT SAFETY AWARDS 2018

The Changi Airport Group Annual Airport Safety Awards ceremony was held to recognise safety efforts of its staff and partners in the airport community. SIAEC was among the partners recognised in three of the awards during the event:

- SIAEC team was awarded with the Gold Award for enhancing safety and quality of towing training through the towing simulator. The towing simulator was developed with over 80 scenarios to improve aircraft pushback and towing operations. It provides an immersive training experience by allowing staff to practice emergency scenarios in a risk-free environment and improves proficiency in handling contingencies.
- SIAEC was recognised as one of the top contributors for airport safety hazard reporting.
- SIAEC team was awarded the Best Safety Exhibitor Award.

Our employee receiving the award at the Changi Airport Group Annual Safety Awards ceremony

Hazard Identification and Risk Assessment

Hazard Identification and Risk Assessment ("HIRA") is the continuous identification, assessment and communication of inherent risks and hazards for both aviation and workplace safety. It includes the measures to minimise the probability and/or impact of undesirable consequences. To ensure relevance, each HIRA document is reviewed periodically or when changes to the operational processes occur.

At SIAEC, we aim to anticipate and eliminate hazards in the workplace that may result in personal injury or illness and/or loss or damage to property and equipment. To strengthen staff awareness on HIRA, a computer-based workplace safety training module has been included as a recurrent training.

Quality and Safety Symposium

The Quality and Safety Symposium served as a forum to promote safety culture in SIAEC. The theme for 2018 Symposium was 'Resilience in Operations'.

The seminar saw regulators, consultants and OEMs sharing their knowledge and good safety practices with staff. The symposium was participated by the Management and supervisory staff from the operational divisions. In addition, safety awards were also given out to staff who demonstrated good safety initiatives.

'LOOK. THINK. DO.' CAMPAIGN

The 'Look. Think. Do' Campaign was a safety programme launched in 2018. The programme emphasised the importance of staff to be vigilant of the work surroundings and potential risks, and take steps to eliminate them before starting work. Posters focusing on different workplace safety hotspots were developed with the message '**Look** out for hazards. **Think** of how you can protect yourself. **Do** your work safely.'

THRUST 4: PARTNERING OUR STAKEHOLDERS ON SAFETY OWNERSHIP

SIAEC strives towards achieving safety excellence by working with the various stakeholders through training, communication, engagement and programmes.

Celebrating Small Wins – Zero Incidents

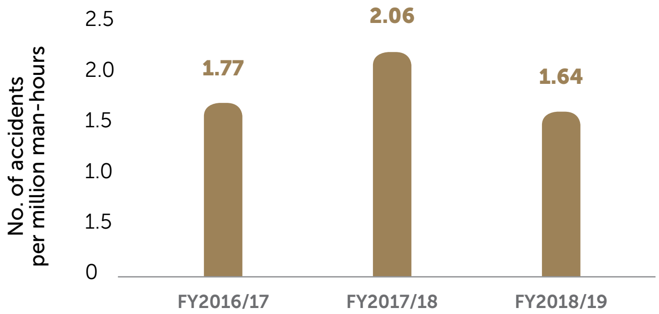
As an initiative to encourage the operational and support divisions to achieve zero incidents, the Small Wins programme was introduced. The divisions will receive rewards when they achieve consecutive months of zero incidents. Approximately 1,500 staff across the Company have participated in their respective divisional celebrations. These Small Wins celebrations serve as encouragement and motivate staff to strive towards achieving the next safety milestone.

Celebration for achieving Small Wins

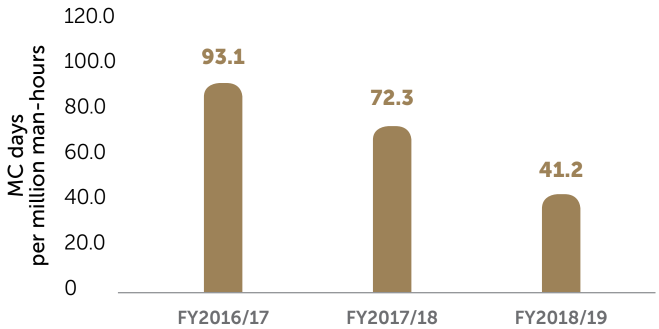
PERFORMANCE MEASUREMENT

Both quantitative and qualitative performance indicators are used to measure the effectiveness of our safety efforts, and the two key indicators, Reportable Accident Rate ("RAR") and Reportable Severity Rate ("RSR"), are reviewed quarterly. The RAR and RSR were lower in FY2018/19 than FY2017/18. There were no fatalities in the past three years.

REPORTABLE ACCIDENT RATE (per million man-hours)



REPORTABLE SEVERITY RATE (per million man-hours)



Our safety performance is further analysed based on employees and workers (excluding employees) categories. The former refers to our direct workforce while the latter refers to our contract workforce which includes contractors and workers from our labor suppliers.

In FY2018/19, the RAR (per million man-hours) for our direct workforce was 1.96, higher than the rate of 1.74 for the year before. However, the RSR (per million man-hours) at 45.7 was lower than the previous year's rate of 68.0. The injuries were mainly bruises, contusions, cuts and abrasions. Our contract workforce recorded a RAR (per million man-hours) of 0.56, an improvement compared to 1.41 in the previous year. The injuries for this category of workforce were mainly cuts and fractures. We will continue our efforts to improve our safety performance further.

EMPLOYEES

$8.8M invested in staff training	Each employee underwent an average of 45 hours of training	Received SkillsFuture Employer Award for Non-SMEs

Our staff are our biggest asset. Educating and motivating our talented workforce is key to our Company's growth and success. We firmly believe in actively engaging our staff to perform to the best of their abilities and potential at all times.

SIAEC employees are rewarded through fair and merit-based employment practices, based on their abilities, performance, contribution and experience. We implement practices which comply with all applicable labour laws and other regulations governing our Singapore workforce. Beyond what is required from us by law, we constantly work to develop career opportunities for our employees that simultaneously meet the Company's talent needs.

We strongly encourage an inclusive culture within our workforce, as it provides the best environment for every employee to achieve his or her full potential, both personally and professionally. The Company's employment practices are built on the tenets of staff welfare, diversity and positive partnerships with the unions. These collectively create a work environment where employees and their contributions are valued, as we work together as a team to deliver high quality MRO services to our customers.

TALENT ATTRACTION AND RETENTION

Investing in our people is pivotal to the Company's success as a global MRO player. We recognise the need to identify and attract the best talents, to build a sustainable pool of business and technical leaders - for now and the future.

To attract the best talents to join our organisation, scholarships and internships are offered to outstanding students who have a passion to pursue a career in the MRO industry through the Singapore-Industry Scholarship ("SgIS") programme, which was established in 2012 by the Ministry of Education. SgIS is a platform for strong government-industry partnership in talent development, through the offering of scholarships to Singapore citizens at various stages of their undergraduate studies, locally and overseas, who have demonstrated well-rounded excellence at school. 2018 marks the seventh consecutive year that SIAEC is participating in SgIS.

Through our scholarship programme and the Continuing Education Scheme, financial sponsorship is provided to staff who are keen to pursue higher educational qualifications, including diplomas, bachelor and master's degrees. During the year in review, 18 executives, engineers, technicians and clerical staff were awarded sponsorships under these schemes. Currently, 45 staff are pursuing their education under these schemes.

In nurturing our leadership talents, we partner tertiary education institutions to develop programmes for our top executives and future leaders. These programmes equipped our senior executives with the necessary skills and knowledge required to navigate the competitive business environment and to ensure the Company's continued success. Our Senior Management participates in strategy or leadership programmes at top business schools overseas.

All new staff in executive grades undergo the Onboarding Programme, which provides them with a broad overview of the Company and the functions performed by each division. In addition, they are placed under the Mentorship Scheme, which gives them a unique opportunity to engage with and learn from the knowledge and experience of the Management. These engagement sessions with mentors, who share their experience of our corporate culture, as well as their personal experiences and work values, help our new executives assimilate into our diverse workforce.

TRAINING AND DEVELOPMENT

SIAEC is fully committed to developing our workforce and fostering a continuous learning culture. A highly skilled workforce is critical in ensuring that the Company is ready to take on challenges and opportunities in this ever-changing business landscape – especially given the highly specialised, fast changing environment that we operate in and the need to always be on top of the latest regulations and requirements.

We continually upgrade the skills of our engineers, technicians and support teams, equipping them with the relevant skill sets and knowledge to meet operational needs and be kept abreast of the latest technological developments in the aviation industry. We are committed to providing equal opportunities and investing in our employees' training and development based on their strengths and needs to help them achieve their full potential.

Our employees enjoy a wide range of well-structured training and development programmes that help them build their technical competencies and soft skills. Our full range of learning programmes are mapped to the Company's core competencies and core values. They include structured learning roadmaps which provide our staff with targeted and relevant learning opportunities at the appropriate time in their careers, and functional training programmes that equip our staff with the requisite knowledge and skills to succeed in their current roles. Learning needs and course syllabi are reviewed on a regular basis to ensure that the courses offered are current and relevant. Our staff are also provided with training opportunities such as learning and developmental programmes, on-the-job training and coaching, overseas postings and job rotations. We continuously seek new tools and technologies to aid learning and drive a culture of self-directed learning within the Company. Our target is to maintain an average 34 training hours per employee.

Training Highlights	FY2018/19
Amount invested on staff training	$8.8M
Total training days	28,720
- Technical training	20,978
- Development and soft skills training	7,742
Average training hours	45 hours
- Technical staff	46 hours
- Support staff	42 hours

In 2017, we became one of the early adopters of the SkillsFuture for Digital Workplace programme, which is a national initiative developed by SkillsFuture Singapore to equip our workforce with the foundational digital literacy skills in preparation for the future economy. Through this training programme, our employees learn about mind-set change, cybersecurity, innovation, data analysis and e-learning. As at 31 March 2019, 3,060 employees have attended this training course.

SKILLSFUTURE EMPLOYER AWARD

SKILLSfuture Employer Awards

On 31 July 2018, SIAEC had the honour of receiving the SkillsFuture Employer Award for Non-SMEs from the President of the Republic of Singapore, who is also the Patron of the SkillsFuture Employer Award, at the inaugural SkillsFuture Fellowships & SkillsFuture Employer Awards ceremony. The SkillsFuture Employer Award is Singapore's highest skills award that honours exemplary employers who have made significant investments for the development of employees' skills, and building an organisational culture that emphasises lifelong learning.

Award recipients of the SkillsFuture Fellowships & SkillsFuture Employer Awards 2018 with the President of the Republic of Singapore; and Patron of the SkillsFuture Employer Award, Madam Halimah Yacob; Minister for Education, Mr Ong Ye Kung; and Senior Minister of State for Education, Mr Chee Hong Tat

Training Academy

SIAEC's Training Academy provides a robust curriculum of aerospace-related training programmes to meet the training needs of our employees, and those of our JVs and strategic customers/partners. Our Training Academy is committed to be a valuable business partner to organisations within the aerospace industry, as well as facilitating the professional growth and development of industry personnel. It is an approved Maintenance Training Organisation by civil aviation authorities and recognised by the Singapore Workforce Development Agency.

To support the growing demand for qualified and skilled technical personnel in the aerospace industry, the Training Academy aims to be a centre of excellence for aerospace training and solutions. Supported by SIAEC's rich heritage and experience as a leader in MRO, our portfolio of training programmes was developed by a team of qualified and experienced instructors and delivered via various methodologies including classroom training, practical training and e-learning.

We continue to upskill our licensed aircraft engineers and technicians through regularly-scheduled aircraft type courses, to service the new generation aircraft types which our customers operate. The Academy utilises the latest training devices and courseware from Airbus and Boeing to develop new competencies among our staff, thereby maximising their potential and helping them realise exciting career opportunities.

Staff attending classroom training

To sustain the proficiency of critical skill sets in our workforce, the Academy implements a recurrent training curriculum to ensure that all our staff remain up to date in knowledge and skills. In FY2018/19, 516 of our engineers and technicians successfully completed aircraft type training for a variety of aircraft and engines, including new-generation aircraft such as Boeing 787 and Airbus A350.

Under the Technician Development Scheme, our operationally-experienced technicians are given the opportunity to undergo training to become certifying technicians. This provides a career progression path for our technicians while simultaneously increases the productivity of our technician workforce.

Beyond enhancing the competency of its staff, the Company seeks to impart knowledge in aircraft maintenance at foundational level to to give new generation of skilled aviation workers a head start in acquiring aircraft maintenance licences. We partnered Singapore Institute of Technology ("SIT") in the development and launch of their new three-year degree programme, the Bachelor of Engineering with Honours in Aircraft Systems Engineering. With the launch of this programme, aspiring trainees will be able to fast-track the 44-month apprenticeship programme and acquire their licences within 28 months. The curriculum is jointly delivered by SIT lecturers and Training Academy's instructors. The first batch of 48 undergraduates had commenced their course in 2018.

Tapping our experience as a training organisation, SIAEC and Temasek Polytechnic have been appointed as the Programme Manager for the Aerospace Professional Conversion Programme by Workforce Singapore. This is a placement programme targeted at Professionals, Managers, Executives and Technicians ("PMETs") which aims to facilitate transition into new occupations by re-skilling PMETs for new job roles in fleet planning, quality assurance, technical servicing, workshop engineering and cabin retrofitting works.

DIVERSE WORKFORCE

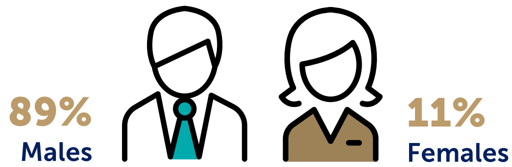
We strive to be a good employer by promoting an environment in which all employees are treated fairly and with respect, and can realise their full potential. We value the loyalty and dedication of our long-serving staff, as they contribute positively to the wealth of experience of our multi-generation workforce. In recognition of their dedication and contribution to the Company, long service award ceremonies are held regularly. Since January 2017, we have been re-employing employees beyond the age of 65, ahead of the legislation that came into effect on 1 July 2017.

Long Service Awards Ceremony 2018

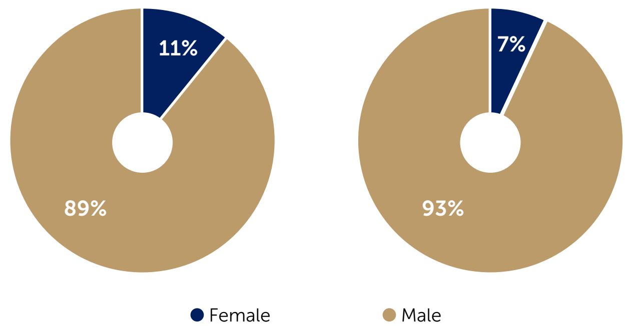
TOTAL STAFF STRENGTH
(as at at 31 March 2019)

4,540

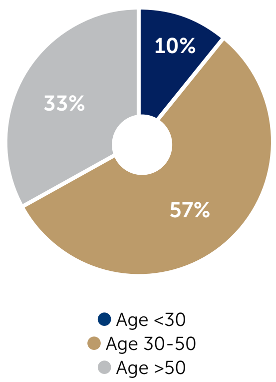
Breakdown of Employees by Gender



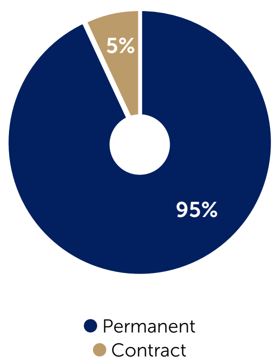
Permanent Employees by Gender	Contract Employees by Gender



Breakdown by Age Group



Breakdown by Employment Type



EMPLOYEE TURNOVER*

Employee Turnover by Gender

Gender	Total	Turnover %
Female	40	8.1
Male	96	2.4
Total	136	3.0

Note: Refers to resignation only.

Employee Turnover by Age Group

Age Group	Total	Turnover %
Below 30	45	10.4
30 to 50	83	3.2
Above 50	8	0.5
Total	136	3.0

NEW HIRES

Breakdown of New Hires by Gender

Gender	Total	%
Female	46	26
Male	128	74
Total	174	100

Breakdown of New Hires by Age Group

Age Group	Total	%
Below 30	125	72
30 to 50	47	27
Above 50	2	1
Total	174	100

We believe in gender diversity and actively promote higher female representation within our workforce. Against the backdrop of the MRO Industry and the larger engineering disciplines which are typically male-dominated, it continues to be challenging to attract a higher intake of female engineers and technicians.

PERFORMANCE REVIEW

We believe that recognising and valuing the good work of our staff motivates them and contributes to our success. Performance reviews and dialogues are conducted regularly so that employees and their supervisors can have a two-way feedback forum and jointly set expectations for continued job performance. In April 2018, a new performance management system was implemented. This new system focuses on goal alignment and ongoing feedback, and empowers employees to take charge of their own development.

Beyond performance reviews, the Company has initiatives such as the Operational Excellence Framework and the Star Employee Awards to recognise and reward good performance.

INDUSTRIAL RELATIONS

Good industrial relations is key to the continued success of the Company. The Company maintains cordial relations by working closely with our union partners to ensure that fair and sustainable wage and employment terms are provided to our staff. We value our strong ties with our union partners, and are committed to working together with the unions to resolve issues, seize business opportunities and meet new challenges through a collaborative approach.

OUR UNION PARTNERS

Air Transport Executive Staff Union ("AESU")

- Represents staff in the executive grades in the Company
- About 73% of the Company's executives are members of AESU

SIA Engineering Company Engineers and Executives Union ("SEEU")

- Represents the licensed aircraft engineers in the Company
- About 96% of our engineers are members of SEEU

Singapore Airlines Staff Union ("SIASU")

- Represents technicians and staff in the general grades in the Company
- About 95% of our technicians and clerical staff are members of SIASU

Collective Agreements are in place for each of these unions and in total, about 92% of the Company's executive employees, engineers, technicians and general staff are covered by these Collective Agreements. Labour grievance mechanisms and notice periods to commence negotiations are detailed in all our Collective Agreements. All labour practices relating to child labour, forced or compulsory labour, human rights grievance mechanisms, diversity and equal opportunity are carried out in accordance with the Employment Act and other laws governing Singapore.

We actively involve our unions in matters relating to our employees through regular union engagement activities and discussions. Monthly meetings are held to update our union partners on developments in the industry, discuss labour-management issues and share updates on the Company's initiatives. Senior Management and union leaders meet regularly to share the Company's business outlook and discuss workforce-related matters.

STAFF WELFARE

Staff Well-Being and Health Initiatives

A healthy workforce is crucial in supporting the Company's growth and performance. We regularly organise health talks and exercise activities, and provide tips on healthy living in our inhouse magazine, to encourage staff to pursue a healthy lifestyle.

We encourage our staff to take an active ownership of their own well-being. The Company provides staff with comprehensive medical coverage. We conduct regular reviews and surveillance inspections of the work environment as part of our ongoing efforts to improve workplace safety and health. The occupational health of our staff are also monitored closely through the relevant medical examinations such as audiometry examinations, to ensure their well-being.

Pro-Family Staff Benefits

The Company strongly supports Singapore government's pro-family initiatives. We understand the need for working parents to be able to spend quality time with their children while they pursue their careers. As such, we provide benefits which are aligned with Singapore's pro-family legislation and initiatives such as childcare leave, extended childcare leave, maternity leave, paternity leave and shared parental leave. In 2019, we introduced a flexible work arrangement scheme for non-shift employees where they can opt to start work earlier or later.

Sports & Recreation Committee

The Sports & Recreation Committee was founded to promote, organise and co-ordinate sports, social and other recreational activities for employees of the Company. Sports & social events and activities which cater to staffs' interests are organised frequently. The activities include interdivisional sports competitions, special workshops such as floral display, and excursions such as kayaking and overseas hiking trips.

Some of the activities organised by the Sports & Recreation Committee

ENVIRONMENT

We believe that SIAEC needs to play its part to protect the environment even though our operations, unlike heavy industries, do not produce significant carbon emissions or consume high amount of electricity and water.

ENVIRONMENTAL POLICY

We believe in operating responsibly by understanding and managing the environmental impact of our business. We have a responsibility to protect the environment and are committed to maintaining high standards of environmental management in our operations, and complying with environmental rules and regulations governing our business.

Our environmental policy is communicated across our business units and support divisions to propagate environmental awareness to all persons working for and on behalf of the Company.

ENVIRONMENTAL MANAGEMENT SYSTEM

The Company's Environmental Management System focuses on minimising the impact that our operational activities may have on the environment. Our Environmental Management System has been certified to ISO 14001 standards since 1998.

Environmental impacts are assessed as early as the planning stage where the design, handling, storage and disposal of materials are considered. Thereafter, the product operation and service performance are regularly reviewed for improvements in the environmental performance.

The Company maintains a stringent auditing system for all environmental matters, comprising internal environmental audits and inspections performed by the divisional Safety, Health and Environment Committees. To ensure continuous and effective operation of the Environmental Management System, a two-fold check system involving both internal and external audits is implemented. This ensures strict compliance with the applicable legislation and regulations.

ENERGY

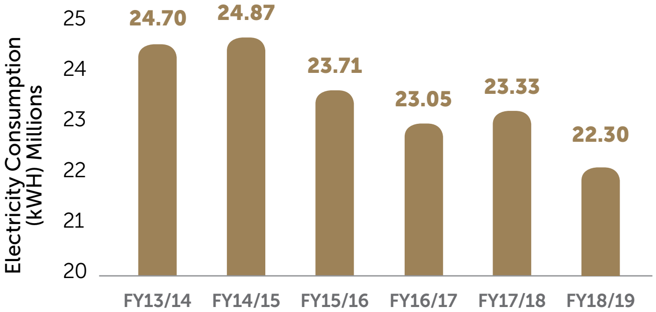
The Company's main utility usage is the electricity used to carry out daily MRO activities in the hangars, workshops and offices. Any disruption to electricity supply will jeopardise our operations. As the amount of electricity consumed impacts the environment, proper energy management control and measures can reduce energy wastage.

The Company is committed to monitoring and reducing the electricity consumption throughout the organisation in order to enhance long-term business competitiveness and to reduce carbon footprint.

An Energy Management Committee, comprising the Facilities Department and our building contractor, actively drives energy management programmes to control energy consumption and to avoid wastages. Areas with high electricity consumption are identified, and solutions formulated to reduce usage. The energy data are reviewed regularly and any significant deviations will be identified, investigated and remedied. On a quarterly basis, the Management is updated on the consumption trends.

All proposed projects are discussed with the Management, and approvals are sought before commencement. Once the projects are implemented, the data are collected and checked against the design data, and the results are reported to the Management.

SIAEC TOTAL ELECTRICITY CONSUMPTION FOR HANGAR 1 TO 6 (kWH)



Our goal is to achieve 15% reduction in energy consumption by FY2023/24 compared to base year FY2013/14. We will continue to monitor energy consumption, address significant deviations and implement energy-saving measures. Where possible, we will tap the application of innovative technologies as part of our efforts to reduce energy consumption.

Hangar bay lights (LED)

Since FY2013/14, we have replaced air-conditioning chillers in two of the hangars with energy-efficient systems. We plan to install variable speed drives for the air-conditioning chillers for the other hangars, which will further improve the energy efficiency of the systems. Plans are underway to progressively replace office lightings, hangar bay lights and building neon signs with Light-Emitting Diode ("LED") lights.

Another project being explored is the installation of solar panels on the roofs of buildings and hangars, which will be able to supply clean energy for our operations and reduce our energy consumption from non-renewable sources.

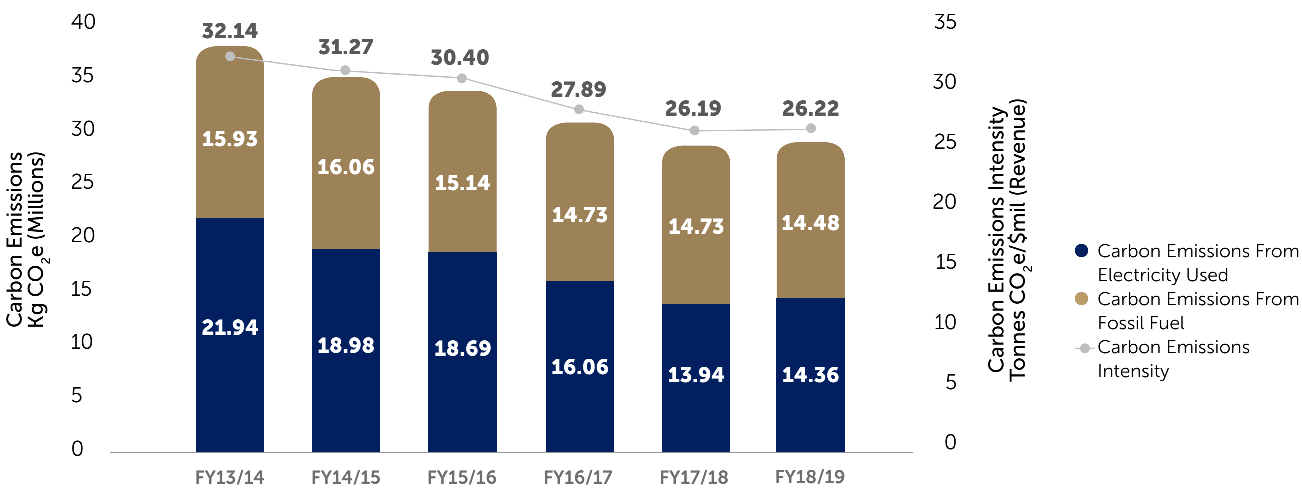
EMISSIONS

In line with the global movement to combat climate change, Singapore is implementing carbon tax from 2019. Playing our part to support the environmental efforts, we endeavour to manage Greenhouse Gas ("GHG") emissions produced from our MRO operations. We focused on sourcing and using environmentally preferred chemicals and processes to minimise emissions. On top of that, emission levels are closely monitored to ensure that they are within thresholds set by the authorities.

Transport vehicles undergo regular maintenance and inspections to minimise air pollution from vehicular emissions. All vehicles operated by the Company comply with the regulations and requirements, including smoke emissions and fuel usage restriction, of the Land Transport Authority and National Environment Agency. We aim to reduce our carbon emissions through pursuing initiatives to reduce our electricity consumption and using vehicles that meet low GHG emissions standards.

DIRECT EMISSIONS & INDIRECT EMISSIONS (KG-CO_2E)

TOTAL CARBON FOOTPRINT (kg-CO_2e)



TRADE EFFLUENTS MANAGEMENT

As part of the Environmental Management System Policy in preventing pollution under ISO14001, SIAEC is focused on effluents management, particularly in preventing water pollution from the wastewater generated from our operations. Our hangar facilities are equipped with wastewater treatment plants using chemical treatment process. The wastewater undergoes a chemical treatment process to make them safe for discharge into the public sewers.

Regular audits and inspections are carried out to ensure that the wastewater discharge and operation of wastewater treatment plants comply with relevant regulatory and ISO14001 requirements. The water from our wastewater treatment plants is rigorously monitored to ensure strict compliance with the standards prescribed by the Public Utilities Board under the Sewerage & Drainage (Trade Effluent) regulations.

WASTE MANAGEMENT

The Company pays close attention to waste management. We aim to reduce waste from our offices and operational activities. Promotion and facilitation of waste reduction are conducted through new and ongoing efforts to reduce, reuse and where possible, recycle. We actively encourage initiatives from all operational and support divisions to explore ways to reduce waste generation across the Company and educate staff in recycling.

A recycling scheme is in place to recycle paper, cardboard, scrap metal and electronic waste from our offices and operations. We engage licensed recycling service providers to collect our recyclable materials to ensure they are recycled safely at proper recycling facilities. In preparation for a mandatory electrical and electronic waste management system announced by the Ministry of Environment and Water Resources, the Company will actively educate and raise staff awareness in the recycling of e-waste.

A waste sorting and disposal process, as well as a contamination prevention process managed by a licensed toxic industrial waste collector, is applied to operational activities and involves the storage, transportation and disposal of aircraft parts and toxic industrial waste to minimise environmental impacts.

WATER CONSERVATION

Although our water consumption is not significant compared to the manufacturing industry, we promote discipline in water usage and our facilities maintenance team tracks the water consumption data regularly. Any unusual increase in water usage will be investigated and remedied. We will continue to monitor water consumption closely and implement water-saving measures.

SUPPORTING OUR COMMUNITIES

Annual charity run raised $53,755 for our charity beneficiaries	Received Charity Bronze Award from Community Chest for the third consecutive year

In the spirit of our corporate social responsibility ("CSR") motto of 'Enabling People, Improving Lives', we strive to make a difference to the lives of the underprivileged in the communities where our business operates. We provide food and housing aid to communities in Singapore and Southeast Asia through our partnerships with organisations such as Food from the Heart, Community Chest and Habitat for Humanity.

The CSR programmes and activities conducted in FY2018/19 include the following:

Fun Run at the Zoo 2018

SIAEC's annual charity run 'Fun Run @ Zoo 2018' was held on 10 November 2018 at the Singapore Zoo. Attended by SIAEC staff and their families, our charity beneficiaries, JV partners and the SIA Group of companies, the event drew a participation of over 2,500 registrants. The charity run raised a total of $53,755 which was donated to Food from the Heart.

CEO flagging off the run at 'Fun Run @ Zoo 2018'

Food Goodie Bags Programme

Every month, the Company supplies food provisions to 100 underprivileged families from two adopted schools – Yu Neng Primary School and Changkat Primary School. The goodie bags consist of household items like rice, oil and baked beans to help needy families with their meals.

Self-Collection Centre Programme

In collaboration with Food from the Heart, 150 staff volunteers participate in the monthly packing and distribution of food packets to 550 beneficiaries in 188 households in Macpherson and Marine Terrace.

Housing Construction in Indonesia

In partnership with Habitat for Humanity, the Company sent a team of staff volunteers for overseas building project in Yogyakarta, Indonesia in November 2018. This outreach project enabled volunteers to improve the living conditions of the less fortunate by building houses for them.

House-building in Yogyakarta, Indonesia

Toy Buffet

On 10 November 2018, we participated in the Toy Buffet organised by Food from the Heart for the seventh year running at Nanyang Polytechnic. The annual event's mission is to reach out and bring joy to children from lower-income families through the gifting of toys. Pre-loved and new toys collected from our staff and other organisations were distributed to 2,900 underprivileged families.

Visit to S.E.A. Aquarium

On 22 September 2018, a group of SIAEC staff brought 30 students from Yu Neng Primary School to the S.E.A. Aquarium at Resorts World Sentosa. The students from Primary 3 and 4 are the beneficiaries of our charity partner, Food from the Heart.

COMMUNITY CHEST AWARDS 2018

Community Chest Singapore is in its 35th year and supports about 80 social service organisations. SIAEC is proud to be a recipient of the Community Chest's Charity Bronze Award for the third consecutive year. The Charity Awards are given to organisations and/or individuals who have made significant donations.

SVPHR receiving the award from the Minister of State in the Ministry of Foreign Affairs and Ministry of Social and Family Development, Mr Sam Tan, at the Community Chest Awards 2018

GRI Standards	Disclosure	Page Reference and Remarks
GENERAL DISCLOSURES		
Organisational Profile		
102-1	Name of the organisation	About SIA Engineering Company
102-2	Activities, brands, products and services	About SIA Engineering Company
102-3	Location of headquarters	About SIA Engineering Company
102-4	Location of operations	About SIA Engineering Company
102-5	Ownership and legal form	About SIA Engineering Company
102-6	Markets served	About SIA Engineering Company
102-7	Scale of the organisation	About SIA Engineering Company Reporting Scope and Boundary Diverse Workforce
102-8	Information on employees and other workers	Diverse Workforce
102-9	Supply chain	Suppliers
102-10	Significant changes to the organisation and its supply chain	Suppliers Investments in JVs
102-11	Precautionary Principle or approach	Risk Management
102-12	External initiatives	Safety Management System Environmental Management System
102-13	Membership of associations	Membership of Associations
Strategy		
102-14	Statement from senior decision-maker	CEO's Message
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	Mission Statement, Core Values, Corporate Governance
Governance		
102-18	Governance structure	Sustainability Organisational Structure
Stakeholder Engagement		
102-40	List of stakeholder groups	Engaging our Stakeholders
102-41	Collective bargaining agreements	Industrial Relations
102-42	Identifying and selecting stakeholders	Materiality Assessment
102-43	Approach to stakeholder engagement	Engaging our Stakeholders
102-44	Key topics and concerns raised	Engaging our Stakeholders
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Reporting Scope and Boundary
102-46	Defining report content and topic Boundaries	Reporting Scope and Boundary Materiality Assessment
102-47	List of material topics	Materiality Assessment
102-48	Restatement of information	No restatements were made for FY2018/19
102-50	Reporting period	About this Report
102-51	Date of most recent report	The previous report was published together with the Annual Report FY2017/18
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Feedback

GRI Standards	Disclosure	Page Reference and Remarks
GENERAL DISCLOSURES		
Reporting Practice		
102-54	Claims of reporting in accordance with the GRI Standards	This material references the following Disclosures from GRI Standards 2016: • 205-3 from GRI 205: Anti-corruption • 302-1 from GRI 302: Energy • 305-4 from GRI 305: Emissions • 401-1 from GRI 401: Employment • 402-1 from GRI 402: Labour/Management Relations • 403-2 from GRI 403: Occupational Health and Safety • 404-1 from GRI 404: Training and Education • 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016
102-55	GRI content index	GRI Content Index
102-56	External assurance	About this Report
MATERIAL TOPICS		
Anti-Corruption/Bribery		
103-1 to -3	Management approach 2016	Ethics and Integrity Anti-Corruption/Bribery Employee and Supplier Code of Conduct
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption/Bribery
Energy		
103-1 to -3	Management approach 2016	Environmental Management System Energy
302-1	Energy consumption within the organisation	Energy
Emissions		
103-1 to -3	Management approach 2016	Environmental Management System Emissions
305-4	GHG emissions intensity	Emissions
Employment		
103-1 to -3	Management approach 2016	Employees
401-1	New employee hires and employee turnover	Diverse Workforce
Labour/Management Relations		
103-1 to -3	Management approach 2016	Industrial Relations
402-1	Minimum notice periods regarding operational change	Industrial Relations
Workplace Safety		
103-1 to -3	Management approach 2016	Workplace Safety Board and Management Emphasis and Oversight Safety Management System Training and Communication Partnering our Stakeholders on Safety Ownership
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	Performance Measurement
Training and Development		
103-1 to -3	Management approach 2016	Training and Development
404-1	Average hours of training per year per employee	Training and Development

CORPORATE GOVERNANCE

SIA Engineering Company Limited (the "Company" or "SIAEC") 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, inter alia, 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.

This report describes the Company's corporate governance processes, practices and activities for the financial year ended 31 March 2019 ("FY2018/19") with reference 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 and has taken into account, where relevant, the guidance provided by the Disclosure Guide on corporate governance issued by the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 29 January 2015. Where there are departures from the Code, 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 with them regularly. There is an objective decision-making process, which allows each Director to exercise independent judgment. The Board and Board Committees have written guidelines on matters requiring their approval, which include all matters of strategic importance, best practices in corporate governance, legal and regulatory compliance, the adequacy of internal controls, risk management, workplace safety, financial reporting and performance, annual budgets, key operational initiatives, investment proposals and major transactions. The Board also oversees the Company's current Transformation initiatives, as well as long-term succession planning of Key Executives as an ongoing process.

The Company has established financial authorisation and approval limits for operating and capital expenditure, the procurement of goods and services, material acquisition and disposal of assets, and mandated interested person transactions (which are in line with the threshold limits for the review and approval procedures under the general mandate renewed annually by the shareholders of the Company). The Company has also established a Disclosure of Conflicts of Interests by Directors Policy which sets out, inter alia, Directors' disclosure obligations in the event of a Director's conflict of interest. Specific approval is sought from the Board for matters involving share issuances, interim dividends and other returns to shareholders. The Company's policies and guidelines are regularly reviewed and updated.

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 of the SGX-ST (the "Listing Manual") and the Code. The Audit Committee, the Board Safety & Risk Committee, the Compensation & HR Committee and the Nominating 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 Committee members. The Board is informed of the key matters discussed at each Board Committee meeting. 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, the Chief Executive Officer ("CEO") and the Non-Independent Directors. In FY2018/19, there were eleven Non-Executive Directors, all of whom worked with Management to develop constructive proposals on strategy and reviewed the completion of agreed goals. 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 Committees' 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 meetings are further developed by Management and discussed at subsequent Board meetings, when the Board reviews the progress of the strategy proposals to achieve their agreed goals and objectives.

Orientation and Training of Directors

A formal letter of appointment is sent to an incoming Director, setting out his/her 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 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.

With effect from 1 January 2019, unless the Nominating Committee is of the view that training is not required because he/she has other relevant experience, a new Director appointed who has no prior experience as a director of an issuer listed on the SGX-ST will be required to undergo mandatory training in his/her roles and responsibilities as prescribed by the SGX-ST. The Nominating Committee also identifies relevant training and development programmes for the consideration of Directors and the Directors participate in such programmes as and when needed. The Company funds relevant training and development programmes for existing and new Directors. There is a formal record of attendance at training sessions.

In FY2018/19, the Directors attended training on subjects that include:

- Technological advancements on business processes and job disruption
- Investments and innovation
- Corporate governance and ethics
- Anti-bribery
- Markets and macroeconomics trends and updates
- Digitalisation and business transformation
- Disruptive technologies
- Digital strategy – operating and organisational models

BOARD COMPOSITION, BALANCE AND MEMBERSHIP

(Principles 2 & 4)

The current composition of the Board and Board Committees, and attendance at meetings held in FY2018/19 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 (relinquished all Committee appointments and stepped down as Chairman and Director on 19 Jul 2018)	Non-Executive / Non-Independent	Chairman	1/1					Chairman	2/2			Member
Tang Kin Fei (last re-appointed on 20 Jul 2017, first appointed on 8 May 2017)	Non-Executive / Independent	Deputy Chairman (until 19 Jul 2018) Chairman (wef 19 Jul 2018)	5/5	Member (stepped down on 19 Jul 2018)	2/2			Chairman (wef 19 Jul 2018)	2/2	Member (stepped down on 19 Jul 2018)	2/2	Member (wef 19 Jul 2018)
Goh Choon Phong (last re-appointed on 19 Jul 2018, first appointed on 1 Jan 2011)	Non-Executive / Non-Independent	Member	5/5					Member	4/4			Member
Ng Chin Hwee (last re-appointed on 20 Jul 2017, first appointed on 18 Jul 2008)	Non-Executive / Non-Independent	Member	5/5			Member	3/3			Member	4/4	
Manohar Khiatani (last re-appointed on 19 Jul 2018, first appointed on 1 Apr 2013)	Non-Executive / Independent	Member	5/5	Member	3/4					Chairman (wef 1 Jun 2018) Member (until 1 Jun 2018)	4/4	
Chew Teck Soon (last re-appointed on 19 Jul 2018, first appointed on 1 May 2013)	Non-Executive / Independent	Member	5/5	Chairman	4/4	Member	3/3					
Christina Hon Kwee Fong (Christina Ong) (last re-appointed on 20 Jul 2017, first appointed on 1 Jan 2014)	Non-Executive / Independent	Member	5/5	Member	3/4	Chairman	3/3					
Raj Thampuran (last re-appointed on 20 Jul 2017, first appointed on 1 Sep 2016)	Non-Executive / Independent	Member	5/5	Member	3/4							
Wee Siew Kim (last re-appointed on 20 Jul 2017, first appointed on 8 May 2017)	Non-Executive / Independent	Member	5/5					Member	3/4	Member	4/4	
Chin Yau Seng (first appointed on 8 Oct 2018)	Non-Executive / Non-Independent	Member	2/2	Member	2/2							
Png Kim Chiang[iii] (last re-appointed on 20 Jul 2017, first appointed on 1 Nov 2016)	Executive / Non-Independent	Member	5/5									
Tong Chong Heong (relinquished all Committee appointments and stepped down as Director on 1 Jun 2018)	Non-Executive / Non-Independent	Member	1/1					Member	2/2	Chairman	1/1	
Total Number of Meetings Held In FY2018/19			5		4		3		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 FY2018/19.

(ii) The Board Committee does not hold physical meetings.

(iii) Mr Png Kim Chiang is the Chief Executive Officer of the Company.

Of the nine Non-Executive Directors on the current Board, six are Independent Directors. The Company has thus satisfied the requirement under the Code that Independent Directors comprise at least one-third of the Board. 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/her interest and abstain from the decision-making process. There are no alternate Directors.

The Board, through the Nominating Committee, reviews the size and composition of the Board, taking into consideration the need to balance the diversity of skill sets and experience with the independence element. 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 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 operations, accounting, finance, law, engineering, information technology, logistics management, business space solutions, human resource development, innovation and advancing technologies as well as experience in key markets.

The Company is committed to having diversity on the Board, taking initiatives designed to attract the most talented individuals as Directors, regardless of their gender, race, ethnicity, religion, age, disability status or any other dimension of diversity. The Company views diversity as an important element to ensure that Board members provide the necessary range of perspectives, insights, experience and expertise for effective stewardship and management of the Company's business. In relation to gender diversity, the Company is of the view that gender is but one aspect of diversity and the Company's Directors will continue to be selected on the basis of their experience, skills, knowledge and insights. Directors' profiles appear on pages 74 to 85.

Directors are subject to retirement and re-election at least once every three years. One-third of the longest serving Directors will retire by rotation at every Annual General Meeting ("AGM"). For information on Directors who are proposed for re-election at the 37th AGM to be held on 19 July 2019, please refer to page 65.

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 Listing Manual and the Code, based on each Director's declaration. None of the Independent Directors has served for a continuous period of more than nine years.

The Board has examined the different relationships identified by the Listing Manual and the Code that might deem a Director to be not independent, or impair a Director's independence and objectivity, and is satisfied that none of them apply in relation to the Independent Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

(Principle 3)

The current Chairman (who succeeded the previous Chairman with effect from 19 July 2018) is a Non-Executive and Independent 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. At meetings, the Chairman encourages constructive engagement within the Board and between Directors and Management, and ensures effective decision-making. The Chairman also encourages the Board's interaction with, and independent access to, Key Executives. The Chairman sets the agenda and dedicates sufficient time for discussions, especially on material developments and strategic matters. The Chairman also ensures that Management provides complete, adequate and timely information to Directors, and that there is effective communication with shareholders.

At AGMs and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue among shareholders, the Board and Management of the Company.

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

The Chairman and the CEO are separate persons and are not related to each other. A majority of the members of the Board and the Board Committees, including the Chairman of each of the Board Committees, are Independent Directors. Given that the roles of the Chairman and the CEO are separate and the current Chairman is independent, no Lead Independent Director is required to be appointed.

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 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 17th year of evaluating Board performance. For FY2018/19, the external consultants concluded that overall, the Board had met its performance objectives.

The qualitative assessment includes a questionnaire and interviews. The questionnaire was designed to measure the overall performance of the Board and the Board Committees based on evaluation factors such as strategic priorities and focus, Board composition, Board dynamics and culture, Board partnership with Management, Board processes and practices, and Board value-add in shaping the future. The questionnaire also incorporates a peer assessment of individual performance, including each Director's engagement in decision-making, collaboration with fellow Board members and with Management, and his/her contributions to the Board and relevant Board Committees. The interviews discussed the foregoing and current issues including Transformation. The quantitative assessment measures the Board's performance against key financial indicators. The Nominating Committee, in consultation with the Chairman, takes appropriate actions to address the consultants' findings and 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 (International) and International Financial Reporting Standards. Management provides Board members with management accounts on a monthly basis together with such explanation and information, 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. Management also provides Board members with a monthly "Industry Update" to update them on key developments in the aviation industry. Material developments or issues are also brought to the attention of the Board. The Board has independent access to Management and is provided with any additional information required to make informed decisions 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 decisions in a timely manner. In line with the Company's commitment to limit paper wastage and reduce its carbon footprint, the Company provides Directors with tablet devices to enable them to access and read Board and Board Committee papers prior to and at meetings. This initiative also enhances information security as the papers are downloaded to tablet devices through an encrypted channel. Other documents, such as budgets and forecasts, are also provided to Directors, and in respect of budgets, any material variance between the projections and actual results is explained and monitored. The Board has a process for Directors, either individually or collectively, to seek independent external advice at the Company's expense in furtherance of their duties and to request further information on any aspect of the Company's operations or business from Management.

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

(a) supervising, monitoring and advising on Board procedures and compliance by the Company with its Constitution, 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 Directors, and keeping an open and regular line of communication between the Company, 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.

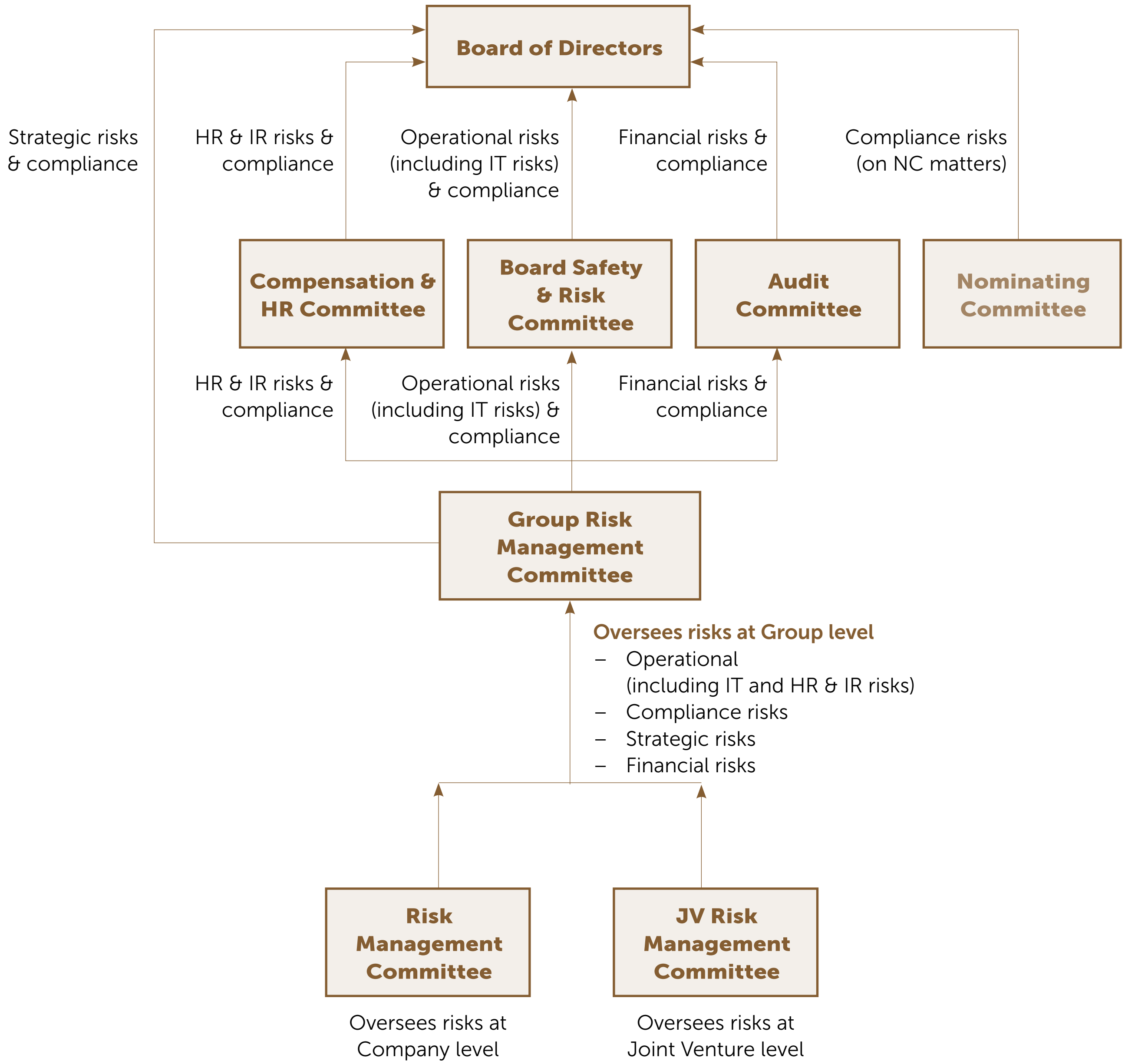
The Company has established written procedures to ensure compliance with legislative and regulatory requirements, including the Listing Manual.

RISK MANAGEMENT

(Principle 11)

The Board has overall responsibility for the governance of risk. The Board, supported by the Board Safety & Risk Committee and the other Board Committees, maintains oversight of the key risks of the Group's business. Annually, the Board reviews the adequacy and effectiveness of the risk management and internal control systems, addressing financial, operational, compliance and information technology risks.

SIAEC GROUP RISK MANAGEMENT FRAMEWORK



Strategic risks pertaining to the Group's business are overseen directly by the Board. The Board Safety & Risk Committee maintains oversight of the operational risks including information technology risks. The Audit Committee has oversight of the financial risks, while the Compensation & HR Committee oversees the human resources and industrial relations risks. The Nominating Committee maintains oversight of compliance risks on matters relating to nominations to, and membership of, the Board and Board Committees. The Board and the Board Committees oversee compliance with the Code's requirements under their respective purview, and explain deviations as required by the Code, taking into account relevant obligations under the Listing Manual.

BOARD SAFETY & RISK COMMITTEE

The Board Safety & Risk Committee was formed in 2013 to assist the Board in overseeing the Group's risk management system, framework and policies and ensures that Management maintains a sound system of risk management to safeguard shareholders' interests and the Group's assets.

The Board Safety & Risk Committee comprises three Non-Executive Directors, the majority of whom, including the Chairman, are independent. The members of the Board Safety & Risk Committee are:

Chairman:	Mr Manohar Khiatani *(appointed on 1 June 2018)*
Members:	Mr Ng Chin Hwee
	Mr Wee Siew Kim

Mr Tong Chong Heong stepped down as Chairman of the Board Safety & Risk Committee on 1 June 2018. Mr Tang Kin Fei stepped down as a member of the Board Safety & Risk Committee on 19 July 2018 upon assuming the role of Chairman of the Board. Mr Manohar Khiatani was a member of the Board Safety & Risk Committee prior to his appointment as the Chairman on 1 June 2018.

The Board Safety & Risk Committee held four meetings in FY2018/19.

Management is responsible for the effective implementation of the risk management strategy, policies and processes to facilitate the achievement of the Group's business and strategic objectives. The Risk Management Committee oversees the management of key risks at the Company level, while the Joint Ventures Risk Management Committee oversees the management of the key risks of subsidiary, joint venture and associated companies. Both Committees report to the Group Risk Management Committee (chaired by the CEO), which has oversight of the risks faced by the Group.

Risk Management Framework

The risk management framework sets out the policies, processes and procedures for identifying, evaluating and managing risks. The Company advocates a continuous and iterative risk management process, which was developed with reference to the principles and guidelines of the ISO 31000:2009 risk management standards and the Code. The risks identified are wide-ranging, covering strategic, financial, operational, information technology, compliance and human resources & industrial relations risks.

Management is guided by the Board and the Board Safety & Risk Committee in formulating the risk management framework, policies and guidelines, and is responsible for the implementation of the risk management strategy, policies and processes to facilitate the achievement of the Group's business and strategic objectives. Management is responsible for the identification and management of risks, and key risks are proactively identified, addressed and reviewed on an ongoing basis. To ensure the continuing relevance and adequacy of identified risks and the effectiveness of preventive and mitigating measures, the Group's risk registers are reviewed every six months. During these half-yearly reviews, close attention is also directed at identifying new and emerging risks.

Key risk issues are surfaced by Management to the Board and Board Committees for discussion and decision. Upon the occurrence of significant risk events, the Board and/or Board Safety & Risk Committee are promptly informed and updated on developments, to facilitate their review of the effectiveness in managing such incidents and the adequacy of mitigating measures taken by Management.

As part of the continuing efforts to enhance the robustness of the Company's crisis management plans, a Company-wide crisis management exercise is conducted yearly. Crisis management and communication plans and procedures are regularly reviewed and refined, to ensure that responses in a crisis are coordinated and effective. Incidents that had taken place in the aviation and related industries are reviewed and learning points applied to strengthen the Company's crisis management processes. To address the increasing cyber-security threat globally, the Company has set up a group within the Crisis Directorate to manage IT-related crises. On an ongoing basis, business units and support divisions conduct tests of business continuity plans to ensure their preparedness and the effectiveness of responses to disruptions of critical business functions.

As part of its risk-mitigating measures, the Group regularly reviews the scope, type and adequacy of its insurance coverage, taking into account the availability of such cover, and the probability and impact of potential risks.

Details of the key elements of the Risk Management Framework can be found on the Company's website[1].

Risk Management Assurance

On a yearly basis, the risk management system is audited by the Internal Audit Department of SIA ("SIA Internal Audit"), the Company's parent, to ensure the adequacy and effectiveness of risk controls, and compliance of risk management framework and procedures by the divisions in the organisation. Additionally, the Group has in place a formal programme of control self-assessments, whereby Management and line personnel are involved in the ongoing assessment and improvement of risk management and controls.

Annually, the CEO, the Chief Financial Officer ("CFO") and the Chairman of each Risk Committee provide the Board Safety & Risk Committee with a written assurance on the adequacy and effectiveness of the risk management system. Periodically, external consulting firms are engaged to conduct an independent assessment of the Group's risk management system, framework and processes, and to benchmark them against best practices in the industry.

1 http://www.siaec.com.sg/pdf/SIAEC_risk_management_framework.pdf

Safety Management

With the Group's business in aircraft Maintenance, Repair and Overhaul ("MRO"), safety and quality are key focus areas for the management of operational risks. The Company is committed to building and maintaining a strong and effective safety and quality management system, in compliance with regulatory requirements and in accordance with best practices in the MRO industry.

The Company's Aviation Safety Management System ("ASMS") adopts the requirements and guidelines set by the International Civil Aviation Organisation and the Civil Aviation Authority of Singapore. A Safety, Health, Environment and Quality Council ("Council"), chaired by the CEO, oversees the ASMS. The Council monitors safety and quality performance on a quarterly basis to determine the effectiveness of safety and quality systems, and to identify emerging trends.

Additionally, the Management Committee regularly reviews aviation and workplace safety issues and incidents to ensure accountability and prompt follow-up at the operational level. Every quarter, the Board Safety & Risk Committee reviews reports on safety and quality performance and lapses, to ensure that Management undertakes prompt and effective remedial actions to address shortcomings and prevent recurrence.

The Company holds certifications from 25 national airworthiness authorities, including those of Singapore and major aviation jurisdictions worldwide. Operating in a highly regulated industry, the Group is subject to regular audits conducted by airworthiness authorities and customer airlines on its adherence to mandated standards of safety and quality.

Pursuit of Excellence and Safety are core values of the Company. Through ongoing and new training programmes and campaigns, staff are regularly engaged on the priority of maintaining high standards of safety and quality at the workplace. In 2018, the Company launched the "Look. Think. Do." Campaign to reinforce safety awareness. The Company's ongoing "Small Wins" initiative encourages divisions to work towards consecutive months of zero incidents.

Board of Directors' Comments on the Practice of Risk Management in SIAEC

Based on the review of the Group's risk management framework, policies and practices, and reviews performed by the Board, Board Committees and Management, the Board is of the opinion 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 2019. The Board has found no significant evidence to suggest that these risks are not being satisfactorily managed.

AUDIT COMMITTEE

(Principle 12)

The Audit Committee comprises five Non-Executive Directors, the majority of whom are Independent Directors. The members of the Audit Committee are:

Chairman:	Mr Chew Teck Soon
Members:	Mr Manohar Khiatani
	Mrs Christina Ong
	Dr Raj Thampuran
	Mr Chin Yau Seng *(appointed on 8 October 2018)*

Mr Tang Kin Fei stepped down as a member of the Audit Committee on 19 July 2018 upon assuming the role of Chairman of the Board.

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 (including the Chairman) have recent and relevant accounting or related financial management expertise or experience.

The Audit Committee met four times during the financial year with Management and the internal and external auditors of the Company. The attendance of individual Directors at these meetings is shown on page 43 of the Annual Report.

In the course of the financial year, the Audit Committee performed the following key duties 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 the Listing Manual, for recommendation to the Board for approval. The review focused on changes in significant accounting policies and practices, major judgmental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with significant financial reporting standards, compliance with the Listing Manual and other legal requirements. The Audit Committee kept itself apprised of changes in financial reporting standards and issues which have a direct impact on the consolidated financial statements of the Group through regular updates by the external auditors.

(b) External Audit

The Audit Committee discussed with the external auditors the audit plan, the report on the audit of the year-end financial statements and reviewed the external auditors' management letter and Management's responses thereto. The Audit Committee discussed with Management and the external auditors the key areas of Management's estimates and judgment applied in the preparation of the financial statements, the most significant of which have been highlighted as Key Audit Matters ("KAMs") in the Independent Auditors' Report for the year ended 31 March 2019. Please refer to pages 102 to 108 for the Independent Auditors' Report. The Audit Committee's commentary on the KAMs is as follows:

Key Audit matters	How the Audit Committee reviewed these matters and what decisions were made
Classification of investments in subsidiaries, associates and joint venture	The Audit Committee considered Management's basis for classification of investments and the findings of the external auditors and was satisfied that the classification is appropriate.
Impairment risk on property, plant and equipment	The Audit Committee considered the approach and methodology applied to the valuation model as well as the key assumptions used and actions taken by Management to drive performance improvements. The Audit Committee considered the findings of the external auditors, including their assessment of the appropriateness of key assumptions applied. The Audit Committee was satisfied with the assessment that no impairment charge is required in the consolidated financial statements.
Recognition of revenue and profits on long-term contracts	The Audit Committee reviewed the recognition of revenue and profits on long-term contracts and the findings of the external auditors and was satisfied that these had been appropriately accounted for in the consolidated financial statements.

The Audit Committee reviewed the external auditors' objectivity and independence from Management and the Company, as well as the fees paid to the auditors. Fees of $328,082 were paid to the external auditors of the Group during the year for audit and non-audit services. Of this, fees for non-audit services amounted to $32,416. The Audit Committee is of the opinion that the amount of fees paid for non-audit services did not compromise the external auditors' independence.

The Audit Committee considered and recommended to the Board the re-appointment of the external auditors, and the audit fee for the year ended 31 March 2019.

The Company has complied with Rules 712 and 716 of the Listing Manual in relation to its engagement of auditors for the year ended 31 March 2019.

(c) Internal Audit

The Audit Committee reviewed the scope of internal audit work and its audit programmes, the major findings during the year and Management's responses thereto. 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. The Audit Committee is of the opinion that the internal audit function is independent, effective and adequately resourced, and has appropriate standing within the Company.

(d) Internal Controls and Risk Management

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

In line with its responsibilities under the Company's Group Risk Management structure, the Audit Committee provided oversight to the work of the Group Risk Management Committee in respect of financial and the related compliance risks, and internal controls. The Audit Committee has found no significant evidence to suggest that the financial risks and the related compliance 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 AGM. The Audit Committee was assisted by the internal auditors in its review of interested person transactions and the Shareholders' Mandate.

(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 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 without the presence of Management every quarter.

INTERNAL AUDIT

(Principle 13)

The Company has an effective internal audit function that is adequately resourced and independent of the activities it audits. The Audit Committee approves the engagement, evaluation and compensation of the internal audit function. The internal audit function is designed to provide reasonable assurance about the adequacy, effectiveness and efficiency of operations controls; the reliability of financial information processes; compliance with applicable laws and regulations; and compliance with policies and procedures of the Company, its subsidiaries and joint venture and associated companies.

The Company's internal audit function is undertaken by SIA Internal Audit pursuant to an agreement between the Company and SIA. SIA Internal Audit reports directly to the Chairman of the Audit Committee. Annually, the Audit Committee evaluates the adequacy and effectiveness of the internal audit function, the continuation of the engagement of SIA Internal Audit for performance of the internal audit function as well as the fee payable to them. 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 has unfettered access to all of the Company's documents, records, properties and personnel, including access to the Audit Committee. All significant audit findings and recommendations made by SIA Internal Audit are reported to the Audit Committee. Significant issues are discussed at the Audit Committee meetings. SIA Internal Audit follows up on all recommendations to ensure that Management has implemented the recommendations in a timely manner, and reports the results to the Audit Committee every quarter.

SIA Internal Audit is a member of the Singapore chapter of the Institute of Internal Auditors ("IIA") and carries out its function according to the Standards for the Professional Practice of Internal Auditing set by the IIA. Quality Assessment Reviews are carried out by external qualified professionals periodically. SIA Internal Audit is staffed by persons with the relevant qualifications and experience. Information technology audits are managed by internal auditors who are Certified Information System Auditors. The professional competence of SIA Internal Audit is maintained or upgraded through training programmes, conferences and seminars that provide updates on auditing techniques and regulations.

The Audit Committee is satisfied that the Company's internal audit function is independent, effective and has adequate resources and appropriate standing within the Company to perform its functions effectively.

INTERNAL CONTROLS AND RISK MANAGEMENT

(Principle 11)

The Company has in place a risk management framework (outlined in pages 47 to 50) to oversee the management of the Group's risks, which include strategic, operational, information technology, safety, financial, human resources and industrial relations and compliance risks. As can be seen from the outline on page 47, 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 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 FY2003/04, 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. SIA 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 25 airworthiness authorities worldwide, including the Civil Aviation Authority of Singapore, the Federal Aviation Administration and the European Aviation Safety Agency. These authorities, as well as the Company's customers, conduct regular audits of the operations of the Company to ensure adherence to operational and safety procedures. In FY2018/19, the Company underwent 108 audits by the authorities and 151 audits by customers.

The Board has received assurance from the CEO and the CFO 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 2019 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations, that the financial records have been properly maintained, and the consolidated 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 2019.

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, the majority of whom are Independent Directors. The members of the Compensation & HR Committee are:

Chairman:	Mr Tang Kin Fei *(appointed on 19 July 2018)*
Members:	Mr Goh Choon Phong
	Mr Wee Siew Kim

Mr Stephen Lee Ching Yen stepped down as Chairman of the Compensation & HR Committee and Mr Tong Chong Heong stepped down as a member of the Compensation & HR Committee on 19 July 2018 and 1 June 2018 respectively.

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:

(a) 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;

(b) covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits in kind; and

(c) 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 ("VP"), which are fair and performance related, 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 FY2018/19, Carrots Consulting Pte Ltd was engaged to provide such services, the principal adviser being Mr 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 also responsible for reviewing the eligibility, guidelines, allotment, awards and payouts under the Company's Restricted Share Plan ("RSP"), Performance Share Plan ("PSP"), Profit-Sharing Bonus ("PSB"), Strategic Transformational Incentive Plan ("STIP") and Economic Value Added ("EVA")-Based Incentive Plan ("EBIP").

During FY2018/19, the Compensation & HR Committee held four meetings and performed, inter alia, the following main functions:

(a) conducted a review of the FY2017/18 RSP performance to-date;

(b) conducted a review of the FY2015/16, FY2016/17 and FY2017/18 PSP performance to-date;

(c) determined the allotment for the 13th RSP and PSP grants for FY2018/19;

(d) reviewed the payouts under the EBIP;

(e) reviewed and recommended the total compensation framework for Key Executives;

(f) conducted the annual performance and compensation review for Key Executives;

(g) reviewed the fees payable to Directors for FY2018/19;

(h) reviewed and endorsed the 2019 Succession Development Plan for the Company;

(i) reviewed the pay-for-performance relationship of the Company's executive compensation structure;

(j) reviewed the HR Strategy for 2019;

(k) reviewed the Compensation & HR Committee mandate for share buy back;

(l) reviewed the Company's compliance with guidelines under the Code and the SGX-ST Disclosure Guide on Remuneration Matters;

(m) reviewed the Company's obligations in the event of termination of any Executive Directors' or Key Executives' contracts of service to ensure fair and reasonable terms are accorded; 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 fees for Non-Executive Directors reflect the scope and extent of a Director's increasing responsibilities and obligations. It is measured against relevant benchmarks and aims to be competitive. The Board believes that it is imperative to remunerate Directors equitably to attract and retain individuals with the necessary talents and capabilities.

Shareholders' approval is sought at the AGM for the fees for Non-Executive Directors for the current financial year on a pool basis. This pool is subsequently used to pay the Non-Executive Directors' fees based on actual service on a quarterly basis in arrears.

Non-Executive Directors' remuneration for FY2018/19 was derived using the same rates as FY2017/18. Information on the rates and the actual fees paid to the Non-Executive Directors are shown in the tables below:

Type of Appointment	Scale of Directors' Fees $
Board of Directors	
Member's Fee	65,000
Chairman's Fee	60,000
Board Committee	
Member's Fee	10,000
Audit Committee	
Chairman's Fee	30,000
Member's Fee	20,000
Other Board Committees	
Chairman's Fee	20,000
Member's Fee	10,000
Board Meeting Attendance Fee	
– For each Board Meeting held locally	1,000
– For each Board Meeting held overseas	3,000

Note:
If a Director occupies a position for part of a financial year, the fees due to him/her shall be pro-rated accordingly.

The remuneration in respect of each Director for FY2018/19 is as shown:

	Fee ($)	Salary ($)	Bonuses[vi] ($)	Benefits ($)	Shares[vii] ($)	Total ($)
Stephen Lee Ching Yen[i]	63,986	–	–	–	–	63,986
Tang Kin Fei	202,025	–	–	–	–	202,025
Goh Choon Phong[ii]	106,000	–	–	–	–	106,000
Ng Chin Hwee[ii]	113,000	–	–	–	–	113,000
Manohar Khiatani	136,326	–	–	–	–	136,326
Chew Teck Soon	137,000	–	–	–	–	137,000
Christina Ong	132,000	–	–	–	–	132,000
Tong Chong Heong[i]	21,724	–	–	–	–	21,724
Raj Thampuran[iii]	102,000	–	–	–	–	102,000
Wee Siew Kim	113,000	–	–	–	–	113,000
Chin Yau Seng[ii]/[iv]	48,507	–	–	–	–	48,507
Png Kim Chiang[v]	–	723,640	453,107	65,207	549,840	1,791,794

Notes:
(i) Mr Stephen Lee Ching Yen stepped down as Chairman and Director on 19 July 2018 and Mr Tong Chong Heong stepped down as Director on 1 June 2018.
(ii) Directors' fees in respect of Mr Goh Choon Phong, Mr Ng Chin Hwee and Mr Chin Yau Seng were paid to and retained by SIA.
(iii) Directors' fees due to Dr Raj Thampuran were paid to a government agency, the Directorship & Consultancy Appointments Council.
(iv) Mr Chin Yau Seng was appointed Director on 8 October 2018.
(v) As Chief Executive Officer, Mr Png Kim Chiang does not receive any Directors' fees.
(vi) Comprises EBIP amount, STIP amount and PSB declared for the FY.
(vii) Comprises shares awarded under the RSP and PSP during FY2018/19; the value of awards is based on the fair value of the shares awarded under the RSP ($2.85) and PSP ($2.60). Shares awarded under the RSP and PSP are subject to performance targets and other terms and conditions being met under the respective share plans.

Apart from 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 2019.

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 EBIP, a STIP and a PSB, and share awards under the RSP and the PSP, in addition to a fixed basic salary and fixed allowances. The payments of the EBIP, STIP, 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 of 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 FY2018/19 is shown in the table on page 57 (for the CEO) and in the table below, in bands of $250,000 (for other Key Executives):

Remuneration Bands & Key Executives	Salary (%)	Bonuses[i] (%)	Benefits (%)	Shares[ii] (%)	Total (%)
$750,000 – $1,000,000					
Ivan Neo Seok Kok Executive Vice President Operations	41	34	3	22	100
$500,000 – $750,000					
Zarina Piperdi SVP Human Resources	49	36	2	13	100
Wong Yue Jeen SVP Aircraft & Component Services	47	37	2	14	100
Foo Kean Shuh SVP Line Maintenance and Cabin Services	44	40	2	14	100
Philip Quek SVP Partnership Management & Business Development	43	40	3	14	100
$250,000 – $500,000					
Ng Lay Pheng[iii] SVP Finance/CFO	47	40	5	8	100

Notes:

(i) Comprises EBIP amount, STIP amount and PSB declared for the FY.

(ii) Comprises shares awarded under the RSP and PSP during FY2018/19; the value of awards is based on the fair value of the shares awarded under the RSP ($2.85) and PSP ($2.60). Shares awarded under the RSP and PSP are subject to performance targets and other terms and conditions being met under the respective share plans.

(iii) Ms Ng Lay Pheng was appointed SVP Finance with effect from 1 October 2018. Her remuneration includes the amount paid during her appointment as Vice President Finance.

For FY2018/19, other than the in-service and post-retirement travel benefits for Key Executives and the previous CEO, there were no termination, retirement and post-employment benefits granted to Directors, the current CEO[2] and the Key Executives.

For FY2018/19, the aggregate total remuneration for the six Key Executives listed above amounted to $3,886,237.

Economic Value Added-Based Incentive Plan ("EBIP")

One of the incentive plans included in the remuneration of Key Executives of the Company is the EBIP, which forms a significant 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 FY2018/19, the actual performance of the Group had partially met the pre-determined targets, and the resulting annual incentive declared under the EBIP reflects 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 underperformance of EVA will result in a retraction of EBIP bonus earned in preceding years.

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.

Strategic Transformational Incentive Plan ("STIP")

The STIP is an incentive scheme established with the objective of rewarding, motivating, and retaining a select group of key Senior Management staff who shoulder the responsibility for the Company's strategic initiatives and future-oriented growth.

Under the STIP, a target bonus is set for meeting strategic initiatives set under the Individual Performance Scorecard. At the end of the financial year, the target bonus is modified by the incumbent's performance on the execution of the strategic initiatives as assessed by the Compensation & HR Committee. The resultant payout varies between 0% – 150% of the target bonus.

Profit-Sharing Bonus ("PSB")

Payment of an annual PSB in respect of each Key Executive is based on the achievement of financial 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 three times of the monthly base salary for each 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% – 150%.

[2] Under his service agreement, the current CEO is not entitled to any in-service or post-retirement travel benefits.

Share Incentive Plans

The RSP and PSP are share-based incentive plans approved by the shareholders of the Company. 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 are set at the start of a one-year performance period based on Group and Company objectives with some degree of stretch.	Award of fully-paid ordinary shares of the Company, dependent on position level and individual performance. Targets are 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	Awards granted prior to FY2016/17 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. Awards granted in and after FY2016/17 Based on meeting stated performance conditions over a one-year performance period, 1/3 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.

Note:

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

The achievement factor for the RSP award granted in FY2018/19, which commences vesting in July 2019, reflects the extent to which the pre-determined target performance levels were outperformed for the one-year performance period of FY2018/19.

The achievement factor for the PSP award granted in FY2016/17 which fully vests in July 2019, reflects the extent to which the pre-determined target performance levels were partially met for the performance period from FY2016/17 to FY2018/19.

The RSP and PSP were originally adopted by shareholders on 25 July 2005, and were replaced by the SIAEC RSP 2014 and SIAEC PSP 2014 respectively (herein referred to as the RSP and PSP) which were approved by shareholders at the Extraordinary General Meeting of the Company held on 21 July 2014. The new share plans have substantially the same terms as the previous plans, except 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 and subsidiary holdings) 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.

Details of the RSP and PSP (previous and current), and the awards granted thereunder, can be found on pages 98 to 99 and pages 196 to 197 in this Annual Report.

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
- Strategic and Transformational Initiatives

In FY2018/19, the Compensation & HR Committee engaged a remuneration consultant, Carrots Consulting Pte Ltd, to conduct a Pay-for Performance Alignment study. The Compensation & HR Committee concluded that there was adequate linkage of the executive remuneration to the performance of the Group and the Company for the review period of FY2012/13 to FY2017/18.

Compensation Risk Assessment

Under the Code, the compensation framework should take into account the risk policies of the Group, be symmetric with risk outcomes and be sensitive to the time horizon of the risks. The Compensation & HR Committee has conducted a Compensation Risk Assessment to review the various compensation risks that may arise, and has ensured that mitigating policies are in place to manage the risk exposures identified. The Compensation & HR Committee will undertake periodic reviews of the compensation-related risks.

CORPORATE GOVERNANCE

PROFILE OF SENIOR EXECUTIVES

Mr Png Kim Chiang
Director and Chief Executive Officer

Mr Png is a Director and the Chief Executive Officer of SIAEC. He joined SIA in 1975 and has over 44 years of experience in the aerospace industry.

Prior to his appointment as Chief Executive Officer on 1 April 2015, Mr Png was appointed Executive Vice President Operations in 2010, Senior Vice President Aircraft & Component Services in 2009, Senior Vice President Commercial in 2005 and Senior Vice President Services in 2001.

Mr Png is the Deputy Chairman of Boeing Asia Pacific Aviation Services Pte. Ltd. and Singapore Aero Engine Services Private Limited, and a Director of SIA Engineering (Philippines) Corporation.

Mr Png holds a Master of Business Administration degree from the National University of Singapore and a Bachelor of Science degree in Computation from the University of Manchester Institute of Science and Technology.

Mr Ivan Neo Seok Kok
Executive Vice President Operations

Mr Neo joined SIA in 1975 and served in various capacities in the Engineering Division. In 1992, Mr Neo was transferred to SIAEC and was appointed Senior Vice President in 2007. Over the years, Mr Neo was responsible for various operations across SIAEC, and the support services of Business Development, Partnership Management, Marketing & Sales, and Facilities Development. On 1 April 2016, Mr Neo was appointed Executive Vice President Operations. He is currently in charge of the operations of Aircraft & Component Services, Line Maintenance and Cabin Services, Fleet Management as well as the support services of Marketing & Sales, Facilities Development, Quality and Safety, Security & Environment.

Mr Neo is the Chairman of Aerospace Component Engineering Services Pte. Limited, Heavy Maintenance Singapore Services Pte. Ltd. and Pan Asia Pacific Aviation Services Limited (Hong Kong), Deputy Chairman of Goodrich Aerostructures Service Center – Asia Pte. Ltd., and a Director of Goodrich Aerostructures Service (China) Co. Ltd and Singapore Aero Engine Services Private Limited.

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

Ms Zarina Piperdi
Senior Vice President Human Resources

Ms Piperdi is the Senior Vice President Human Resources of SIAEC. She joined SIA in 1983 and has held various senior positions in Finance. 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, SIA Cargo in 2001. In March 2006, she joined SIAEC 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.

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

Mr Wong Yue Jeen
Senior Vice President Aircraft & Component Services

Mr Wong joined SIAEC in March 2008. He was appointed Vice President Business Development on 1 July 2009. Mr Wong took on the position of Senior Vice President Partnership Management & Business Development on 1 September 2015 and Senior Vice President Aircraft & Component Services on 1 February 2018. Prior to joining SIAEC, Mr Wong spent several years in General Electric, where his last appointment was Commercial Director, Engineered Styrenics and Petrochemicals, in GE Plastics South East Asia. His roles in General Electric principally centred around business development, mergers and acquisitions, as well as sales, marketing and commercial operations in the engineering plastics and aerospace structured composites businesses. Before General Electric, Mr Wong was General Manager (Finance & Control / MIS) at ABB Alstom Asia Pacific. Mr Wong has also held various roles in consulting services and audit at SAP and ICI Asia Pacific respectively.

Mr Wong is the Deputy Chairman of Eagle Services Asia Private Limited, and a Director of JAMCO Aero Design & Engineering Private Limited and Panasonic Avionics Services Singapore Pte. Ltd.

Mr Wong holds a joint Bachelor of Science degree in Accounting and Computer Science from La Trobe University, Australia. He is also a Member of the Institute of Singapore Chartered Accountants and CPA Australia.

Mr Foo Kean Shuh
Senior Vice President Line Maintenance & Cabin Services

Mr Foo joined the Engineering Division of SIA in 1994 as a Technical Services Engineer. He went on to hold various senior positions in the division, including Vice President Maintenance Planning & Control, Vice President Technical Projects and his last role as Divisional Vice President Engineering (Operations).

On 1 June 2016, Mr Foo was appointed as Senior Vice President Innovation & Technology in SIAEC. He then took on the position of Senior Vice President Line Maintenance & Cabin Services on 1 April 2018. He is the Chairman of Additive Flight Solutions Pte. Ltd. and a director of Pan Asia Pacific Aviation Services Limited (Hong Kong), Eagle Services Asia Private Limited and Moog Aircraft Services Asia Pte. Ltd.

Mr Foo holds a Master of Science (Thermal Power) degree from Cranfield University, UK and a Bachelor of Engineering (Aerospace Engineering)(Honours) degree from the Royal Melbourne Institute of Technology, Australia.

Mr Philip Quek Cher Heong
Senior Vice President Partnership Management & Business Development

Mr Quek was appointed Senior Vice President Partnership Management & Business Development on 1 April 2018. He joined SIAEC in 2001 and served in various divisions such as Heavy Maintenance, Workshops, Line Maintenance, Fleet Management, IT and in SIA Engineering (Philippines) Corporation. He was appointed Vice President Workshops in April 2013, General Manager of SIA Engineering (Philippines) Corporation in September 2014, Acting Senior Vice President Line Maintenance & IT in April 2015 and Senior Vice President Line Maintenance & Fleet Management in October 2016.

Mr Quek is a Director of Boeing Asia Pacific Aviation Services Pte. Ltd. and Southern Airports Aircraft Maintenance Services Company Limited (Vietnam).

Mr Quek holds a Bachelor of Engineering (Honours) degree from Nanyang Technological University, Singapore.

Ms Ng Lay Pheng
Senior Vice President Finance/Chief Financial Officer

Ms Ng was appointed Chief Financial Officer of SIAEC on 1 October 2017.

Ms Ng joined SIA in 1992 as an Accountant and has held various appointments within the SIA Group of Companies. She was Vice President Finance at SilkAir (Singapore) Private Limited before she joined SIAEC on 12 April 2017 as Vice President Finance. Ms Ng is also a Director of Aviation Partnership (Philippines) Corporation.

Ms Ng holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore.

Mr Ng Jan Lin Wilin
Senior Vice President Innovation, Technology & Fleet Management

Mr Ng was appointed Senior Vice President Innovation, Technology & Fleet Management on 1 April 2019. He joined SIAEC in August 1994 and has held various senior positions in Line Maintenance Division and Information Technology Division. He was appointed Vice President Line Maintenance in 2011 and Vice President Information Technology in 2015. In addition, Mr Ng has also been seconded to SIA, where he served in the areas of Material Management and Fleet Management.

Mr Ng is a Director of Goodrich Aerostructures Service Center – Asia Pte. Ltd., Goodrich Aerostructures Service (China) Co. Ltd, Pan Asia Pacific Aviation Services Limited (Hong Kong) and Panasonic Avionics Services Singapore Pte. Ltd.

Mr Ng holds a Master of Business Administration degree and a Bachelor of Engineering (Honours) degree from Nanyang Technological University, Singapore.

NOMINATING COMMITTEE

(Principle 4)

The Nominating Committee comprises three Non-Executive Directors, the majority of whom, including the Chairman, are independent. The key responsibilities of the Nominating Committee, in accordance with the terms of its Charter, are set out in the subsequent paragraphs. The members of the Nominating Committee are:

Chairman:	Mrs Christina Ong
Members:	Mr Ng Chin Hwee
	Mr Chew Teck Soon

The Nominating Committee, in accordance with the terms of reference under its Charter as delegated by the Board, 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. In support of gender diversity, the Nominating Committee also ensures that appropriate efforts are made to include suitably qualified women in the list of candidates for a Board position. The Nominating Committee has developed a Skills Matrix, which denotes the experience and expertise of Directors in relation to the Company's business activities and strategic goals. The Skills Matrix, which serves as a guide to identify the competencies and attributes for new Board appointments, is regularly updated and reviewed by the Nominating Committee.

Annually, the Nominating Committee reviews each Director's independence, taking into consideration the relevant guidelines of the Code and requirements of the Listing Manual.

New appointments to the Board are carefully selected to augment core competencies and experience of the Board to ensure overall effectiveness and informed decision-making. In the evaluation of potential appointees to the Board, members of the Nominating Committee, together with the Chairman of the Board, meet with candidates to assess their eligibility. If the candidates meet the required criteria, the Nominating Committee will recommend its selection to the Board for approval.

In September 2018, the Nominating Committee recommended the appointment of Mr Chin Yau Seng as Director with effect from 8 October 2018. The appointment was approved by the Board. Mr Chin Yau Seng is considered a Non-Independent Director.

Annually and from time to time, the Nominating Committee evaluates the need to appoint a Lead Independent Director. The Nominating Committee also reviews compliance with the Code requirements under its purview, and deviations are explained.

The Company has in place a policy whereby Directors consult the Chairman of the Board and the Nominating Committee Chairman prior to accepting other board directorships. Directors must also immediately report changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence. Every Director confirms annually in writing his/her availability and time commitment to focus on the affairs of the Company in the discharge of his/her duties as a Director.

Having reviewed the contributions of each Director and his/her attention to the affairs of the Company, taking into account his/her executive appointments, listed company board representations, other principal commitments, and the record of each Director's attendance at Board and Board Committee meetings for FY2018/19, the Nominating Committee was of the view that each Director had carried out his/her duties adequately. Accordingly, the Board has determined that there is no necessity, for the time being, to set a maximum limit on a Director's other listed board representations. The Company will continue to disclose each Director's listed company board directorships and principal commitments in the Company's Annual Report.

Pursuant to Article 90 of the Company's Constitution, one third of Directors for the time being shall retire at each AGM. Retiring Directors are those who have served longest since their last election. They are eligible to offer themselves for re-election under Article 91, subject to the endorsement of the Nominating Committee and approval of 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 96 of the Company's Constitution.

At the 37th AGM to be held on 19 July 2019, Mrs Christina Ong, Dr Raj Thampuran and Mr Ng Chin Hwee will retire under Article 90 of the Company's Constitution. Mr Chin Yau Seng will retire under Article 96 of the Company's Constitution.

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 Mrs Christina Ong, Dr Raj Thampuran, Mr Ng Chin Hwee and Mr Chin Yau Seng, all of whom are willing to serve.

During FY2018/19, the Nominating Committee held 3 meetings, and also undertook, inter alia, 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 of Mr Chin Yau Seng as a Director, with effect from 8 October 2018;

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

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

(e) considered ongoing training of Directors, and recommended suitable training programmes;

(f) assessed if a Director was able to and had carried out his/her duties as Director of the Company considering his/her other Board appointments; and

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

The Company has no alternate Directors on its Board.

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 $5.0 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 are:

Members: Mr Tang Kin Fei *(appointed on 19 July 2018)*
Mr Goh Choon Phong

Mr Stephen Lee Ching Yen stepped down as a member of the Board Committee on 19 July 2018.

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 Investment 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. Following the release of the mid-year and full-year results, the CFO and key management representatives also meet with investors to explain the 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. Under the multiple proxies regime introduced pursuant to the Companies (Amendment) Act 2014, "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund ("CPF") Board are allowed to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at shareholder meetings.

At shareholder meetings, every proposal requiring approval is tabled as a separate resolution. For details on resolutions proposed for the 2019 AGM, please refer to the 'Notice of AGM' in this Annual Report, which is also found on the Company's website. With effect from the 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 SGXNET. Currently, shareholders can vote by proxy but not in absentia. The Company will consider amending its Constitution 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 extraordinary general meetings are principal forums for dialogue with shareholders. At each AGM, the CEO updates shareholders on key developments in the MRO industry and measures being taken by the Company to address these developments, as well as its strategic direction. 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 these meetings to address questions from shareholders. Minutes of shareholder meetings are made available to shareholders on request.

The Company adopts transparent, accountable and effective communication practices as a key means to enhance standards of corporate governance, and aims to provide clear and continuous disclosure of its corporate governance practices through efficient use of technology. The following information is made available on the Company's website and/or SGXNET on a timely basis:

(a) Board of Directors and Key Executives' profiles;

(b) Notices of shareholder meetings;

(c) Annual Reports;

(d) Letters and circulars to shareholders;

(e) Company announcements;

(f) Press releases; and

(g) Financial results.

The Company's website has a dedicated "Investor Relations" link, which features the latest and past financial results and related information. The contact details of the Investor Relations team are also available on the Company's website to enable shareholders to contact the Company easily. The Company also has procedures in place for addressing investors' and shareholders' queries or complaints as soon as possible.

SECURITIES TRANSACTIONS

As prescribed in the Listing Manual, the Company has adopted a policy and guidelines for dealings in the Company's securities (the "Policy and Guidelines"), 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 within the Policy and Guidelines 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, Chapter 289 of Singapore when trading in the Company's or any other related corporation's securities.

CORPORATE GOVERNANCE

THE COMPANY'S COMPLIANCE AND DISCLOSURE SCORE-CARD ON THE CODE

The following table summarises the Company's compliance with the Code principles (and takes into account, where relevant, the guidance provided by the Disclosure Guide on corporate governance issued by the SGX-ST on 29 January 2015). 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.**	✓	41-42
Guideline 1.3 Delegation of authority, by the Board to any Board Committee, to make decisions on certain Board matters.	✓	41
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.	✓	43
Guideline 1.5 Disclosure in the Annual Report of the types of material transactions that require Board approval.	✓	41
Guideline 1.6 Information on induction, orientation and training provided to new and existing Directors.	✓	42
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.**	✓	44
Guideline 2.1 There should be a strong and independent element on the Board, with Independent Directors making up at least one-third of the Board.	✓	44
Guideline 2.3 • Each Director considered to be independent by the Board;	✓	43
• 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.	✓	44
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.	✓	44

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Guideline 2.6 The Board and its Board Committees should comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.	✓	44
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.**	✓	45
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members.	✓	45
Guideline 3.3 Every Company should appoint a Lead Independent Director where the Chairman is not an Independent Director.	✓	45
Principle 4: Board Membership **There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.**	✓	64-65
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.	✓	64-65
Guideline 4.4 The maximum number of listed company Board representations which Directors may hold.	–	65
Guideline 4.6 Process for the selection, appointment and re-appointment of new Directors to the Board, including the search and nomination process.	✓	64-65
Guideline 4.7 Key information regarding Directors, including which Directors are Executive, Non-Executive or considered by the NC to be independent.	✓	43, 74-85
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.**	✓	45
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.	✓	45

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
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.**	✓	46
Guideline 6.1 Management has an obligation to supply the Board with complete, adequate information in a timely manner. Relying purely on what is volunteered by Management is unlikely to be enough in all circumstances and further enquiries may be required if the particular Director is to fulfil his duties properly. Hence, the Board should have separate and independent access to Management. Directors are entitled to request from Management and should be provided with such additional information as needed to make informed decisions. Management shall provide the same in a timely manner.	✓	46
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.**	✓	55-56
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.	✓	55-56
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.	✓	55, 61
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.**	✓	56-61
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.**	✓	56-61
Guideline 9.1 • Remuneration of Directors, the CEO and at least the top 5 key management personnel of the Company.	✓	57-58
• 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.	✓	59

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		
• Directors' remuneration;	✓	57
• CEO's remuneration.	✓	57
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.	✓	58
• In addition, the Company should disclose in aggregate the total remuneration paid to the top 5 key management personnel.	✓	59
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.	✓	58
Guideline 9.5 Details and important terms of employee share schemes.	✓	60-61
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.	✓	61
Principle 10: Accountability **The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.**	✓	46

CORPORATE GOVERNANCE

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
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.**	✓	47-50, 52-54
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.	✓	50, 54
• 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.	✓	54
Principle 12: Audit Committee ("AC") **The Board should establish an AC with written terms of reference which clearly set out its authority and duties.**	✓	50-53
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.	✓	50-53
Guideline 12.6 Aggregate amount of fees paid to the external auditor for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement.	✓	52
Guideline 12.7 The existence of a whistle-blowing policy.	✓	52
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.	✓	50-53
Principle 13: Internal Audit **The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.**	✓	53

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
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.**	✓	66-67
Guideline 14.3 Allow corporations which provide nominee or custodial services to appoint more than 2 proxies.	✓	66
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.**	✓	66-67
Guideline 15.4 Steps taken to solicit and understand shareholders' views, eg through analyst briefings, investor roadshows or Investors' Day briefings.	✓	66-67
Guideline 15.5 • Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders.	–	66
• Where dividends are not paid, the Company must disclose its reasons.	✓	66
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.**	✓	67
Guideline 16.1 Companies should allow for absentia voting at general meetings of shareholders.	–	67

FURTHER INFORMATION ON BOARD OF DIRECTORS

MR TANG KIN FEI
CHAIRMAN, BOARD OF DIRECTORS
CHAIRMAN, COMPENSATION & HR COMMITTEE
Non-executive and Independent Director

Mr Tang Kin Fei was appointed Director and Deputy Chairman on 8 May 2017 and subsequently, as Chairman on 19 July 2018. He was the Group President and Chief Executive Officer of Sembcorp Industries Ltd from 1 May 2005 until his retirement on 31 March 2017. He then remained as an Advisor and a non-executive Director on the Board of Sembcorp Industries until 31 May 2017.

Mr Tang, who was with the Sembcorp Group for 30 years, has been credited with driving its transformation into an international energy, water, marine and urban development group. Prior to his appointment as Group President and Chief Executive Officer, Mr Tang headed Sembcorp's utilities business on Jurong Island in Singapore, which grew into a global energy and water player with a sizeable portfolio of assets and capabilities. Before joining Sembcorp, Mr Tang was the Managing Director of Wescon Asia and a project engineer in Esso Singapore.

Mr Tang is currently the Chairman of Singapore LNG Corporation Pte Ltd, a major energy infrastructure project with strategic intent. He is also a Director of Summit Power International Ltd and Singapore Cooperation Enterprise, a Board Member of the National Research Foundation, the Council Chairman of Ngee Ann Polytechnic and Vice Chairman of the Kwong Wai Shiu Hospital, a charitable hospital which provides care for needy patients.

Age: 68

Academic and Professional Qualifications:
- Bachelor of Mechanical Engineering (1st Class Honours), University of Singapore
- Advanced Management Programme, INSEAD, France

Other Principal Commitments

	Company	Title
1.	Singapore LNG Corporation Pte Ltd	Chairman
2.	Summit Power International Ltd	Director
3.	Singapore Cooperation Enterprise	Director
4.	Ngee Ann Polytechnic	Council Chairman
5.	Kwong Wai Shiu Hospital	Vice-Chairman
6.	National Research Foundation	Board Member

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Sembcorp Industries Ltd	Director
2.	Sembcorp Marine Ltd	Director
3.	Sembcorp Development Ltd	Director
4.	Singapore-Sinchuan Investment Holdings Pte Ltd	Director
5.	Sembcorp Properties Pte Ltd	Director
6.	Sembcorp Utilities Pte Ltd	Chairman
7.	Sembcorp Environment Pte Ltd	Chairman
8.	Sembcorp Gas Pte Ltd	Chairman
9.	Sembcorp Cogen Pte Ltd	Chairman
10.	Sembcorp Renewables Pte Ltd	Director
11.	Sembcorp (China) Holding Co., Ltd	Chairman
12.	P.T. Adhya Tirta Batam	Commissioner
13.	Sembcorp Salalah Power and Water Company SAOG	Chairman
14.	Sembcorp Utilities (UK) Limited	Chairman
15.	Thermal Powertech Corporation India Limited	Chairman
16.	Sembcorp Gayatri Power Limited	Chairman
17.	Sembcorp Green Infra Limited	Chairman
18.	Penglai Jutal Offshore Engineering Heavy Industry Co. Ltd	Vice Chairman
19.	Defence Science & Technology Agency Board	Board Member
20.	Nanyang Technological University	Chairman, College Advisory Board
21.	Climate Change Network, National Climate Change Secretariat	Member
22.	Shenzhen Chiwan Sembawang Engineering Company Limited	Chairman
23.	Singapore Chinese Chamber of Commerce and Industry	Council Member

MR CHEW TECK SOON
CHAIRMAN, AUDIT COMMITTEE
Non-Executive and Independent Director

Mr Chew joined the Board as an Independent Director on 1 May 2013. He devoted almost 38 years of international experience in the auditing profession. He joined the Singapore firm of Coopers & Lybrand in January 1972, qualified in its UK firm as a Certified and Chartered Accountant in 1976, and was admitted as an audit partner in 1985 following a one year attachment to the US firm to up skill his knowledge and experience in cyber security. He retired in December 2009 from the firm, now known as PricewaterhouseCoopers. His 38-year career in international auditing and accounting has equipped him with a deep knowledge and an extensive experience on business and capital structures, strategies and risks, finance management and accounting, management training and sound corporate governance practice.

Age: 67

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 (now known as Institute of Singapore Chartered Accountants)
- Fellow, Institute of Certified Public Accountants Singapore (now known as Institute of Singapore Chartered Accountants)
- Executive MBA Programme of Stanford-NUS
- Executive MBA Programme of INSEAD-Coopers & Lybrand

Other Principal Commitments

	Organisation/Company	Title
1.	Leap Philanthropy Ltd	Director and Chairman, Audit Committee
2.	Stroke Support Station Ltd	Director and Chairman, Audit Committee

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	IL&FS Wind Power Management Pte Ltd	Director and Chairman, Audit Committee
2.	JW Marriott Phuket Beach Club	Chairman, Advisory Committee
3.	The Tanglin Club	Chairman, Audit Committee

CORPORATE GOVERNANCE

MRS CHRISTINA ONG

CHAIRPERSON, NOMINATING COMMITTEE
Non-Executive and Independent Director

Mrs Ong was appointed Director on 1 January 2014. She is Co-Chairman and Senior Partner of Allen & Gledhill LLP, where she headed the Financial Services Department for many years. 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 Oversea-Chinese Banking Corporation Ltd, Singapore Telecommunications Ltd, Hongkong Land Holdings Limited and Epimetheus Ltd. She is also a Director of Allen & Gledhill Regulatory & Compliance Pte Ltd, Eastern Development Pte Ltd and Eastern Development Holdings Pte Ltd (companies associated with Allen & Gledhill LLP). Mrs Ong is a member of the Corporate Governance Advisory Committee, which is a standing committee established by The Monetary Authority of Singapore, and a member of the Supervisory Committee of the ABF Singapore Bond Index Fund. She is also a Trustee of the Stephen A. Schwarzman Scholars Trust.

Age: 67

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.	Oversea-Chinese Banking Corporation Ltd	Director
2.	Singapore Telecommunications Ltd	Director
3.	Hongkong Land Holdings Limited	Director

Other Principal Commitments

	Organisation/Company	Title
1.	Allen & Gledhill LLP	Co-Chairman & Senior Partner
2.	Allen & Gledhill Regulatory & Compliance Pte. Ltd.	Director
3.	Eastern Development Pte Ltd	Director
4.	Eastern Development Holdings Pte. Ltd.	Director
5.	Epimetheus Ltd	Director
6.	The Stephen A. Schwarzman Scholars Trust	Trustee
7.	Catalyst Advisory Panel	Member
8.	ABF Singapore Bond Index Fund	Member, Supervisory Committee
9.	Corporate Governance Advisory Committee	Member

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Singapore Tourism Board	Board Member
2.	Trailblazer Foundation Ltd	Director

MR MANOHAR KHIATANI

CHAIRMAN, BOARD SAFETY & RISK COMMITTEE
Non-executive and Independent Director

Mr Manohar Khiatani was appointed Director on 1 April 2013. He is the Deputy Group Chief Executive Officer of Ascendas-Singbridge Pte Ltd, a leading provider of integrated urban development and business space solutions with a wide presence across Asia and assets under management exceeding S$20 billion. He was previously the Chief Executive Officer of Jurong Town Corporation (JTC), where he spearheaded the development of infrastructure solutions for various industrial sectors in Singapore. 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 served several years as the Managing Director of Preussag SEA, a diversified German conglomerate.

Age: 59

Academic and Professional Qualifications:

- Master of Science (Naval Architecture), University of Hamburg, Germany
- Advanced Management Program, Harvard Business School

Other Principal Commitments

	Organisation/Company	Title
1.	Ascendas Pte Ltd	Director
2.	Ascendas Investment Pte Ltd	Director
3.	Ascendas Land International Pte Ltd	Director
4.	Ascendas Land (Singapore) Pte Ltd	Director
5.	Ascendas Development Pte Ltd	Director
6.	Ascendas Frasers Pte Ltd	Director
7.	Ascendas (China) Pte Ltd	Director
8.	Ascendas Vietnam Investments Pte Ltd	Director
9.	Ascendas (Korea) Pte Ltd	Director
10.	Ascendas Media Hub Pte Ltd	Director
11.	Ascendas-Citramas Pte Ltd	Director
12.	Ascendas Property Fund Trustee Pte Ltd	Director
13.	Ascendas Funds Management (S) Ltd	Director
14.	Ascendas Hospitality Fund Management Pte Ltd	Director
15.	Ascendas Hospitality Trust Management Pte Ltd	Director
16.	Nusajaya Tech Park Sdn Bhd	Director
17.	Information Technology Park Limited	Director
18.	Ascendas IT Park (Chennai) Limited	Director
19.	Ascendas Asia-Pacific (Holdings) Pte Ltd	Director
20.	Ascendas Land International (Investments) Pte. Ltd.	Director
21.	Ascendas Development (Holdings) Pte Ltd	Director
22.	Ascendas India Logistics Pte Ltd	Director
23.	Singapore Amaravati Investment Holdings Pte Ltd	Chairman / Director
24.	Ascendas-Singbridge Holdings Pte Ltd	Director
25.	Ascendas-Singbridge Pte. Ltd.	Alternate Director
26.	Jilin Food Zone Pte Ltd	Alternate Director

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	ASB Flex Pte. Ltd.	Director
2.	Ascendas Holdings (Manila) Pte Ltd	Director
3.	Ascendas India Logistics Holdings Pte Ltd	Director

MR GOH CHOON PHONG

Non-executive and Non-independent 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 of Singapore Airlines, Mr Goh was Executive Vice President for Marketing and the Regions. He also served as President of Singapore Airlines Cargo Pte Ltd from 2006 to 2010, Senior Vice President Finance from 2004 to 2006 and Senior Vice President Information Technology from 2003 to 2004.

Mr Goh is the Chairman of Budget Aviation Holdings Pte Ltd, which owns and manages Scoot. He is also a Director of Mastercard Incorporated, a member of the Board of Trustees of the National University of Singapore, a member of the Board of Governors of the International Air Transport Association and is on the Executive Committee of the Association of Asia Pacific Airlines.

Mr Goh is also a member of the MIT Presidential CEO Advisory Board, made up of CEOs from leading companies in a variety of industries around the world. He was the 2015 recipient of the Centre for Aviation's 'Asia-Pacific Airline CEO of the Year Award'. In 2016, he received the 'CEO Lifetime Achievement Award' from the Airline Passenger Experience Association as well as the 'Eisenhower Global Innovation Award' from the Business Council for International Understanding. He was also named 'Outstanding Chief Executive Officer of the Year' in the Singapore Business Awards 2017 and 'Person of the Year' by Orient Aviation magazine in 2018.

Age: 55

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.	Mastercard Incorporated	Director
2.	Singapore Airlines Ltd	Director and Chief Executive Officer

Other Principal Commitments

	Organisation/Company	Title
1.	Budget Aviation Holdings Pte Ltd	Chairman
2.	International Air Transport Association	Member, Board of Governors
3.	National University of Singapore	Member, Board of Trustees
4.	Massachusetts Institute of Technology	Member, Presidential CEO Advisory Board
5.	Association of Asia Pacific Airlines	Executive Committee Member

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	International Air Transport Association	Chairman, Board of Governors
2.	National Council of Social Service	Member, Care & Share @ SG50 Steering Committee

MR NG CHIN HWEE

Non-executive and Non-independent Director

Mr Ng was appointed Director on 18 July 2008. He is the Executive Vice President for Human Resources and Operations in Singapore Airlines Ltd. He joined Singapore Airlines in 1985 and has been appointed to various senior positions in Singapore and overseas.

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 Singapore Airlines as 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 currently takes charge of the divisions of Cabin Crew, Engineering, Flight Operations, Customer Services and Operations, and Human Resources.

Mr Ng is presently a Director of Budget Aviation Holdings Pte Ltd and NokScoot Airlines Co Ltd. He is also a member of the Advisory Council on Community Relations in Defence (Employer and Business) and a member of the Future Economy Council, Trade and Connectivity Sub-Committee.

Age: 58

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 Principal Commitments

	Organisation/Company	Title
1.	Budget Aviation Holdings Pte Ltd	Director
2.	NokScoot Airlines Co Ltd	Director
3.	Advisory Council on Community Relations in Defence (Employer and Business)	Member
4.	Future Economy Council, Trade and Connectivity Sub-Committee	Member

Directorships/Appointments in the past 3 years

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

DR RAJ THAMPURAN

Non-executive and Independent Director

Dr Thampuran was appointed Director on 1 September 2016. He is currently the Managing Director as well as a Board Director of the Agency for Science, Technology and Research (A*STAR). Dr Thampuran joined A*STAR in 2000 as Head of the Technology Planning Unit, and has held various executive positions in the Electronics, Engineering and Chemicals clusters, the Institute of High Performance Computing, and in planning and policy. In these positions and capacities, Dr Thampuran was involved in planning and establishing the framework for Research Councils; helped to plan, manage and support the capability development efforts of public sector performers in areas identified for technological growth; developed initiatives and various schemes to support R&D involving the universities and other institutions of higher learning; spearheaded the R&D portfolio and industry development efforts under the Institute of High Performance Computing; and interacted with policy makers and Ministry officials to establish A*STAR's contributions to the National R&D Framework, amongst others.

Dr Thampuran is also the Chairman of Exploit Technologies Pte Ltd, a Board Member of the Defence Science and Technology Agency and a Director of Advanced Micro Foundry Pte Ltd.

Age: 55

Academic and Professional Qualifications:

- Bachelor of Mechanical Engineering (Honours)
- PhD in Materials Science – Postdoctoral Fellowship
- Advanced Management Programme, INSEAD (Fountainbleu)
- Fellow, Singapore Academy of Engineers

Other Principal Commitments

	Organisation/Company	Title
1.	Exploit Technologies Pte Ltd	Chairman
2.	Agency for Science, Technology & Research	Board Member
3.	Defence Science and Technology Agency	Board Member
4.	Advanced Micro Foundry Pte Ltd	Director
5.	D3 Steering Committee	Chairman
6.	ASEAN Committee on Science & Technology	Chairman
7.	Nanyang Technological University	Adjunct Professor
8.	National University of Singapore (Faculty of Engineering)	Adjunct Professor
9.	Tropical Marine Science Institute	Member of Management Board
10.	Committee on Autonomous Road Transport for Singapore	Member
11.	College Advisory Board for the College of Engineering (NTU)	Chairman
12.	NUS Engineering Faculty Advisory Board	Member
13.	Advisory Committee for Bioengineering Education (NTU)	Member
14.	Digital Economy Committee	Member
15.	The Institution of Engineers (IES) – College of Fellows (CoF) Board	Member

MR WEE SIEW KIM

Non-executive and Independent Director

Mr Wee Siew Kim was appointed Director on 8 May 2017. He is currently the Group Chief Executive Officer of NIPSEA Group, a paints and coatings company with 77 manufacturing facilities and operations spanning 17 countries and regions in Asia.

Prior to his current position, Mr Wee was Deputy CEO and President (Defence Business) of Singapore Technologies Engineering Ltd. Mr Wee started his career with Singapore Technologies in 1984 as an engineer in Singapore Aircraft Industries Pte Ltd, the predecessor company of Singapore Technologies Aerospace Ltd. During his 25-year career with Singapore Technologies, Mr Wee held appointments in engineering, business development and management, including operating stints in the United States of America, China, Europe and Singapore.

Mr Wee is also a Director of Mapletree Logistics Trust Management Ltd.

Age: 58

Academic and Professional Qualifications:

- Bachelor of Science in Aeronautical Engineering (Honours), Imperial College of Science and Technology
- Master of Business Administration, Graduate School of Business, Stanford University
- Fellow, City and Guilds of London Institute

Current Directorships In Other Listed Companies

	Company	Title
1.	Mapletree Logistics Trust Management Ltd	Director

Other Principal Commitments

	Organisation/Company	Title
1.	Asia Industries Ltd	Director
2.	Nippon Paint (Singapore) Company Private Limited	Director
3.	Nippon Paint (Vietnam) Company Ltd	Director
4.	Nippon Paint Vietnam (Hanoi) Pte Ltd	Director
5.	Nippon Paint (Malaysia) Sendirian Berhad	Director
6.	Paint Marketing Company (M) Sdn Bhd	Director
7.	Nippon Paint (Thailand) Company Ltd	Director
8.	Nipsea Chemical Korea	Director
9.	Nippon Paint (HK) Co Ltd	Director
10.	Nippon Paint (China) Co Ltd	Director
11.	Nippon Paint (India) Pvt Ltd	Director
12.	Nippon Paint And Surface Chemicals Pvt Ltd	Director
13.	Guangzhou Nippon Paint Co Ltd	Director
14.	Nippon Paint (Chengdu) Co Ltd	Director
15.	Nippon Paint (HK) Co Ltd Taiwan Branch	Director
16.	Nippon Paint (Tianjin) Co Ltd	Director
17.	Yashili Paint (Suzhou) Co Ltd	Director
18.	Langfang Nippon Paint Co Ltd	Director

	Organisation/Company	Title
19.	BK & NP Automotive Coatings (Shanghai) Co Ltd	Director
20.	Nippon Paint (Pakistan) Limited	Director
21.	Nippon Paint Industrial Coatings (Shanghai) Co Ltd	Director
22.	Nippon Paint China Holdings Co Ltd	Director
23.	Nippon Paint (Zhengzhou) Co Ltd	Director
24.	Nippon Paint (Hebei) Co Ltd	Director
25.	Nippon Paint Decorative Coatings (Thailand) Co Ltd	Director
26.	NP Auto Refinishes Co Ltd	Director
27.	Nippon Paint (Shenyang) Co Ltd	Director
28.	Nippon Paint Lanka (Private) Ltd	Director
29.	Nippon Paint Bangladesh Pvt Ltd	Director
30.	Nippon Paint (Kunming) Co Ltd	Director
31.	Nippon Paint (HuBei) Co Ltd	Director
32.	Nippon Paint New Materials (Shanghai) Co Ltd	Director
33.	Nippon Paint Malaysia (S) Pte Ltd	Director
34.	HSJ Pte Ltd	Director
35.	Nippon Paint Engineering Materials (Guangzhou) Co Ltd	Director
36.	Nippon Paint Decoration Materials (Guangzhou) Co Ltd	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	ES Group (Holdings) Limited	Chairman
2.	SBS Transit Ltd	Director
3.	1988 JV Pte Ltd (In Members' Voluntary Winding Up)	Director
4.	Langfang Nippon Paint Lidong Co Ltd	Director
5.	Nippon Paint New Materials (Wuhan) Co Ltd	Director
6.	Nippon Paint (Shanghai) Research & Development Co Ltd	Director
7.	Nippon Paint (Foshan) Co Ltd	Director

MR CHIN YAU SENG

Non-executive and Non-independent Director

Mr Chin was appointed Director on 8 October 2018. Mr Chin is currently Senior Vice President Cargo of Singapore Airlines Ltd, which is a position that he has held since April 2018 when SIA Cargo was reintegrated as a division within Singapore Airlines. Prior to that, he was President of Singapore Airlines Cargo Pte Ltd from May 2014.

Mr Chin has also served as Chief Executive Officer of SilkAir (Singapore) Pte Ltd from 2007 to 2010 and Tiger Airways Holdings Ltd from 2011 to 2012 as well as in other senior executive roles in Singapore Airlines, including as Senior Vice President Sales & Marketing from 2012 to 2014.

Mr Chin is a Director of Singapore Airlines Cargo Pte Ltd and Krisshop Pte. Ltd, and a member of the Cargo Committee of the International Air Transport Association (IATA). He was previously a Director of Tiger Airways Holdings Ltd (then listed on the Singapore Exchange), China Cargo Airlines Company Ltd, Abacus International Holdings Ltd and Tradewinds Tours & Travel Pte Ltd.

Age: 47

Academic and Professional Qualifications:
- Master of Science in Operational Research
- Bachelor of Science in Economics (Accounting & Finance), The London School of Economics & Political Science

Other Principal Commitments

	Organisation/Company	Title
1.	Singapore Airlines Cargo Pte Ltd	Director
2.	KrisShop Pte. Ltd. (formerly known as Singapore Airport Duty-Free Emporium (Private) Limited)	Director
3.	International Air Transport Association	Member, Cargo Committee

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	School of Hospitality, Republic Polytechnic	Member, School Advisory Committee

MR PNG KIM CHIANG

Non-independent Director and Chief Executive Officer

Mr Png was appointed Director on 1 November 2016. He is the Chief Executive Officer of SIA Engineering Company. He joined Singapore Airlines in 1975 and has had 44 years of experience in the aerospace industry.

Prior to his appointment as Chief Executive Officer on 1 April 2015, Mr Png was appointed Executive Vice President Operations in 2010, Senior Vice President Aircraft and Component Services in 2009, Senior Vice President Commercial in 2005 and Senior Vice President Services in 2001.

Mr Png is the Deputy Chairman of Boeing Asia Pacific Aviation Services Pte. Ltd. and Singapore Aero Engine Services Private Limited, and a Director of SIA Engineering (Philippines) Corporation.

Age: 60

Academic and Professional Qualifications:

- Master of Business Administration, National University of Singapore
- Bachelor of Science in Computation, University of Manchester Institute of Science and Technology

Other Principal Commitments

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

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Hong Kong Aero Engine Services Ltd	Director

MR STEPHEN LEE CHING YEN#

CHAIRMAN, BOARD OF DIRECTORS (until 19 July 2018)
CHAIRMAN, COMPENSATION & HR COMMITTEE (until 19 July 2018)
Non-executive and Non-independent Director

Mr Lee was appointed Director on 1 December 2005 and Chairman on 1 January 2006. He relinquished all his Committee appointments and retired as Chairman on 19 July 2018. He was previously the Chairman of Singapore Airlines Ltd until 31 December 2016. He is currently Chairman of Shanghai Commercial Bank Ltd (Hong Kong), NTUC Income Insurance Co-operative Ltd and Tripartite Alliance Limited. He is also the Managing Director of Shanghai Commercial & Savings Bank Ltd (Taiwan) and Great Malaysia Textile Investments Pte Ltd, a Director of CapitaLand Ltd and Temasek Holdings (Private) Limited, and a Member of the Council of Presidential Advisers.

Mr Lee was the President of the Singapore National Employers Federation from 1988 to 2014, and Chairman of the Singapore Business Federation, from 2002 to 2008, and International Enterprise Singapore, from 1995 to 2002. Mr Lee was conferred one of Singapore's highest state awards, the Order of Nila Utama (First Class), in 2015. He was also presented the Distinguished Comrade of Labour Award in 2015, the People's Republic of China Friendship Award to Foreign Experts in 2007, the Singapore Distinguished Service Order in 2006, and the Singapore Public Service Star in 1998. He was a Nominated Member of Parliament from 1994 to 1997.

Age: 71

Academic and Professional Qualifications:

- Master of Business Administration, Northwestern University, Illinois

Current Directorships In Other Listed Companies

	Company	Title
1.	CapitaLand Ltd	Director

Other Principal Commitments

	Organisation/Company	Title
1.	Great Malaysia Textile Investments Pte Ltd	Managing Director
2.	Shanghai Commercial & Savings Bank Ltd, Taiwan	Managing Director
3.	NTUC Income Insurance Co-operative Ltd	Chairman
4.	Shanghai Commercial Bank Ltd, Hong Kong	Chairman
5.	Tripartite Alliance Limited	Chairman
6.	M+S Pte Ltd	Deputy Chairman
7.	G2000 Apparel (S) Pte Ltd	Director
8.	Marina South Investments Pte Ltd	Director
9.	Ophir-Rochor Investments Pte Ltd	Director
10.	MS Property Management Pte Ltd	Director
11.	Kidney Dialysis Foundation	Director
12.	Singapore Labour Foundation	Director
13.	NTUC Enterprise Co-operative Ltd	Director
14.	Temasek Holdings (Private) Ltd	Director
15.	NTUC-ARU (Administration & Research Unit)	Member, Board of Trustees
16.	Dr Goh Keng Swee Scholarship Fund	Board Member
17.	Council of Presidential Advisers, Singapore	Member

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Singapore Airlines Ltd	Chairman
2.	China National Petroleum Corporation, Beijing	Director

The information is accurate as at 19 July 2018

MR TONG CHONG HEONG*

CHAIRMAN, BOARD SAFETY & RISK COMMITTEE (until 1 June 2018)
Non-executive and Independent Director

Mr Tong was appointed Director on 1 June 2014. He relinquished his Directorship and appointment as Chairman of the Board Safety & Risk Committee on 1 June 2018. 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 from 2009 to 2011 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 until 31 January 2016.

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 a Director of ITE Education Services Pte Ltd, a member of the Board of Trustees of the NTUC-U Care Fund and an Advisor to the Singapore Institute of International Affairs.

Age: 71

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, 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

Other Principal Commitments

	Organisation/Company	Title
1.	ITE Education Services Pte Ltd	Director
2.	NTUC-U Care Fund	Member, Board of Trustees
3.	Singapore Institute of International Affairs	Advisor

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Keppel Integrated Engineering Ltd	Director
2.	Keppel Infrastructure Holdings Pte Ltd	Director
3.	KOM Alumni	Chairman
4.	Singapore Maritime Institute	Member, Governing Council
5.	Institute of Technical Education	Member, Board of Governors

* The information is accurate as at 1 June 2018

STATISTICAL HIGHLIGHTS

	2018/19	2017/18[R1]	% Change
FINANCIAL STATISTICS [R2]			
Financial Results ($ million)			
Revenue	**1,020.9**	1,094.9	– 6.8
Expenditure	**964.1**	1,016.1	– 5.1
Operating profit	**56.8**	78.8	– 27.9
Profit before taxation	**179.1**	209.5	– 14.5
Profit attributable to owners of the parent	**160.9**	186.8	– 13.9
Financial Position ($ million)			
Equity attributable to owners of the parent	**1,528.6**	1,483.7	+ 3.0
Total assets	**1,845.2**	1,803.9	+ 2.3
Return on equity holders' funds (%) [R3]	**10.7**	12.4	– 1.7 pts
Value added ($ million)	**722.2**	762.1	– 5.2
Per Share Data (cents)			
Earnings after tax - basic [R4]	**14.38**	16.70	– 13.9
Earnings after tax - diluted [R5]	**14.35**	16.66	– 13.9
Net asset value [R6]	**136.6**	132.7	+ 2.9
Dividends (cents per share)			
Interim dividend	**3.0**	4.0	– 25.0
Final dividend	**8.0** #	9.0	– 11.1
PRODUCTIVITY AND EMPLOYEE DATA			
Average number of employees	**6,644**	6,548	+ 1.5
Revenue per employee ($)	**153,657**	167,208	– 8.1
Value added per employee ($)	**108,698**	116,395	– 6.6

proposed

Notes:

R1 The Group has adopted IFRS with effect from 1 April 2018. In accordance to the transition requirements, 2017/18 comparatives have been restated.

R2 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.

R3 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

R4 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 excluding treasury shares.

R5 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 excluding treasury shares, after adjusting for the dilutive effect on the exercise of all outstanding share options, performance shares and restricted shares granted to employees.

R6 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 excluding treasury shares at 31 March.

FINANCIALS

FINANCIAL REVIEW

EARNINGS

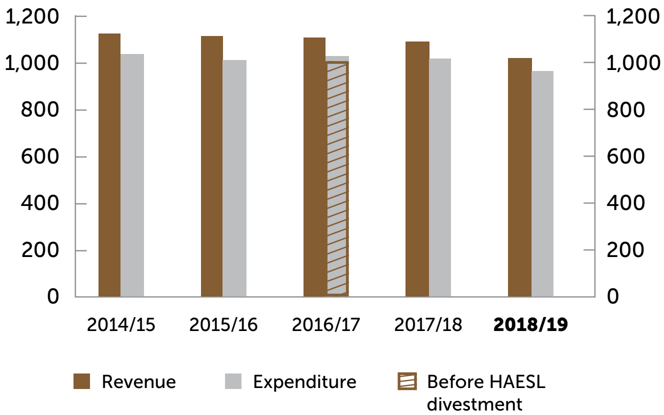
Group revenue at $1,020.9 million was 6.8% or $74.0 million lower than last year. Expenditure decreased $52.0 million (-5.1%) year-on-year to $964.1 million, mainly due to lower material and subcontract costs in line with lower workload. Operating profit of $56.8 million was $22.0 million or 27.9% lower year-on-year.

The Group posted a profit attributable to owners of the parent of $160.9 million in 2018/19, $25.9 million lower than that in 2017/18. Profit last year included a $15.0 million gain on the sale of the Group's shares in an associated company, Asian Compressor Technology Services Company Limited ("ACTS").

Basic earnings per share for the Group decreased by 2.32 cents (-13.9%) to 14.38 cents.

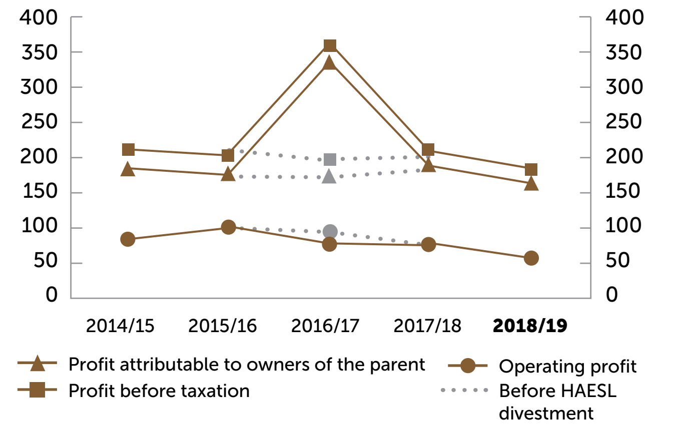
GROUP REVENUE AND EXPENDITURE

($ million)

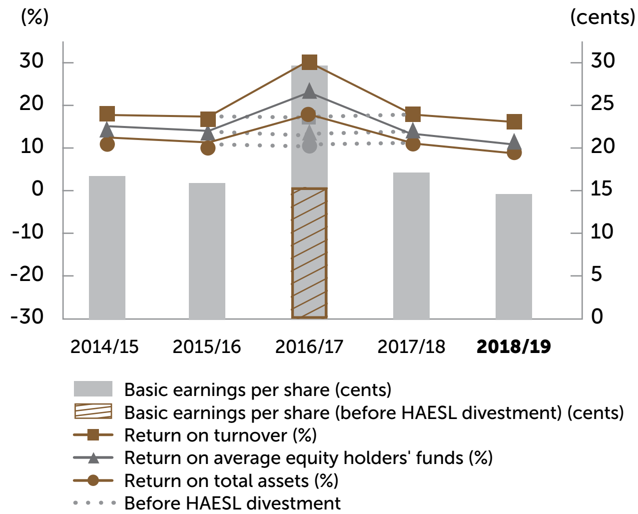


GROUP OPERATING PROFIT, PROFIT BEFORE TAXATION AND PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

($ million)



GROUP PROFITABILITY RATIOS



Profitability ratios of the Group are as follows:

	2018/19 %	2017/18 %	Change % points
Return on turnover	**15.8**	17.1	– 1.3
Return on average equity holders' funds	**10.7**	12.4	– 1.7
Return on total assets	**8.7**	10.4	– 1.7

The Group has adopted IFRS with effect from 1 April 2018. In accordance to the transition requirements, 2017/18 comparatives have been restated.

FINANCIAL REVIEW

REVENUE

The Group's revenue composition is as follows:

	2018/19 $ million	2017/18 $ million	Change $ million	%
Airframe and line maintenance				
– Airframe overhaul and line maintenance	**891.2**	942.5	– 51.3	– 5.4
– Fleet management programme	**100.2**	124.7	– 24.5	– 19.6
	991.4	1,067.2	– 75.8	– 7.1
Engine and component	**29.5**	27.7	+ 1.8	+ 6.5
Total	**1,020.9**	1,094.9	– 74.0	– 6.8

Revenue decreased 6.8% or $74.0 million to $1,020.9 million. Airframe and line maintenance revenue was lower, with a reduction in aircraft checks revenue and fleet management activities. Engine and component revenue was comparable to that of the previous year.

EXPENDITURE

A breakdown of the Group's expenditure is as follows:

	2018/19 $ million	2017/18 $ million	Change $ million	%
Staff costs	**488.7**	494.3	– 5.6	– 1.1
Material costs	**145.2**	186.5	– 41.3	– 22.1
Subcontract costs	**118.3**	133.9	– 15.6	– 11.7
Overheads	**211.9**	201.4	+ 10.5	+ 5.2
Total	**964.1**	1,016.1	– 52.0	– 5.1

Expenditure decreased $52.0 million or 5.1%. The main contributors were lower material costs and subcontract costs in line with the reduction in aircraft checks performed and lower fleet management activities. The decrease was partially offset by an increase in overheads.

OPERATING PROFIT

The Group's operating profit by segment is as follows:

	2018/19 $ million	2017/18 $ million	Change $ million	%
Airframe and line maintenance	**59.8**	81.9	– 22.1	– 27.0
Engine and component	**(3.0)**	(3.1)	+ 0.1	+ 3.2
Total	**56.8**	78.8	– 22.0	– 27.9

Contributions from the airframe and line maintenance segment decreased as lower revenue could not be mitigated by cost reductions. The engine and component segment's operating loss was $3.0 million, around the same as the year before.

FINANCIAL REVIEW

SHARE OF PROFITS OF ASSOCIATED AND JOINT VENTURE COMPANIES

Share of profits of associated and joint venture companies increased by $4.1 million (+3.7%) to $113.9 million.

In the third quarter for 2018/19, restructuring plans at the parent company of some associated companies in the engine and component segment affected certain qualifying criteria of their group tax incentive scheme. In the absence of an agreed revised tax incentive scheme, tax provision was revised upwards to the prevailing corporate tax rate. Notwithstanding this one-time upward revision in tax provision, share of profits from the engine and component centres increased $5.5 million or 5.0% to $115.4 million. The improvement was mainly due to the higher number and work content of engines shipped by Eagle Services Asia Private Limited ("ESA"). Share of profits from the other engine centre, Singapore Aero Engine Services Private Limited ("SAESL"), was comparable to the last financial year.

ESA's engine shipments were 136 in 2018/19, compared with 133 in 2017/18. SAESL's engine shipments were 282 in 2018/19, compared with 206 in 2017/18.

Contributions from the associated companies in the airframe and line maintenance segment decreased $1.4 million year-on-year.

TAXATION

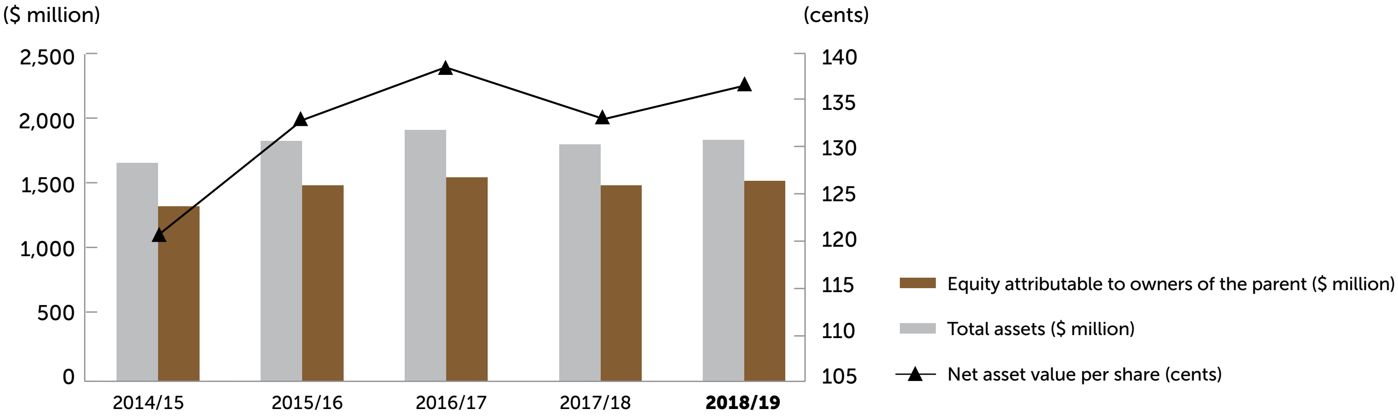
The Group's tax provision was $18.1 million for the financial year 2018/19, a decrease of $3.4 million (-15.8%) compared to last year.

FINANCIAL POSITION

Equity attributable to owners of the parent was $1,528.6 million as at 31 March 2019, an increase of $44.9 million (+3.0%). The increase was mainly due to profits earned for the year and a gain in foreign currency translation reserve as a result of the strengthening of the US dollar, partially offset by the payment of the 2017/18 final dividend and the 2018/19 interim dividend.

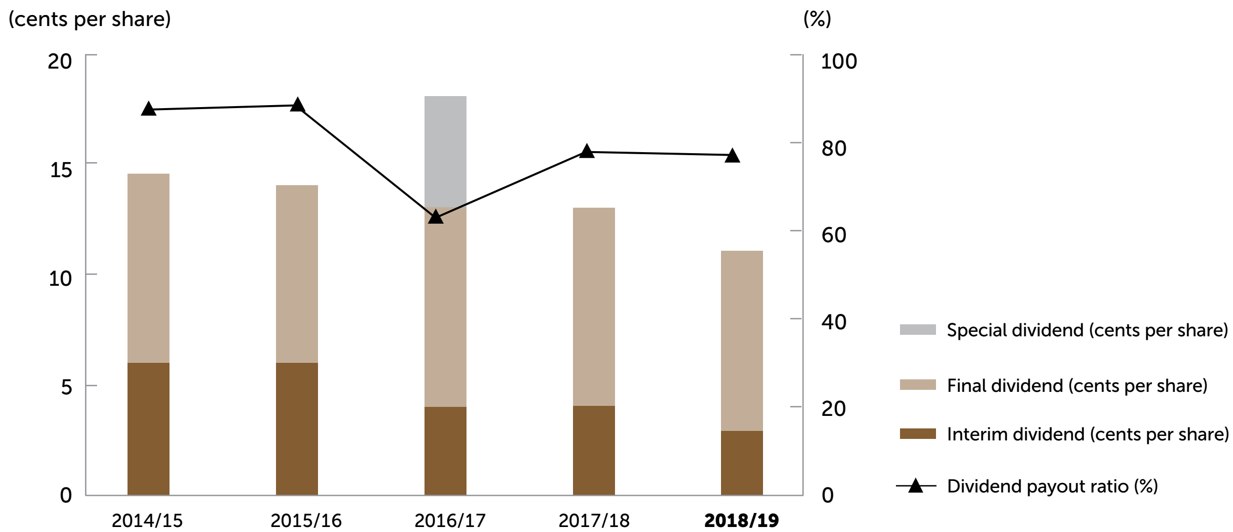
As of 31 March 2019, total Group assets amounted to $1,845.2 million, $41.3 million or 2.3% higher than a year ago. The cash balance of the Group was $521.6 million, an increase of $21.9 million (+4.4%), mainly from dividends received from associated and joint venture companies and cash generated from operations, partially offset by dividends paid. Net asset value per share of the Group at 136.6 cents was 3.9 cents (+2.9%) higher compared to 31 March 2018.

EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT, TOTAL ASSETS AND NET ASSET VALUE PER SHARE



DIVIDENDS

An interim dividend of 3.0 cents per share, amounting to $33.6 million, was paid on 21 November 2018. The Board recommends a final ordinary dividend of 8.0 cents per share for 2018/19. The final ordinary dividend (amounting to approximately $89.5 million), if approved by shareholders during the Annual General Meeting to be held on 19 July 2019, will be paid on 8 August 2019. This translates to a payout of approximately 76.5 percent.



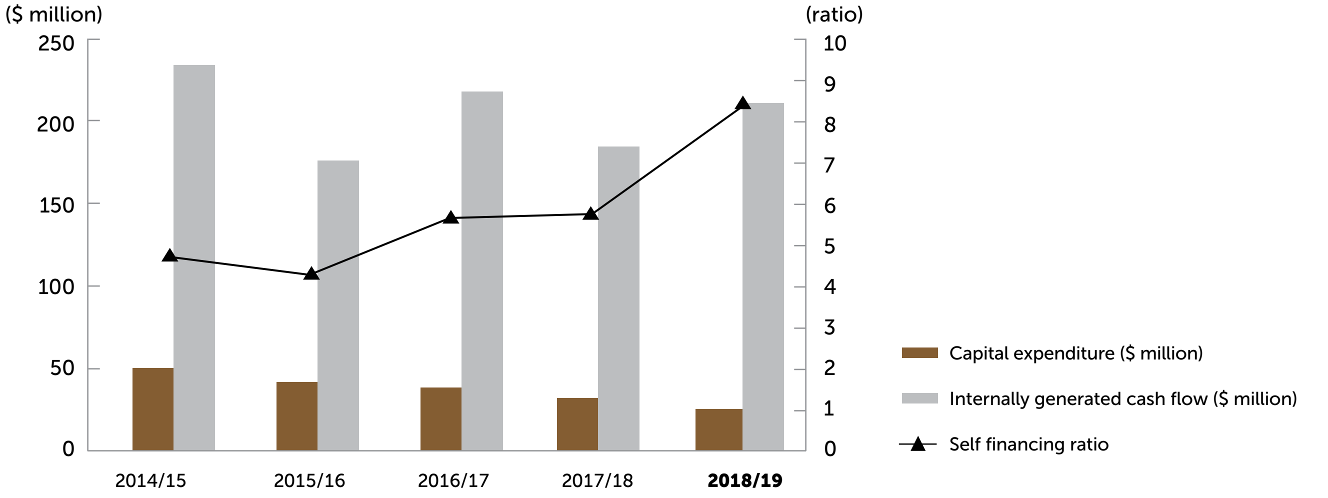
FINANCIAL REVIEW

CAPITAL EXPENDITURE AND CASH FLOW

Capital expenditure by the Group fell by $6.6 million (-20.9%) to $25.0 million in 2018/19. Approximately 61% of the expenditure was spent on plant, equipment and tooling projects, while 9% was on office equipment.

Internally generated cash flow increased $26.1 million (+14.3%) to $209.0 million. The self-financing ratio of cash flow to capital expenditure was 8.4 times, compared to 5.8 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 and staff productivity are as follows:

	2018/19	2017/18	% change
Revenue per employee ($)	**153,657**	167,208	– 8.1
Value added per employee ($)	**108,698**	116,395	– 6.6
Staff costs per employee ($)	**73,560**	75,496	– 2.6
Average number of employees	**6,644**	6,548	+ 1.5

STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION (IN $ MILLION)

	2018/19	2017/18
Revenue	**1,020.9**	1,094.9
Less:		
Purchase of goods and services	**(421.9)**	(464.3)
Value added on operations	**599.0**	630.6
Add:		
Interest income	**8.0**	4.9
Surplus on disposal of property, plant and equipment	**1.1**	1.0
Surplus on disposal of a subsidiary company	**0.3**	–
(Loss)/Surplus on disposal of an associated company	**(0.1)**	15.0
Surplus on dilution of shareholding in an associated company	**–**	0.8
Share of profits of associated and joint venture companies, net of tax	**113.9**	109.8
Total value added available for distribution	**722.2**	762.1
Applied as follows:		
To employees		
– Salaries and other staff costs	**488.7**	494.3
To government		
– Corporate taxes	**18.1**	21.5
To suppliers of capital		
– Interest charges	**0.9**	0.8
– Interim and proposed dividends	**123.1**	145.5
– Non-controlling interests	**0.1**	1.2
Retained for future capital requirements		
– Depreciation of property, plant and equipment	**49.5**	48.5
– Amortisation of intangible assets	**4.0**	5.4
– Impairment of property, plant and equipment	**–**	3.5
– Retained profit	**37.8**	41.4
Total value added	**722.2**	762.1
Value added per $ revenue ($)	**0.71**	0.70
Value added per $ employment cost ($)	**1.48**	1.54
Value added per $ investment in property, plant and equipment ($)	**0.91**	0.97

DIRECTORS' STATEMENT

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 2019.

In our opinion:

(a) the financial statements set out on pages 109 to 197 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 March 2019, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS"); and

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

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

1. DIRECTORS OF THE COMPANY

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

Tang Kin Fei	Chairman (Independent)
Goh Choon Phong	(Non-independent)
Ng Chin Hwee	(Non-independent)
Manohar Khiatani	(Independent)
Chew Teck Soon	(Independent)
Christina Hon Kwee Fong (Christina Ong)	(Independent)
Raj Thampuran	(Independent)
Wee Siew Kim	(Independent)
Chin Yau Seng	(Non-independent, appointed on 8 October 2018)
Png Kim Chiang	Chief Executive Officer

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangements to which the Company was a party, whereby Directors of the Company might acquire benefits by means of the acquisition of shares or share options in, or debentures of, the Company or any other body corporate, except as disclosed under "Directors' Interests in Ordinary Shares, Share Options and Debentures" and "Equity Compensation Plans of the Company" in this statement. Directors of the Company who are employees of the Company's immediate holding company, Singapore Airlines Limited ("SIA"), or its subsidiaries, also participate in SIA's Equity Compensation Plans, as disclosed in this statement.

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, Chapter 50 (the "Act"), interests (direct and deemed) in the following ordinary shares and share options of the Company, and of related corporations:

	Direct interest		Deemed interest	
Name of Director	1.4.2018/ date of appointment	31.3.2019	1.4.2018/ date of appointment	31.3.2019
Interest in Singapore Airlines Limited ("SIA")				
Ordinary shares				
Goh Choon Phong	889,554	981,379	–	–
Ng Chin Hwee	363,956	410,968	–	–
Manohar Khiatani	4,000	4,000	–	–
Chew Teck Soon	30,000[1]	37,000[1]	–	–
Chin Yau Seng	82,669	82,669	–	–
Png Kim Chiang	1,000	1,000	2,000	2,000
Conditional award of Restricted Share Plan ("RSP") shares[2]				
Goh Choon Phong				
– Base Awards	42,000	60,000	–	–
– Final Awards (Pending Release)	92,585	78,300	–	–
Ng Chin Hwee				
– Base Awards	21,000	30,000	–	–
– Final Awards (Pending Release)	46,292	39,150	–	–
Chin Yau Seng				
– Base Awards	19,500	19,500	–	–
– Final Awards (Pending Release)	29,368	29,368	–	–
Conditional award of Performance Share Plan ("PSP") shares[3]				
Goh Choon Phong				
– Base Awards	222,750	222,750	–	–
Ng Chin Hwee				
– Base Awards	89,100	89,100	–	–
Chin Yau Seng				
– Base Awards	32,400	32,400	–	–
Conditional award of deferred restricted shares[4]				
Goh Choon Phong				
– Base Awards	47,300	57,460	–	–
Ng Chin Hwee				
– Base Awards	24,920	28,230	–	–
Chin Yau Seng				
– Base Awards	14,480	14,480	–	–
Conditional award of transformation restricted shares[5]				
Goh Choon Phong				
– Base Awards	–	66,083	–	–
Ng Chin Hwee				
– Base Awards	–	30,839	–	–
Chin Yau Seng				
– Base Awards	17,622	17,622	–	–
$600 million 3.16% Notes due 2023				
Tang Kin Fei	–	$250,000	–	–

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

Name of Director	Direct interest 1.4.2018/ date of appointment	Direct interest 31.3.2019	Deemed interest 1.4.2018/ date of appointment	Deemed interest 31.3.2019
Interest in SIA Engineering Company Limited				
Ordinary shares				
Tang Kin Fei	–	–	20,000	20,000
Ng Chin Hwee	10,000[(6)]	10,000[(6)]	–	–
Png Kim Chiang	727,018[(7)]	819,418[(8)]	–	–
Conditional award of RSP shares[(9)]				
Png Kim Chiang				
– Base Awards	108,135	118,400	–	–
– Final Awards (Pending Release)	62,704	138,810	–	–
Conditional award of PSP shares[(10)]				
Png Kim Chiang				
– Base Awards	153,374	214,443	–	–
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Tang Kin Fei	190	30,190	190	190
Goh Choon Phong	1,610	1,610	–	–
Ng Chin Hwee	2,840	2,840	1,360	1,360
Chew Teck Soon	31,190[(1)]	47,190[(1)]	–	–
Raj Thampuran	600	600	–	–
Png Kim Chiang	1,610	1,610	1,360	1,360
Interest in Singapore Technologies Engineering Limited				
Ordinary shares				
Tang Kin Fei	100,000	100,000	50,000	50,000
Goh Choon Phong	6,000	6,000	–	–
Chew Teck Soon	–	4,000[(1)]	–	–
Christina Ong	1	1	–	–
Interest in Mapletree Commercial Trust				
Units				
Chew Teck Soon	20,000[(1)]	20,000[(1)]	–	–
Interest in Mapletree Greater China Commercial Trust				
Units				
Png Kim Chiang	260,000[(11)]	260,000[(11)]	–	–
Interest in Mapletree Global Student Accommodation Private Trust				
Units				
Class A (USD)				
Goh Choon Phong	4,823	4,823	–	–
Ng Chin Hwee	1,600	1,600	–	–
Class B (GBP)				
Goh Choon Phong	4,823	4,823	–	–
Ng Chin Hwee	1,600	1,600	–	–

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

Name of Director	Direct interest 1.4.2018/ date of appointment	Direct interest 31.3.2019	Deemed interest 1.4.2018/ date of appointment	Deemed interest 31.3.2019
Interest in Mapletree Industrial Trust				
Units				
Tang Kin Fei	–	24,000	–	–
Interest in Mapletree Logistics Trust				
Units				
Tang Kin Fei	–	20,000	–	–
Ng Chin Hwee	2,000	2,000	–	–
Interest in Mapletree Treasury Services Limited				
$700 million 3.95% Perpetual Bonds				
Tang Kin Fei	$500,000	$500,000	–	–
Interest in Mapletree US & EU Logistics Private Trust				
Units				
(USD)				
Ng Chin Hwee	–	185	–	–
Christina Ong	–	185	–	–
Wee Siew Kim	–	300	–	–
(EUR)				
Ng Chin Hwee	–	185	–	–
Christina Ong	–	185	–	–
Wee Siew Kim	–	300	–	–
Interest in Olam International Limited				
Ordinary shares				
Ng Chin Hwee	2,000	2,000	–	–
$250 million 6% Bonds due 2018				
Ng Chin Hwee	$1,000,000	–	–	–
$350 million 5.8% Fixed Rate Notes due 2019				
Tang Kin Fei	$250,000	$500,000	–	–
Interest in Ascendas Hospitality Trust				
Units				
Manohar Khiatani	52,000	52,000	–	–
Interest in Ascendas Real Estate Investment Trust				
Units				
Chew Teck Soon	40,000[(1)]	40,000[(1)]	–	–
Png Kim Chiang	108,000[(11)]	108,000[(11)]	–	–
Interest in StarHub Limited				
Ordinary shares				
Chew Teck Soon	10,000[(1)]	13,000[(1)]	–	–

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

Name of Director	Direct interest 1.4.2018/ date of appointment	Direct interest 31.3.2019	Deemed interest 1.4.2018/ date of appointment	Deemed interest 31.3.2019
Interest in Astrea IV Pte Ltd				
<u>$242 million Class A-1 4.35% Secured Fixed Rate Bonds due 2028</u>				
Chin Yau Seng	–	$8,000	–	–
Interest in Temasek Financial (IV) Pte Ltd				
<u>$500 million 2.7% Notes due 2023</u>				
Chew Teck Soon	–	$6,000	–	–

Notes:

1. Held in the name of DBS Nominees (Private) Limited.
2. 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 one-year performance period relating to the awards granted from year 2016 onwards. For awards granted prior to 2016, the awards are contingent on the achievements against targets over the two-year performance period relating to the relevant awards.
3. 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.
4. 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 number of shares equivalent to the Base Award multiplied by the accumulated dividend yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period) will vest.
5. The initial Transformation Share Award of fully-paid ordinary shares will vest after a one-year performance period. At the end of the one-year performance period, a final award will be determined based on the initial award multiplied by an achievement factor.
6. Held in the name of DBS Nominees (Private) Limited.
7. 720,000 ordinary shares are held in the name of DBS Nominees (Private) Limited.
8. 819,000 ordinary shares are held in the name of DBS Nominees (Private) Limited.
9. 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 one-year performance period relating to the awards granted from year 2016 onwards. For awards granted prior to 2016, the awards are contingent on the achievements against targets over the two-year performance period relating to the relevant awards.
10. 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.
11. Held in the name of DBS Nominees (Private) Limited.

Except as disclosed in this statement, 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 corporations, either at the beginning of the financial year or at the end of the financial year.

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

4. EQUITY COMPENSATION PLANS OF THE COMPANY

The Company has in place, the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP").

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

Tang Kin Fei – Chairman (appointed on 19 July 2018)
Goh Choon Phong
Wee Siew Kim

4. EQUITY COMPENSATION PLANS OF THE COMPANY (continued)

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

Details of the ESOP are disclosed in Note 11 to the financial statements.

The last grant of the share options expired on 30 June 2018. As such, there were no share options of the Company outstanding:

Number of options to subscribe for unissued ordinary shares

Date of grant	Balance at 1.4.2018	Cancelled	Exercised	Balance at 31.3.2019	Exercise price*	Exercisable period
01.07.2008	4,139,200	(4,139,200)	–	–	$3.54	01.07.2010 – 30.06.2018

* 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 $0.10 on 22 July 2011, $0.05 on 21 July 2014 and $0.05 on 20 July 2017, the said Committee approved a reduction of $0.10 in the exercise prices of all share options outstanding on 29 July 2011, a $0.05 on the outstanding share options on 7 August 2014 and a further $0.05 on the outstanding share options on 3 August 2017. The exercise prices reflected here are the exercise prices after such adjustments.

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

Details of the RSP and PSP are disclosed in Note 11 to the financial statements.

The RSP and PSP were originally adopted by shareholders on 25 July 2005 and expired on 24 July 2015. At the Extraordinary General Meeting of the Company held on 21 July 2014, shareholders approved the adoption of the SIAEC RSP 2014 and SIAEC PSP 2014 to replace the previous RSP and PSP, which were terminated following the adoption of the new plans. The termination of the previous RSP and PSP was without prejudice to the rights of holders of awards outstanding under the respective plans as at the date of such termination.

Under the RSP and PSP, a base number of conditional share awards ("Base Award") is granted to eligible participants annually, dependent on position level and individual performance. Depending on the achievement of pre-determined targets over a one-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.

One-third 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. 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.

Mr Png Kim Chiang, Chief Executive Officer, received 10% of the total shares released under RSP and PSP in 2018/19. No other employee received more than 5% of the total shares released in 2018/19.

For RSP Awards granted prior to 2016/17, based on meeting stated performance conditions over a two-year performance period, 50% of the award will vest. The balance will vest equally over the subsequent two years with fulfilment of service requirements.

5. AUDIT COMMITTEE

At the date of this statement, the Audit Committee comprises the following five non-executive directors, four of whom are independent directors:

Chew Teck Soon – Chairman
Manohar Khiatani
Christina Ong
Raj Thampuran
Chin Yau Seng (appointed on 8 October 2018)

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

(i) quarterly and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
(ii) audit plans and reports of the external and internal auditors;
(iii) effectiveness of material controls, including financial, operational, compliance and information technology controls;
(iv) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual);
(v) whistle-blowing programme instituted by the Company; and
(vi) any material loss of funds.

The Audit Committee has held 4 meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal control system.

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

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

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 716 of the SGX Listing Manual.

6. AUDITORS

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

On behalf of the Board,

TANG KIN FEI
Chairman

PNG KIM CHIANG
Chief Executive Officer

10 May 2019

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
SIA ENGINEERING COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of SIA Engineering Company Limited (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity of the Group, statement of changes in equity of the Company and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 109 to 197.

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 Singapore Companies Act, Chapter 50 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and the consolidated financial performance, consolidated changes in equity of the Group, changes in equity of the Company and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

Classification of investments in subsidiaries, associates and joint venture

Refer to Note 2(d) 'Basis of consolidation' and Note 2(e) 'Subsidiary, associated and joint venture companies' for the relevant accounting policy and a discussion of significant accounting estimates.

Risk	Our response
The Group has a number of strategic alliances with original equipment manufacturers and strategic partners through the joint formation of subsidiaries, associates and joint ventures. The classification of an investment as a subsidiary, associate or joint venture is based on whether the Group is determined to have control, significant influence or joint control. Such an assessment of the investment classification can be judgemental. Any inappropriate classification can have a material or pervasive effect on the financial statements of the Group.	On new investments, we examined the shareholders agreements, reviewed the terms that govern the rights and obligations of the respective investors, and other related terms such as dispute resolution provisions, termination provisions, governance structures and profit-sharing arrangements, so as to establish whether the Group has control, significant influence or joint control over the investees. On existing investments, we inquired of management if there were any modified terms of arrangements that would change the investment classification previously assessed. We assessed management's conclusion on the classification of these investments by reference to the applicable financial reporting standards.

Findings

The Group has examined the relevant terms and conditions governing the individual investments. The classification of these investments is consistent with the Group's accounting policies.

Impairment risk on property, plant and equipment (the "PPE")

Refer to Note 2(l) 'Impairment of non-financial assets' and Note 3 'Significant accounting estimates and critical judgements' for the relevant accounting policy and a discussion of significant accounting estimates.

Risk	Our response
The Group invested heavily in hangars, workshops and other related plant and equipment to support the Group's maintenance, repair and overhaul ("MRO") business as well as rotables to support customers under the Inventory Management Program ("ITM"). There is a risk that the carrying value of these PPE deployed in each of the Group's cash generating unit ("CGU") may exceed the recoverable amount. Where indicators of impairment exist, the Group uses the discounted cash flow technique to determine the recoverable amounts of the CGU to which the specific PPE belongs to. The process of identifying indicators of impairment that may exist in each CGU requires judgement. The assessment of the recoverable amount of each CGU is subject to estimation uncertainties.	We assessed the appropriateness of identification of CGUs and the allocation of assets to these CGUs. We reviewed the basis and methodology used to derive the recoverable amounts of the CGUs. We assessed the key assumptions used in the cash flow projections, namely revenue growth rates, operating costs, gross profit margins, discount rates, terminal growth rates by comparing the assumptions to the past historical performance, the Group's planned productivity and cost initiatives and other available market data for the MRO industry. We stress-tested the assumptions made by management, including reducing the growth estimates over revenue and gross profit margins.

Findings

The Group has a process of identifying and reviewing the CGUs for impairment testing. The assumptions and resulting estimates used in the discounted cash flow projections are within an acceptable range.

Recognition of revenue and profits on long-term contracts

Refer to Note 2(q) 'Revenue' and Note 3 'Significant accounting estimates and critical judgements' for the relevant accounting policy and a discussion of significant accounting estimates.

Risk	Our response
The Group's contract revenues are derived mainly from airframe maintenance and component overhaul services and fleet management (the "MRO services"). The Group assessed that the performance obligations associated with these MRO services are continuously transferred to the customers over the duration of the contracts; and accordingly, revenue is recognised over time using the input method. The measurement of the input method involves cost and man-hour estimates, and furthermore, the actual man-hours incurred to estimate the contract revenue earned may be subject to subsequent negotiations with customers. Any variable consideration arising from variation orders are also subject to customers' approval. On equity-accounting of the results of the significant associates involved in engine repairs, the Group also applies the input method towards the measurement of revenue over time.	We tested the controls designed and implemented by the Group specific to contract evaluation and authorisation, review and approval of project costing, and verification of input method used to measure revenue. We reviewed the contractual terms of customer contracts to identify the performance obligations, and assessed the basis of revenue recognition. We challenged management's use of cost and man-hour estimates, and tested them by reference to historical cost experience of comparable contracts. We also checked for the consistent application of the input method used to recognise revenue over time by group entities. We verified the data used in the input method and any variable consideration to relevant supporting documents. We assessed the Group's disclosure of the nature, timing and fulfilment of performance obligations and the related revenue recognition policies, alongside with the movements in contract assets and contract liabilities.

Findings

We found management approach towards revenue recognition to be balanced, as revenue-constraint test is applied on revenue earned that is subject to customer negotiation and subsequent approval.

INDEPENDENT AUDITORS' REPORT

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for *Chairman's Statement, The Year in Review, Business Segments, AGM Notice and Letter to Shareholders, Corporate Governance, Shareholding Statistics and Share Price and Turnover* ('the Reports'), which are expected to be made available to us after that date.

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

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

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

When we read the other sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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 corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Kenny Tan Choon Wah.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
10 May 2019

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (IN THOUSANDS OF $)

	Notes	The Group 2018/19	The Group 2017/18
REVENUE	4	**1,020,896**	1,094,881
EXPENDITURE			
Staff costs	5	**488,732**	494,346
Material costs		**145,152**	186,468
Depreciation of property, plant and equipment	15	**49,459**	48,470
Amortisation of intangible assets	16	**3,997**	5,429
Impairment of property, plant and equipment	15	**–**	3,546
Company accommodation		**49,756**	49,259
Subcontract costs		**118,312**	133,913
Other operating expenses		**108,736**	94,617
		964,144	1,016,048
OPERATING PROFIT	6	**56,752**	78,833
Interest income	7	**8,080**	4,860
Interest on external borrowings		**(938)**	(772)
Surplus on disposal of property, plant and equipment		**1,080**	980
Surplus on disposal of a subsidiary company	17	**309**	–
(Loss)/Surplus on disposal of an associated company	18	**(88)**	15,000
Surplus on dilution of shareholding in an associated company	18	**–**	870
Share of profits of associated companies, net of tax		**73,502**	69,534
Share of profits of joint venture company, net of tax		**40,366**	40,284
PROFIT BEFORE TAXATION		**179,063**	209,589
Taxation expense	8	**(18,108)**	(21,567)
PROFIT FOR THE FINANCIAL YEAR		**160,955**	188,022
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		**160,870**	186,805
Non-controlling interests		**85**	1,217
		160,955	188,022
BASIC EARNINGS PER SHARE (CENTS)	9	**14.38**	16.70
DILUTED EARNINGS PER SHARE (CENTS)	9	**14.35**	16.66

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (IN THOUSANDS OF $)

	The Group	
	2018/19	**2017/18**
PROFIT FOR THE FINANCIAL YEAR	**160,955**	188,022
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		
<u>Item that will not be reclassified to profit or loss:</u>		
Actuarial gain on remeasurement of defined benefit plan	**154**	324
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation	**20,788**	(40,688)
Realisation of foreign currency translation reserve on disposal of an associated company	**–**	(207)
Realisation of foreign currency translation reserve on disposal of a subsidiary company	**(126)**	–
Net fair value adjustment on cash flow hedges	**1,699**	(673)
Share of other comprehensive income of associated/joint venture companies	**(5,420)**	4,973
	16,941	(36,595)
Other comprehensive income, net of tax	**17,095**	(36,271)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**178,050**	151,751
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE PARENT	**177,083**	152,309
Non-controlling interests	**967**	(558)
	178,050	151,751

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

BALANCE SHEETS

AS AT 31 MARCH 2019 (IN THOUSANDS OF $)

	Notes	The Group 2019	The Group 2018	The Group 1 April 2017	The Company 2019	The Company 2018	The Company 1 April 2017
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT							
Share capital	11	**420,044**	420,044	420,044	**420,044**	420,044	420,044
Treasury shares	12	**(18,020)**	(21,343)	(15,175)	**(18,020)**	(21,343)	(15,175)
Capital reserve	13	**2,913**	2,789	2,711	**2,913**	2,789	2,711
Share-based compensation reserve	13	**5,618**	7,076	15,971	**5,618**	7,076	15,971
Foreign currency translation reserve	13	**(18,222)**	(38,915)	–	**–**	–	–
Fair value reserve	13	**(906)**	3,653	(582)	**1,350**	(349)	324
Equity transaction reserve	13	**(4,525)**	(2,377)	(2,377)	**–**	–	–
General reserve	13	**1,141,703**	1,112,756	1,119,238	**868,089**	824,124	830,465
		1,528,605	1,483,683	1,539,830	**1,279,994**	1,232,341	1,254,340
NON-CONTROLLING INTERESTS		**35,424**	31,262	33,960	**–**	–	–
TOTAL EQUITY		**1,564,029**	1,514,945	1,573,790	**1,279,994**	1,232,341	1,254,340
NON-CURRENT LIABILITIES							
Deferred taxation	14	**23,070**	24,202	26,416	**21,230**	22,283	23,603
Long-term bank loan	29	**12,561**	17,297	21,876	**–**	–	–
		35,631	41,499	48,292	**21,230**	22,283	23,603
		1,599,660	1,556,444	1,622,082	**1,301,224**	1,254,624	1,277,943
Represented by:							
PROPERTY, PLANT AND EQUIPMENT	15	**260,806**	287,638	315,753	**204,055**	229,141	254,366
INTANGIBLE ASSETS	16	**46,647**	67,698	65,313	**10,861**	8,348	6,076
SUBSIDIARY COMPANIES	17	**–**	–	–	**153,349**	131,547	127,770
ASSOCIATED COMPANIES	18	**404,328**	392,462	380,047	**221,658**	220,897	192,926
JOINT VENTURE COMPANY	19	**154,724**	151,851	162,015	**61,867**	61,867	61,867
PREPAYMENTS	22	**13,833**	–	–	**–**	–	–
CURRENT ASSETS							
Trade debtors	20	**81,228**	70,948	87,504	**59,503**	52,653	60,491
Contract assets	21	**183,919**	195,667	109,204	**165,479**	180,914	105,660
Prepayments and other debtors	22	**19,860**	19,748	14,707	**8,412**	11,156	7,552
Immediate holding company	23	**92,040**	41,992	78,916	**91,305**	40,562	77,046
Amounts owing by related parties	24	**30,751**	41,901	48,751	**44,532**	48,981	49,613
Inventories	25	**35,564**	34,198	37,323	**23,265**	24,516	26,984
Short-term deposits	26	**465,762**	433,650	531,199	**435,971**	416,402	518,141
Cash and bank balances	27	**55,813**	66,129	70,536	**31,365**	39,829	40,405
		964,937	904,233	978,140	**859,832**	815,013	885,892
Less:							
CURRENT LIABILITIES							
Trade and other creditors	28	**186,038**	189,919	211,929	**149,431**	141,781	172,806
Contract liabilities	21	**33,499**	32,300	38,223	**33,342**	32,170	38,178
Amounts owing to related parties	24	**784**	410	9,237	**10,138**	19,396	26,190
Bank loans	29	**6,727**	4,620	4,083	**–**	–	–
Tax payable		**18,567**	20,189	15,714	**17,487**	18,842	13,780
		245,615	247,438	279,186	**210,398**	212,189	250,954
NET CURRENT ASSETS		**719,322**	656,795	698,954	**649,434**	602,824	634,938
		1,599,660	1,556,444	1,622,082	**1,301,224**	1,254,624	1,277,943

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (IN THOUSANDS OF $)

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve
The Group					
Balance at 1 April 2018		**420,044**	**(21,343)**	**2,789**	**7,076**
Profit for the year		–	–	–	–
Actuarial gain on remeasurement of defined benefit plan		–	–	–	–
Foreign currency translation		–	–	–	–
Realisation of foreign currency translation reserve on disposal of a subsidiary company	17	–	–	–	–
Net fair value adjustment on cash flow hedges		–	–	–	–
Share of other comprehensive income of associated/joint venture companies	13	–	–	–	–
Other comprehensive income for the year, net of tax		–	–	–	–
Total comprehensive income for the financial year		–	–	–	–
Capital contribution		–	–	–	–
Share-based compensation expense	11,13	–	–	–	**4,280**
Share awards released	11,13	–	**3,447**	–	**(3,447)**
Share options lapsed		–	–	–	**(2,291)**
Treasury shares reissued pursuant to equity compensation plans	12	–	**(124)**	**124**	–
Dividends	10	–	–	–	–
Total contributions by and distributions to owners		–	**3,323**	**124**	**(1,458)**
Acquisition of non-controlling interests without change in control	17	–	–	–	–
Total changes in ownership interests in a subsidiary company		–	–	–	–
Balance at 31 March 2019		**420,044**	**(18,020)**	**2,913**	**5,618**

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

Attributable to Owners of the Parent						
Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total	Non-controlling interests	Total equity
(38,915)	3,653	(2,377)	1,112,756	1,483,683	31,262	1,514,945
–	–	–	160,870	160,870	85	160,955
–	–	–	79	79	75	154
19,981	–	–	–	19,981	807	20,788
(126)	–	–	–	(126)	–	(126)
–	1,699	–	–	1,699	–	1,699
838	(6,258)	–	–	(5,420)	–	(5,420)
20,693	(4,559)	–	79	16,213	882	17,095
20,693	(4,559)	–	160,949	177,083	967	178,050
–	–	–	–	–	8,785	8,785
–	–	–	–	4,280	–	4,280
–	–	–	–	–	–	–
–	–	–	2,291	–	–	–
–	–	–	–	–	–	–
–	–	–	(134,293)	(134,293)	(3,034)	(137,327)
–	–	–	(132,002)	(130,013)	5,751	(124,262)
–	–	(2,148)	–	(2,148)	(2,556)	(4,704)
–	–	(2,148)	–	(2,148)	(2,556)	(4,704)
(18,222)	(906)	(4,525)	1,141,703	1,528,605	35,424	1,564,029

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (IN THOUSANDS OF $)

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve
The Group					
Balance at 1 April 2017		420,044	(15,175)	2,711	15,971
Effects of changes in accounting standards	2(b)	–	–	–	–
As restated		420,044	(15,175)	2,711	15,971
Profit for the year		–	–	–	–
Actuarial gain on remeasurement of defined benefit plan		–	–	–	–
Foreign currency translation		–	–	–	–
Realisation of foreign currency translation reserve on disposal of an associated company		–	–	–	–
Net fair value adjustment on cash flow hedges		–	–	–	–
Share of other comprehensive income of associated/joint venture companies	13	–	–	–	–
Other comprehensive income for the year, net of tax		–	–	–	–
Total comprehensive income for the financial year		–	–	–	–
Capital contribution		–	–	–	–
Share-based compensation expense	11,13	–	–	–	2,203
Share awards released	11,13	–	2,926	–	(3,169)
Share options lapsed		–	–	–	(7,777)
Purchase of treasury shares	12	–	(10,159)	–	–
Treasury shares reissued pursuant to equity compensation plans	12	–	1,065	78	(152)
Dividends	10	–	–	–	–
Total contributions by and distributions to owners		–	(6,168)	78	(8,895)
Balance at 31 March 2018		420,044	(21,343)	2,789	7,076

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

Attributable to Owners of the Parent						
Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total	Non-controlling interests	Total equity
(68,048)	(582)	(2,377)	1,201,496	1,554,040	33,960	1,588,000
68,048	–	–	(82,258)	(14,210)	–	(14,210)
–	(582)	(2,377)	1,119,238	1,539,830	33,960	1,573,790
–	–	–	186,805	186,805	1,217	188,022
–	–	–	184	184	140	324
(38,773)	–	–	–	(38,773)	(1,915)	(40,688)
(207)	–	–	–	(207)	–	(207)
–	(673)	–	–	(673)	–	(673)
65	4,908	–	–	4,973	–	4,973
(38,915)	4,235	–	184	(34,496)	(1,775)	(36,271)
(38,915)	4,235	–	186,989	152,309	(558)	151,751
–	–	–	–	–	1,666	1,666
–	–	–	–	2,203	–	2,203
–	–	–	243	–	–	–
–	–	–	7,777	–	–	–
–	–	–	–	(10,159)	–	(10,159)
–	–	–	–	991	–	991
–	–	–	(201,491)	(201,491)	(3,806)	(205,297)
–	–	–	(193,471)	(208,456)	(2,140)	(210,596)
(38,915)	3,653	(2,377)	1,112,756	1,483,683	31,262	1,514,945

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (IN THOUSANDS OF $)

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
The Company								
Balance at 1 April 2018		420,044	(21,343)	2,789	7,076	(349)	824,124	1,232,341
Profit for the year		–	–	–	–	–	175,967	175,967
Other comprehensive income for the year, net of tax:								
Net fair value adjustment on cash flow hedges		–	–	–	–	1,699	–	1,699
Total comprehensive income for the financial year		–	–	–	–	1,699	175,967	177,666
Share-based compensation expense	11,13	–	–	–	4,280	–	–	4,280
Share awards released	11,13	–	3,447	–	(3,447)	–	–	–
Share options lapsed		–	–	–	(2,291)	–	2,291	–
Treasury shares reissued pursuant to equity compensation plans	12	–	(124)	124	–	–	–	–
Dividends	10	–	–	–	–	–	(134,293)	(134,293)
Total contributions by and distributions to owners		–	3,323	124	(1,458)	–	(132,002)	(130,013)
Balance at 31 March 2019		420,044	(18,020)	2,913	5,618	1,350	868,089	1,279,994

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (IN THOUSANDS OF $)

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
The Company								
Balance at 1 April 2017		420,044	(15,175)	2,711	15,971	324	844,675	1,268,550
Effects of changes in accounting standards	2(b)	–	–	–	–	–	(14,210)	(14,210)
As restated		420,044	(15,175)	2,711	15,971	324	830,465	1,254,340
Profit for the year		–	–	–	–	–	187,130	187,130
Other comprehensive income for the year, net of tax:								
Net fair value adjustment on cash flow hedges		–	–	–	–	(673)	–	(673)
Total comprehensive income for the financial year		–	–	–	–	(673)	187,130	186,457
Share-based compensation expense	11,13	–	–	–	2,203	–	–	2,203
Share awards released	11,13	–	2,926	–	(3,169)	–	243	–
Share options lapsed		–	–	–	(7,777)	–	7,777	–
Purchase of treasury shares	12	–	(10,159)	–	–	–	–	(10,159)
Treasury shares reissued pursuant to equity compensation plans	12	–	1,065	78	(152)	–	–	991
Dividends	10	–	–	–	–	–	(201,491)	(201,491)
Total contributions by and distributions to owners		–	(6,168)	78	(8,895)	–	(193,471)	(208,456)
Balance at 31 March 2018		420,044	(21,343)	2,789	7,076	(349)	824,124	1,232,341

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (IN THOUSANDS OF $)

	Notes	The Group 2018/19	The Group 2017/18
NET CASH PROVIDED BY OPERATING ACTIVITIES	30	**75,348**	54,393
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	15	**(24,960)**	(31,599)
Purchase of intangible assets	16	**(14,817)**	(11,423)
Proceeds from disposal of property, plant and equipment		**4,276**	4,718
Proceeds from capital reduction of an associated company		**–**	3,288
Disposal of a subsidiary company, net of cash disposed of		**1,632**	–
Proceeds from disposal of an associated company		**3,965**	21,056
Investment in associated companies		**(1,935)**	(32,075)
Dividends received from associated companies		**71,941**	58,706
Dividends received from joint venture company		**36,255**	45,899
Interest received from deposits		**6,488**	4,975
NET CASH PROVIDED BY INVESTING ACTIVITIES		**82,845**	63,545
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	10	**(134,293)**	(201,491)
Dividends paid by subsidiary companies to non-controlling interests		**(3,034)**	(3,806)
Proceeds from exercise of share options		**–**	991
Acquisition of additional interest in a subsidiary company		**(4,704)**	–
Proceeds from issuance of share capital by a subsidiary company to non-controlling interests		**8,785**	1,666
Interest paid		**(938)**	(772)
Proceeds from borrowings		**5,763**	3,694
Repayment of borrowings		**(9,113)**	(6,097)
Purchase of treasury shares	12	**–**	(10,159)
NET CASH USED IN FINANCING ACTIVITIES		**(137,534)**	(215,974)
NET CASH INFLOW/(OUTFLOW)		**20,659**	(98,036)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**499,779**	601,735
Effect of exchange rate changes		**1,137**	(3,920)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		**521,575**	499,779
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short-term deposits	26	**465,762**	433,650
Cash and bank balances	27	**55,813**	66,129
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		**521,575**	499,779

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

NOTES TO 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 financial statements of the Group as at 31 March 2019 and for the year then ended comprise the Company and its subsidiary companies (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity-accounted investees.

The principal activities of the Company are the provision of airframe maintenance, component overhaul services and fleet management programme, the provision of line maintenance and technical ground handling services and investment holdings. The principal activities of the subsidiary companies are disclosed in Note 17 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 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 10 May 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group and the Company are consistent to all periods presented in the financial statements and in preparing the opening statements of financial position at 1 April 2017 for the purposes of transition to Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS"), unless otherwise stated.

(a) Basis of preparation

As required by the listing rules of SGX-ST, the Group applied SFRS(I) using the retrospective approach with effect from 1 April 2018.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with SFRS(I) and IFRS. These are the first financial statements of the Group and the Company prepared in accordance with SFRS(I) and IFRS.

All references to SFRS(I)s and IFRSs are subsequently referred to as IFRSs in these financial statements unless otherwise specified.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS").

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adoption of SFRS(I) and IFRS

In adopting the new framework, the Group applied the specific transition requirements in IFRS 1 First-time Adoption of IFRS in the preparation of the opening IFRS statement of financial position at 1 April 2017 (the Group's date of transition).

In addition to the adoption of the new framework, the Group also concurrently applied the following new IFRSs, amendments to and interpretation of IFRS which are effective from the same date.

- IFRS 15 Revenue from Contracts with Customers and Amendments to IFRS 15: Clarifications to IFRS 15;
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions;
- Amendments to IFRS 1: Deletion of short-term exemptions for first-time adopters;
- Amendments to International Accounting Standards ("IAS") 28: Measuring an Associate or Joint Venture at Fair Value; and
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

The application of the above standards and interpretations do not have a significant impact on the financial statements, other than below.

(i) IFRS 1

IFRS 1 generally requires that the Group applies IFRS that are effective as at 31 March 2019 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in IFRS 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in IFRS 1 did not have any other significant impact on the financial statements.

a) Fair value as deemed cost exemption for property, plant and equipment

The Group and Company have elected to regard the fair values of certain aircraft rotable spares as their deemed cost at the date of transition to IFRS 1 on 1 April 2017. These fair values were based on an independent valuation, which took into account the expected resale prices in the secondary markets and the service condition of the rotables. The fair value of these aircraft rotable spares were determined to be approximately $18,623,000.

b) Foreign currency translation reserve

The Group has elected to reset the foreign currency translation reserve for all foreign operations to zero as at the date of transition to IFRS 1 and reclassified the cumulative foreign currency translation reserve of approximately $68,048,000 as at 1 April 2017 determined in accordance with IFRS to general reserves. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose.

(ii) IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adoption of SFRS(I) and IFRS (continued)

(ii) IFRS 15 (continued)

The Group and Company adopted IFRS 15 in its 31 March 2019 financial statements, using the retrospective approach.

For 2017/18, the Group did not disclose the amount of the transaction price allocated to the remaining performance obligations as at 31 March 2018 as well as an explanation of when the Group expects to recognise that amount of revenue, as allowed under IFRS 1.

(iii) Summary of financial impact (in thousands of $)

The line items on the Group's and Company's financial statements that were adjusted with significant impact arising from the application of IFRS 1 and IFRS 15 as described above are summarised below. There were no material adjustments to the Group's statement of cash flows arising on transition, other than the impact on depreciation and its corresponding impact on profit before taxation as noted below.

	31 March 2018			
	FRS framework as previously reported	IFRS 15	IFRS 1	IFRS framework
The Group				
Balance Sheet:				
Foreign currency translation reserve	(106,232)	–	67,317	(38,915)
General reserve	1,192,263	(1,077)	(78,430)	1,112,756
Deferred taxation	26,479	–	(2,277)	24,202
Property, plant and equipment	301,028	–	(13,390)	287,638
Trade debtors	267,928	(196,980)	–	70,948
Contract assets	–	195,667	–	195,667
Trade and other creditors	222,455	(32,536)	–	189,919
Contract liabilities	–	32,300	–	32,300
	2017/2018			
Income statement:				
Depreciation of property, plant and equipment	50,903	–	(2,433)	48,470
Surplus on disposal of an associated company	14,269	–	731	15,000
Taxation expense	21,154	–	413	21,567
	31 March 2018			
The Company				
Balance Sheet:				
General reserve	836,314	(1,077)	(11,113)	824,124
Deferred taxation	24,560	–	(2,277)	22,283
Property, plant and equipment	242,531	–	(13,390)	229,141
Trade debtors	234,880	(182,227)	–	52,653
Contract assets	–	180,914	–	180,914
Trade and other creditors	174,187	(32,406)	–	141,781
Contract liabilities	–	32,170	–	32,170

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adoption of SFRS(I) and IFRS (continued)

(iii) Summary of financial impact (in thousands of $) (continued)

	1 April 2017			
	FRS framework as previously reported	IFRS 15	IFRS 1	IFRS Framework
The Group				
Balance Sheet:				
Foreign currency translation reserve	(68,048)	–	68,048	–
General reserve	1,201,496	(1,077)	(81,181)	1,119,238
Deferred taxation	29,106	–	(2,690)	26,416
Property, plant and equipment	331,576	–	(15,823)	315,753
Trade debtors	197,986	(110,482)	–	87,504
Contract assets	–	109,204	–	109,204
Trade and other creditors	250,353	(38,424)	–	211,929
Contract liabilities	–	38,223	–	38,223
The Company				
Balance Sheet:				
General reserve	844,675	(1,077)	(13,133)	830,465
Deferred taxation	26,293	–	(2,690)	23,603
Property, plant and equipment	270,189	–	(15,823)	254,366
Trade debtors	167,427	(106,936)	–	60,491
Contract assets	–	105,660	–	105,660
Trade and other creditors	211,183	(38,377)	–	172,806
Contract liabilities	–	38,178	–	38,178

(c) Standards issued but not yet effective

New standards and amendments to standards that are effective from the Group's financial year ending 31 March 2020 are as follows:

Description	Effective from
Amendments to IAS 23: Borrowing costs eligible for capitalisation	1 April 2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 April 2019
Amendments to IAS 12: Income Tax Consequences of Payments on Financial Instruments Classified as Equity	1 April 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 April 2019
Amendments to IFRS 3 and IFRS 11: Previously Held Interest in a Joint Operation	1 April 2019
Amendments to IAS 19: Plan Amendment, Curtailment of Settlement	1 April 2019
IFRS 16 Leases	1 April 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 April 2019
IFRS 17 Insurance Contracts	1 April 2021
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Accounting Standards Council has issued the above new IFRS, amendments to and interpretations of IFRS as SFRS(I). The Group is still in the process of assessing the impact of the new IFRSs, amendments to and interpretations of IFRSs on the financial statements. The Group's preliminary assessment of IFRS 16, which is expected to have a more significant impact on the Group, is as described below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Standards issued but not yet effective (continued)

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing lease accounting guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted.

The Group will adopt IFRS 16 on 1 April 2019, using the modified retrospective approach, with no restatement of comparative information. The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that IFRS 16 will be applied to all contracts entered into before 1 April 2019 which have been identified as leases in accordance with IAS 17 and IFRIC 4.

(i) As lessee

The Group expects to measure ROU assets at an amount equal to the lease liabilities arising from the capitalisation of the present value of future lease payments.

In addition, the Group plans to apply the following practical expedients:

- apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- account for leases for which the lease terms ends within 12 months from 1 April 2019 as short-term lease;
- exclude initial direct costs for the measurement of ROU assets as of 1 April 2019; and
- use hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

(ii) As lessor

IFRS 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

No significant impact is expected for other leases in which the Group is a lessor.

(iii) Impact on consolidated income statement

The expenses related to operating leases which are currently shown in the consolidated income statement under "Company accommodation" will be replaced by depreciation expense for ROU assets and finance charges on lease liabilities.

(iv) Impact on balance sheets

As at 1 April 2019, the Group expects an increase in ROU assets of $103,397,000 and an increase in lease liabilities of $103,397,000. The Company expects an increase in ROU assets of $90,950,000 and an increase in lease liabilities of $90,950,000 as at 1 April 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

Acquisitions from 1 April 2017

Business combinations are accounted for by applying the acquisition method in accordance with FRS 103 Business Combinations as at the acquisition date, which is the date on which control is transferred to the Group. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are recognised as expenses as incurred.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2(f). When the amount is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration will be recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settled within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. In such circumstances, adjustments are based on a proportionate amount of the net assets of the subsidiary companies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealised gains arising from transactions with associated and joint venture companies are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Acquisitions before 1 April 2017

As part of the transition to IFRS, the Group elected not to restate those business combinations that occurred before the date of transition to IFRS, i.e. 1 April 2017. Goodwill arising from acquisitions before 1 April 2017 has been carried forward from the previous FRS framework as at the date of transition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Subsidiary, associated and joint venture companies

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

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiary companies are included in the consolidated financial statements from the date the control commences until the date the control ceases.

The accounting policies of subsidiary companies have been changed when necessary to align them with policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if doing so causes the non-controlling interest to have a deficit balance.

An associated company is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

A joint venture company is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group accounts for its investments in associated and joint venture companies using the equity method, initially at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of associated and joint venture companies, until the date on which significant influence or joint control ceases. Dividends reduce the carrying amounts of the investments.

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

The most recently available audited financial statements of the associated and joint venture companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not 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. Otherwise an estimate is made for the balances to the end of the accounting period based on historical experience and adjusting for the effects of known significant transactions. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets

Computer software

Acquired computer software is stated at cost less accumulated amortisation and accumulated impairment losses.

Deferred engine development costs

This relates to the Group's share of engine programme assets including development costs made in connection with its participation in aircraft engine development projects with other companies. This is measured at cost less accumulated amortisation and accumulated impairment losses.

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.

Goodwill that forms part of the carrying amount of an associated or joint venture company is not recognised separately, and therefore, is not tested for impairment separately. Instead, the entire amount of the investment in associated or joint venture company is tested for impairment as a single asset when there is objective evidence that the investment in associated or joint venture company may be impacted.

In the Group's balance sheet, the investments in associates include goodwill on acquisition identified on acquisitions completed on or after 1 April 2001. Goodwill arising from business combinations before 1 April 2001 was previously written-off directly to reserves in the year of acquisition.

Others

Licences were acquired in business combinations and are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

- Computer software 3 – 5 years
- Licences 3 years

For engine programme assets including development costs, amortisation begins only when assets are available for use. These engine programme assets including development costs are amortised on a straight-line basis over a maximum of 44 years, the expected project life from the start of aircraft engine sales through post-sales maintenance service periods.

Advance and progress payments are not amortised. Amortisation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted if appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Foreign currencies

Foreign currency transactions

Foreign currency transactions are converted into SGD at exchange rates which approximate bank rates prevailing at dates of transactions.

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

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

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

Foreign operations

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. 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.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment are also capitalised. The accounting policy for borrowing costs is set out in Note 2(s).

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.

(ii) 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, and adjusted prospectively, if appropriate. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised from the date the property, plant and equipment are installed and ready for use.

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.

Property, plant and equipment type	Useful lives	Residual values
Leasehold land and buildings	Shorter of lease period or 30 years	Nil
Plant, equipment and engine overhaul tooling	3 – 15 years	Nil
Aircraft rotable spares	3 – 15 years	Nil
Office furniture, computer equipment and motor vehicles	1 – 7 years	Nil

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an agreement.

(i) Finance lease – as lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the profit 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.

(ii) Operating lease – as lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in 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.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

(k) Financial instruments

(i) Recognition and initial measurement

A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, in the case of the financial asset or liability not carried at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

For equity investments that are not held for trading, the Group may irrevocably elect on initial recognition to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

(i) Amortised cost: A non-equity financial asset can be measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model and how those risks are managed;
- How managers of the portfolio are compensated; and
- The frequency, volume and timing of disposals in prior periods, the reasons for such disposals and its expectations about future activity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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

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

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

Reclassifications

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

Financial liabilities

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

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

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

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

Financial liabilities

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(iv) Offsetting

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

(v) Impairment

Expected credit loss ("ECL")

The Group recognises loss allowances for ECL on non-equity financial instruments that are not measured at FVTPL. The Group measures loss allowances at an amount equal to lifetime ECL.

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

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

Credit-impaired financial assets

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

(vi) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair values.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

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

Designation of hedges

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

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

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

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

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

Cash flow hedges

When a derivative is designated in a cash flow hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the fair value reserve. Any ineffective portion of changes in the fair value of the derivative (i.e. the extent to which changes in the fair value of the hedge instrument are greater than the changes in fair value of the hedged item) is recognised immediately in profit or loss.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of non-financial assets

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

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

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

(m) 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 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

(n) Share capital and share issuance expenses

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, net of any tax effect.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Treasury shares

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

(p) Taxation

(i) Current income tax

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

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

(ii) Deferred tax

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

Deferred tax assets and liabilities are not recognised for :

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Taxation (continued)

(ii) Deferred tax (continued)

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

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

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

(iii) Indirect taxes

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

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

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

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

(q) Revenue

Revenue from services rendered in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services. The transaction price may be fixed or variable. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

The following policies provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Revenue (continued)

Airframe and line maintenance

Revenue from airframe and line maintenance includes airframe maintenance, line maintenance and fleet management programme.

Revenue from airframe is recognised over time using input method to reflect the progress of the projects completed to date. The progress 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. Billing for airframe services are either on a fixed price or "as incurred basis". The fixed price charges are generally due prior to aircraft redelivery. For services that are charged on "as incurred" basis, they are payable within 30 – 90 days.

Revenue from line maintenance includes aircraft certification and technical ground handling and is recognised over the duration of the services rendered. Invoices are issued bi-monthly or monthly or upon rendering of services. The invoices are payable within 30 – 90 days.

For fleet management programme, billings to customers are based on flight hours and/or fixed contractual prices and revenue is recognised over time when services are being performed. The charges are billed in advance using estimated flying hour or billed in arrears using actual flying hours or upon rendering of services. The invoices are payable within 30 – 90 days.

Engine and component

Revenue from engine and component includes engine and component overhaul and is recognised over time using input method as to reflect the progress of repair services completed to date. Invoices are issued upon rendering of services and are payable within 30 – 90 days.

The Group and Company exercised judgement in applying the estimated variable consideration based on experience with customers. A general provision for expected claims by customers is made based on historical experience. Additionally, the Group and Company make specific provisions at each reporting period for failure to adhere to specific conditions under each customer contract. The Group and Company review their estimates of expected claims at each reporting date and update the amounts of the provisions accordingly.

(r) Income from investments

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

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

(s) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Employee benefits

Equity compensation plans

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

The Company has 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 11 to the financial statements.

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

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").

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

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

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 recognised as expense in profit or loss.

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Employee benefits (continued)

Short-term employee benefits

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

(u) 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 that regularly reviews 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, Japan and United States of America. The significant operating segments of the Group are airframe and line maintenance, and engine and component. Additional disclosures on each of these segments are shown in Note 34 including the factors used to identify the reportable segments and the measurement basis of segment information.

(v) 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 others).
- (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 a joint venture of a third entity and the other entity is an associate of the third entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Related parties (continued)

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

(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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS

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

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

(a) Depreciation of plant, equipment and engine overhaul tooling, and aircraft rotable spares

The cost of plant, equipment and engine overhaul 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 2019 was approximately $110,501,000 (2018: $125,538,000; 1 April 2017: $143,474,000) and $93,030,000 (2018: $108,384,000; 1 April 2017: $124,522,000) 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.

(b) Income taxes

The Group has exposure to income taxes in several 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.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS (continued)

(b) Income taxes (continued)

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 2019 were approximately $18,567,000 (2018: $20,189,000; 1 April 2017: $15,714,000) and $23,070,000 (2018: $24,202,000; 1 April 2017: $26,416,000) respectively.

The carrying amounts of the Company's current tax payable and deferred tax liabilities as at 31 March 2019 were approximately $17,487,000 (2018: $18,842,000; 1 April 2017: $13,780,000) and $21,230,000 (2018: $22,283,000; 1 April 2017: $23,603,000) respectively.

(c) Contract assets

Contract assets pertains to services rendered which have not been billed and is stated at cost plus estimated profit earned, based on the estimated progress of the projects completed and total estimated budgeted cost. Management made reference to labour hours incurred and the physical stage of maintenance, repair and overhaul in estimating the progress of the projects completed and budgeted cost. The carrying amount of the Group's and Company's contract assets as at 31 March 2019 was approximately $183,919,000 (2018: $195,667,000; 1 April 2017: $109,204,000) and $165,479,000 (2018: $180,914,000; 1 April 2017: $105,660,000) respectively.

(d) Impairment of non-financial assets

Management performs impairment testing for the following items:

- Intangible assets, relating to deferred engine development costs (refer to Note 16);
- Property, plant and equipment; and
- Investments in subsidiary, associated and joint venture companies.

Impairment is recognised when events and circumstances indicate that the non-financial assets may be impaired and the carrying amounts of the non-financial assets exceed the recoverable amounts. Recoverable amount is defined as the higher of the non-financial assets' fair value less costs to sell and its value-in-use. In prior year, for aircraft rotable spares, the current fair market value is determined based on an independent valuation, which took into account the expected resale prices in the secondary markets and the service condition of the rotables.

When value-in-use calculations are undertaken, management estimates the recoverable amount 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.

4. REVENUE (IN THOUSANDS OF $)

	The Group 2018/19	The Group 2017/18
Airframe and line maintenance		
– Airframe overhaul and line maintenance	**891,218**	942,504
– Fleet management programme	**100,212**	124,664
	991,430	1,067,168
Engine and component	**29,466**	27,713
	1,020,896	1,094,881

(a) Disaggregation of revenue from contracts with customers

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

	Airframe overhaul and line maintenance 2018/19	Airframe overhaul and line maintenance 2017/18	Fleet management programme 2018/19	Fleet management programme 2017/18	Engine and component 2018/19	Engine and component 2017/18	Total 2018/19	Total 2017/18
Primary geographical markets								
East Asia	**611,115**	674,961	**87,408**	113,036	**15,059**	12,615	**713,582**	800,612
Europe	**208,775**	196,285	**6,454**	5,187	**1,388**	1,815	**216,617**	203,287
South West Pacific	**32,589**	31,729	**6,191**	6,426	**440**	370	**39,220**	38,525
Americas	**10,796**	15,436	**7**	4	**11,210**	12,197	**22,013**	27,637
West Asia and Africa	**27,943**	24,093	**152**	11	**1,369**	716	**29,464**	24,820
	891,218	942,504	**100,212**	124,664	**29,466**	27,713	**1,020,896**	1,094,881
Major service line								
Services rendered	**891,218**	942,504	**100,212**	124,664	**29,466**	27,713	**1,020,896**	1,094,881
	891,218	942,504	**100,212**	124,664	**29,466**	27,713	**1,020,896**	1,094,881
Timing of revenue recognition								
Transferred over time	**891,218**	942,504	**100,212**	124,664	**29,466**	27,713	**1,020,896**	1,094,881
	891,218	942,504	**100,212**	124,664	**29,466**	27,713	**1,020,896**	1,094,881

(b) Transaction price allocated to the remaining performance obligations

The revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date for fleet management programme amounts to approximately $78,000,000 for financial periods 2019/20 to 2021/22.

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

5. STAFF COSTS (IN THOUSANDS OF $)

	The Group	
	2018/19	**2017/18**
Salary, bonuses and other costs	**436,857**	445,633
CPF and other defined contributions	**47,572**	46,466
Share-based compensation expense	**4,303**	2,247
	488,732	494,346

The Group contributes to unfunded, non-contributory, defined benefit plans for some of the regular employees. Defined benefit expenses for the Group were approximately $389,000 (2017/18: $593,000). As these amounts are not material to the total staff costs of the Group for 2018/19 and 2017/18, additional disclosures of the defined benefit plan are not presented. Disclosures relating to share-based compensation expense are in Note 11.

6. OPERATING PROFIT (IN THOUSANDS OF $)

Operating profit for the financial year is arrived at after charging:

	The Group	
	2018/19	**2017/18**
Net exchange loss*	**1,091**	6,518
Operating lease expenses	**9,550**	10,136
Provision for obsolete stocks, net	**3,976**	2,794
Professional fee paid to a firm in which a director is a member	**359**	270
Audit fees		
– Auditors of the Company	**264**	242
– Other auditors	**31**	54
Non-audit fees		
– Auditors of the Company	**32**	51

* Amount includes a net fair value loss on forward currency contracts used for hedging purposes of approximately $1,455,000 (2017/18: net fair value gain of $711,000), which was realised in the current financial year.

7. INTEREST INCOME (IN THOUSANDS OF $)

	The Group	
	2018/19	**2017/18**
Deposits placed with immediate holding company	**7,583**	4,570
Deposits placed with banks	**497**	290
	8,080	4,860

8. TAXATION EXPENSE (IN THOUSANDS OF $)

The major components of income tax expense for the years ended 31 March 2019 and 2018 are as follows:

	The Group	
	2018/19	2017/18
Current tax		
Provision for the financial year	**(19,878)**	(24,828)
Over-provision in respect of prior years	**226**	678
	(19,652)	(24,150)
Deferred tax		
Movement in temporary differences	**1,587**	3,198
Under-provision in respect of prior years	**(43)**	(615)
	1,544	2,583
Income tax expense recognised in profit or loss	**(18,108)**	(21,567)

Deferred tax related to other comprehensive income:

	The Group	
	2018/19	2017/18
Net change in the fair value of derivative financial instruments designated as cash flow hedges	**348**	(138)

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

	The Group	
	2018/19	2017/18
Profit before taxation	**179,063**	209,589
Less: share of results of associated and joint venture companies	**(113,868)**	(109,818)
	65,195	99,771
Taxation at statutory tax rate of 17.0%	**(11,083)**	(16,961)
Adjustments		
Income not subject to tax	**347**	3,616
Deferred tax assets not recognised	**(2,871)**	(3,899)
Expenses not deductible for tax purposes	**(5,708)**	(5,970)
Effects of difference in tax rates of other countries	**(1,496)**	(587)
Over-provision in relation to prior years	**183**	63
Provision of withholding tax expense	**(437)**	(1,545)
Tax incentives	**2,546**	3,358
Others	**411**	358
Taxation	**(18,108)**	(21,567)

9. EARNINGS PER SHARE

	The Group	
	2018/19	2017/18
Profit attributable to owners of the parent (in thousands of $)	**160,870**	186,805
Weighted average number of ordinary shares in issue used for computing basic earnings per share*	**1,118,879,640**	1,118,890,446
Adjustment for dilutive potential ordinary shares	**2,508,146**	2,066,264
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,121,387,786**	1,120,956,710
Basic earnings per share (cents)	**14.38**	16.70
Diluted earnings per share (cents)	**14.35**	16.66

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

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 two categories of dilutive potential ordinary shares: performance shares and restricted shares.

There were no employee share options outstanding at the end of the financial year. In the prior year, 4,139,200 of share options granted to employees under employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the previous year presented.

10. DIVIDENDS PAID AND PROPOSED (IN THOUSANDS OF $)

	The Group and Company	
	2018/19	2017/18
Dividends paid:		
Final dividend of 9.0 cents per share in respect of 2017/18 (2017/18: final dividend of 14.0 cents per share, comprising of an ordinary dividend of 9.0 cents per share and a special dividend of 5.0 cents per share in respect of 2016/17)	**100,720**	156,756
Interim dividend of 3.0 cents per share in respect of 2018/19 (2017/18: 4.0 cents per share in respect of 2017/18)	**33,573**	44,735
	134,293	201,491

The directors propose a final tax exempt (one-tier) dividend of 8.0 cents per share (2017/18: final tax exempt (one-tier) dividend of 9.0 cents per share), amounting to approximately $89,529,000 (2017/18: $100,720,000) to be paid for the financial year ended 31 March 2019.

11. SHARE CAPITAL (IN THOUSANDS OF $)

	The Group and Company			
	31 March		31 March	
	2019	2018	2019	2018
Issued and fully paid				
Balance at 1 April and 31 March	**1,124,116,360**	1,124,116,360	**420,044**	420,044

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's release of share awards granted under the restricted and performance share plans were settled by way of issuance of 922,983 treasury shares.

In 2017/18, the Company's options exercised under the Employee Share Option Plan and release of share awards granted under the restricted and performance share plans were all settled by way of issuance of 275,996 treasury shares and 804,399 treasury shares respectively.

(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.

11. 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:

	2018/19 Number of options	2018/19 Weighted average exercise price	2017/18 Number of options	2017/18 Weighted average exercise price
Outstanding at 1 April	**4,139,200**	–	12,805,040	$4.20
Exercised	–	–	(275,996)	$3.59
Cancelled	**(4,139,200)**	–	(8,389,844)	$4.51
Outstanding at 31 March	–	–	4,139,200	$3.54*
Exercisable at 31 March	–	–	4,139,200	$3.54*

* Weighted average exercise price of $3.54 has been adjusted for special dividend of $0.05 declared on 20 July 2017.

There are no outstanding share options as at end of the financial year (2017/18: 4,139,200).

Following the expiry of the share option plans in March 2009, the Company ceased to grant options under ESOP. The last grant of the share option plans expired on 30 June 2018.

All outstanding options lapsed during the year. In the prior year, the weighted average remaining contractual life and exercise price of outstanding options was 0.25 years and $3.54 respectively.

(b) Share-based incentive plans

The Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") were originally adopted by shareholders on 25 July 2005 and expired on 24 July 2015. At the Extraordinary General Meeting of the Company held on 21 July 2014, shareholders approved the adoption of the SIAEC RSP 2014 and SIAEC PSP 2014 to replace the previous RSP and PSP, which were terminated following the adoption of the new plans. The termination of the previous RSP and PSP was without prejudice to the rights of holders of awards outstanding under the respective plans as at the date of such termination.

11. SHARE CAPITAL (IN THOUSANDS OF $) (continued)

(b) Share-based incentive plans (continued)

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 are set at the start of a one-year performance period based on Group and Company objectives with some degree of stretch.	Award of fully-paid ordinary shares of the Company, dependent on position level and individual performance. Targets are 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	<u>Awards granted prior to 2016/17</u> 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. <u>Awards granted in and after 2016/17</u> Based on meeting stated performance conditions over a one-year performance period, 1/3 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

11. 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 1.4.2018/ date of grant	Adjustments*	Cancelled	Released	Balance at 31.3.2019
07.07.2014	46,799	–	–	(46,799)	**–**
06.07.2015	361,726	–	(5,229)	(193,551)	**162,946**
07.07.2016	420,890	–	(7,750)	(220,321)	**192,819**
07.07.2017	851,662	423,737	(49,281)	(443,188)	**782,930**
06.07.2018	898,280	–	(26,460)	–	**871,820**
	2,579,357	423,737	(88,720)	(903,859)	**2,010,515**

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

PSP

	Number of Performance shares				
Date of grant	Balance at 1.4.2018/ date of grant	Adjustments*	Cancelled	Released	Balance at 31.3.2019
06.07.2015	62,856	(43,371)	(361)	(19,124)	**–**
07.07.2016	129,044	–	–	–	**129,044**
07.07.2017	193,287	–	–	–	**193,287**
06.07.2018	175,300	–	–	–	**175,300**
	560,487	(43,371)	(361)	(19,124)	**497,631**

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

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.

The following table lists the key inputs to the model used for the July 2018 and July 2017 award:

	July 2018 Award		July 2017 Award	
	RSP	PSP	RSP	PSP
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	16.43	16.43	17.77	17.77
Risk-free interest rate (%)	1.74 – 2.01	2.01	1.18 – 1.44	1.44
Expected term (years)	1.00 – 3.00	3.00	1.00 – 3.00	3.00
Share price at date of grant ($)	3.11	3.11	4.06	4.06

11. SHARE CAPITAL (IN THOUSANDS OF $) (continued)

(b) Share-based incentive plans (continued)

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 $2.77 to $2.97 (2017/18: $3.74 to $3.92) and the estimated fair value at date of grant for each share granted under the PSP is $2.60 (2017/18: $4.16).

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 2019, were 2,010,515 (2018: 1,681,077) and 497,631 (2018: 385,187) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 2,446,425 (2018: 2,106,908) and 995,262 (2018: and 770,374) fully-paid ordinary shares for RSP and PSP respectively.

For the current financial year, the Group has provided approximately $4,303,000 (2017/18: $2,247,000) 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	
	2018/19	**2017/18**
Share-based compensation expense		
– Restricted share plan	**3,703**	1,914
– Performance share plan	**600**	333
	4,303	2,247

12. TREASURY SHARES (IN THOUSANDS OF $)

	The Group and Company 31 March 2019	2018
Balance at 1 April	**(21,343)**	(15,175)
Purchase of treasury shares	**–**	(10,159)
Treasury shares reissued pursuant to equity compensation plans:		
– For cash on exercise of employee share options	**–**	991
– Employee share options exercised	**–**	152
– RSP/PSP awarded	**3,447**	2,926
– Gain on reissuance of treasury shares	**(124)**	(78)
	3,323	3,991
Balance at 31 March	**(18,020)**	(21,343)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the financial year, the Company did not purchase any treasury shares. In 2017/18, the Company purchased 2,819,700 of its ordinary shares by way of on-market purchases at share prices ranging from $3.08 to $4.19. The total amount paid to purchase the shares was $10,159,000 and this was presented as a component within equity attributable to owners of the parent.

The Company did not reissue any treasury shares pursuant to its employee share option plans during the year. In 2017/18, the Company issued 275,996 treasury shares at a weighted average exercise price of $3.59 each. 922,983 shares (2017/18: 804,399) were reissued pursuant to the RSP/PSP. The number of treasury shares as at 31 March 2019 was 5,005,974 (2018: 5,928,957).

13. OTHER RESERVES (IN THOUSANDS OF $)

(a) Capital reserve

Capital reserve arises from the gains or losses on the reissuance of treasury shares.

(b) 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.

(c) 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.

13. OTHER RESERVES (IN THOUSANDS OF $) (continued)

(d) Fair value reserve

Fair value reserve records the cumulative fair value changes of financial asset measured at fair value through other comprehensive income ("FVOCI") and the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

	The Group		
	31 March		1 April
	2019	2018	2017
Balance at 1 April	**3,653**	(582)	140,747
Net gain on fair value adjustment	**244**	1,070	614
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	**1,455**	(711)	(1,457)
Recognised in the carrying value of investment in associated company on the occurrence of capital injection	**–**	(1,032)	–
Realisation of fair value changes on financial asset measured at FVOCI	**–**	–	(141,924)
Share of other comprehensive income of joint venture company	**(6,258)**	4,908	1,438
Balance at 31 March	**(906)**	3,653	(582)

	The Company		
	31 March		1 April
	2019	2018	2017
Balance at 1 April	**(349)**	324	143,091
Net gain on fair value adjustment	**244**	1,070	614
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	**1,455**	(711)	(1,457)
Recognised in the carrying value of investment in associated company on the occurrence of capital injection	**–**	(1,032)	–
Realisation of fair value changes on non-current asset held for sale	**–**	–	(141,924)
Balance at 31 March	**1,350**	(349)	324

(e) Equity transaction reserve

The reserve represents the effects of changes in ownership interest in subsidiaries when there is no change in control.

(f) General reserve

General reserve comprises mainly retained earnings of the Group and the Company. Included in the Company's general reserve is a difference arising from the restructuring by a joint venture for entities under common control. Movements in the Group's and the Company's reserves are set out in the Statement of Changes in Equity respectively.

14. DEFERRED TAXATION (IN THOUSANDS OF $)

Deferred tax relates to the following items:

	The Group					The Company		
	Consolidated balance sheet			Consolidated income statement		Balance sheet		
	31 March		1 April			31 March		1 April
	2019	2018	2017	2018/19	2017/18	2019	2018	2017
Deferred tax liabilities								
Differences in depreciation of property, plant and equipment	**23,955**	25,347	26,369	**(1,392)**	(1,435)	**23,435**	24,890	25,997
Revaluation of forward currency contracts to fair value	**276**	(71)	66	**–**	–	**276**	(71)	66
Undistributed profits of a subsidiary company	**596**	642	749	**(46)**	(107)	**–**	–	–
Undistributed profits of overseas associated companies	**1,371**	1,389	2,243	**(18)**	(854)	**–**	–	–
Other items	**258**	257	251	**1**	6	**–**	–	–
Deferred tax assets								
Actuarial loss on revaluation of defined benefit plans	**–**	–	(436)	**–**	436	**–**	–	(436)
Provisions	**(2,481)**	(2,536)	(2,024)	**55**	(512)	**(2,481)**	(2,536)	(2,024)
Other items	**(905)**	(826)	(802)	**(144)**	(117)	**–**	–	–
	23,070	24,202	26,416			**21,230**	22,283	23,603
Deferred income tax expense				**(1,544)**	(2,583)			

The Group has tax losses of approximately $51,430,000 (2018: $43,833,000; 1 April 2017: $28,586,000) 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 $596,000 (2018: $642,000; 1 April 2017: $749,000) 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 $11,163,000 (2018: $9,865,000; 1 April 2017: $8,507,000). The deferred tax liability is estimated to be $3,349,000 (2018: $2,960,000; 1 April 2017: $2,552,000).

15. PROPERTY, PLANT AND EQUIPMENT (IN THOUSANDS OF $)

	Leasehold land and buildings	Plant, equipment and engine overhaul tooling	Aircraft rotable spares	Office furniture and computer equipment	Motor vehicles	Advance and progress payments#	Total
The Group							
Cost or Deemed Cost							
At 1 April 2017	290,233	282,289	148,522	51,749	7,540	4,541	784,874
Additions	804	19,477	486	2,467	1,336	7,029	31,599
Transfers	20	868	26	6,797	90	(7,801)	–
Disposals	(18)	(11,067)	(8,478)	(457)	(379)	–	(20,399)
Exchange differences	(2,872)	(3,053)	(394)	(274)	(138)	(129)	(6,860)
At 31 March 2018	288,167	288,514	140,162	60,282	8,449	3,640	789,214
Additions	332	15,215	1,038	2,250	611	5,514	24,960
Transfers	80	2,845	25	2,234	77	(5,261)	–
Disposals	–	(9,672)	(5,923)	(2,685)	(329)	–	(18,609)
Disposal of a subsidiary company	–	(1,660)	–	(449)	(307)	–	(2,416)
Exchange differences	1,443	1,376	171	94	33	100	3,217
At 31 March 2019	**290,022**	**296,618**	**135,473**	**61,726**	**8,534**	**3,993**	**796,366**
Accumulated depreciation and impairment losses							
At 1 April 2017	140,214	215,488	71,849	36,443	5,127	–	469,121
Depreciation	10,041	18,800	11,627	7,176	826	–	48,470
Impairment losses	–	–	3,546	–	–	–	3,546
Disposals	(15)	(11,156)	(4,907)	(204)	(379)	–	(16,661)
Exchange differences	(543)	(1,825)	(284)	(158)	(90)	–	(2,900)
At 31 March 2018	149,697	221,307	81,831	43,257	5,484	–	501,576
Depreciation	10,109	20,087	10,782	7,647	834	–	49,459
Disposals	–	(9,588)	(2,630)	(2,682)	(282)	–	(15,182)
Disposal of a subsidiary company	–	(1,057)	–	(296)	(177)	–	(1,530)
Exchange differences	287	713	145	65	27	–	1,237
At 31 March 2019	**160,093**	**231,462**	**90,128**	**47,991**	**5,886**	**–**	**535,560**
Net book value							
At 1 April 2017	150,019	66,801	76,673	15,306	2,413	4,541	315,753
At 31 March 2018	138,470	67,207	58,331	17,025	2,965	3,640	287,638
At 31 March 2019	**129,929**	**65,156**	**45,345**	**13,735**	**2,648**	**3,993**	**260,806**

Advance and progress payments comprise mainly plant, equipment and engine overhaul tooling (2018: plant, equipment and engine overhaul tooling).

15. PROPERTY, PLANT AND EQUIPMENT (IN THOUSANDS OF $) (continued)

	The Group		
	31 March		1 April
	2019	2018	2017
Net book value of property, plant and equipment acquired under finance lease:			
– Plant, equipment and engine overhaul tooling	**–**	30	33
– Motor vehicles	**–**	9	11

	Leasehold land and buildings	Plant, equipment and engine overhaul tooling	Aircraft rotable spares	Office furniture and computer equipment	Motor vehicles	Advance and progress payments#	Total
The Company							
Cost or Deemed Cost							
At 1 April 2017	243,432	241,553	142,945	48,251	5,729	2,724	684,634
Additions	–	15,361	272	1,613	726	4,880	22,852
Transfers	20	729	–	6,266	90	(7,105)	–
Disposals	–	(10,761)	(8,263)	(314)	(364)	–	(19,702)
At 31 March 2018	243,452	246,882	134,954	55,816	6,181	499	687,784
Additions	–	11,843	974	1,202	525	4,764	19,308
Transfers	–	733	–	2,123	33	(2,889)	–
Disposals	–	(18,552)	(5,434)	(2,581)	(256)	–	(26,823)
At 31 March 2019	**243,452**	**240,906**	**130,494**	**56,560**	**6,483**	**2,374**	**680,269**
Accumulated depreciation and impairment losses							
At 1 April 2017	132,063	192,833	67,143	34,281	3,948	–	430,268
Depreciation	8,304	14,116	11,331	6,448	576	–	40,775
Impairment losses	–	–	3,546	–	–	–	3,546
Disposals	–	(10,866)	(4,651)	(65)	(364)	–	(15,946)
At 31 March 2018	140,367	196,083	77,369	40,664	4,160	–	458,643
Depreciation	8,304	14,193	10,523	6,617	539	–	40,176
Disposals	–	(17,646)	(2,152)	(2,581)	(226)	–	(22,605)
At 31 March 2019	**148,671**	**192,630**	**85,740**	**44,700**	**4,473**	**–**	**476,214**
Net book value							
At 1 April 2017	111,369	48,720	75,802	13,970	1,781	2,724	254,366
At 31 March 2018	103,085	50,799	57,585	15,152	2,021	499	229,141
At 31 March 2019	**94,781**	**48,276**	**44,754**	**11,860**	**2,010**	**2,374**	**204,055**

Advance and progress payments comprise mainly plant, equipment and engine overhaul tooling (2018: office and computer equipment).

Impairment losses

In the financial year ended 31 March 2019, no impairment loss was recognised on property, plant and equipment. In the prior year, $3,546,000 (1 April 2017: nil) was recognised on certain aircraft rotable spares that could no longer generate sufficient future cash flows. The recoverable amount was based on an independent valuation, which took into account the expected resale prices in the secondary markets and the service condition of the rotables. The recoverable amounts of the rotables subject to fair valuation, after the impairment charge was $5,457,000 (level 3 of fair value hierarchy).

16. INTANGIBLE ASSETS (IN THOUSANDS OF $)

	Computer software	Deferred engine development costs	Other intangible assets	Advance and progress payments	Total
The Group					
Cost					
At 1 April 2017	50,286	58,888	4,213	1,424	114,811
Additions	281	6,958	–	4,184	11,423
Transfers	877	–	–	(877)	–
Disposals	(7,138)	–	–	–	(7,138)
Exchange differences	(105)	(3,990)	–	–	(4,095)
At 31 March 2018	44,201	61,856	4,213	4,731	115,001
Additions	405	10,325	–	4,087	14,817
Transfers	1,145	–	–	(1,145)	–
Reclassification to prepayments	–	(34,158)	–	–	(34,158)
Disposal of a subsidiary company	(113)	–	(4,213)	–	(4,326)
Exchange differences	39	2,497	–	–	2,536
At 31 March 2019	**45,677**	**40,520**	**–**	**7,673**	**93,870**
Accumulated amortisation					
At 1 April 2017	44,814	471	4,213	–	49,498
Amortisation	2,087	3,342	–	–	5,429
Disposals	(7,138)	–	–	–	(7,138)
Exchange differences	(91)	(395)	–	–	(486)
At 31 March 2018	39,672	3,418	4,213	–	47,303
Amortisation	2,066	1,931	–	–	3,997
Disposal of a subsidiary company	(109)	–	(4,213)	–	(4,322)
Exchange differences	36	209	–	–	245
At 31 March 2019	**41,665**	**5,558**	**–**	**–**	**47,223**
Net book value					
At 1 April 2017	5,472	58,417	–	1,424	65,313
At 31 March 2018	4,529	58,438	–	4,731	67,698
At 31 March 2019	**4,012**	**34,962**	**–**	**7,673**	**46,647**

Impairment testing of deferred engine development costs

This relates to the Group's share of engine programme assets including development costs made in connection with its participation in aircraft engine development projects with other companies. An impairment test has been performed and no impairment loss was deemed necessary following the review.

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 the business plan provided by the programme manager for the next 43 years (2017/18: 44 years). The pre-tax discount rate applied to cash flow projections is 8% (2017/18: 9%).

16. INTANGIBLE ASSETS (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. The recoverable amount is still expected to exceed its carrying amount if the discount rate increases by 3% (2017/18: 1%).

Number and timing of engine sales – Number and timing of engine sales represent the projected number of aircraft engines expected to be sold each year upon the completion of engine development. Projected engine sales are based on current aircraft orders and expectations of market development.

	Computer software	Advance and progress payments	Total
The Company			
Cost			
At 1 April 2017	48,527	904	49,431
Additions	217	3,912	4,129
Transfers	695	(695)	–
Disposals	(7,136)	–	(7,136)
At 31 March 2018	42,303	4,121	46,424
Additions	308	4,063	4,371
Transfers	955	(955)	–
At 31 March 2019	**43,566**	**7,229**	**50,795**
Accumulated amortisation			
At 1 April 2017	43,355	–	43,355
Amortisation	1,857	–	1,857
Disposals	(7,136)	–	(7,136)
At 31 March 2018	38,076	–	38,076
Amortisation	1,858	–	1,858
At 31 March 2019	**39,934**	**–**	**39,934**
Net book value			
At 1 April 2017	5,172	904	6,076
At 31 March 2018	4,227	4,121	8,348
At 31 March 2019	**3,632**	**7,229**	**10,861**

17. SUBSIDIARY COMPANIES (IN THOUSANDS OF $)

	The Company		
	31 March		1 April
	2019	2018	2017
Unquoted shares, at cost	**153,349**	140,062	127,778
Loan to a subsidiary company	**–**	4,573	5,249
Impairment loss	**–**	(13,088)	(5,257)
	153,349	131,547	127,770

17. SUBSIDIARY COMPANIES (IN THOUSANDS OF $) (continued)

(a) Composition of the Group

The subsidiary companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2019	Cost 2018	Cost 1 April 2017	Percentage equity held by the Group 2019	Percentage equity held by the Group 2018	Percentage equity held by the Group 1 April 2017
Aircraft Maintenance Services Australia Pty. Ltd. ^	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	**–**	8,515	8,515	**–**	100	100
NexGen Network (1) Holding Pte. Ltd. *	Investment holding	Singapore	**11,463**	11,463	11,463	**100**	100	100
NexGen Network (2) Holding Pte. Ltd. *	Investment holding	Singapore	**56,177**	56,177	49,694	**100**	100	100
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	1,358	**100**	100	100
SIAEC Global Private Limited *	Investment holding	Singapore	**@**	@	@	**100**	100	100
SIA Engineering Japan Corporation ##	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Japan	**4,060**	2,706	–	**100**	100	–
Singapore Aero Support Services Pte. Ltd. (previously known as Singapore Jamco Services Private Limited) *	Maintenance, repair and overhaul of aircraft and cabin components/systems	Singapore	**12,445**	7,741	7,741	**100**	80	80
Heavy Maintenance Singapore Services Pte. Ltd. *	Provide airframe maintenance and component overhaul services	Singapore	**24,575**	11,231	8,136	**65**	65	65
SIA Engineering (Philippines) Corporation ^	Provide airframe maintenance and component overhaul services	Philippines	**27,175**	27,175	27,175	**65**	65	65

17. SUBSIDIARY COMPANIES (IN THOUSANDS OF $) (continued)

(a) Composition of the Group (continued)

Name of company	Principal activities	Country of incorporation and place of business	Cost			Percentage equity held by the Group		
			2019	2018	1 April 2017	2019	2018	1 April 2017
Additive Flight Solutions Pte. Ltd. *	Additive manufacturing of aircraft cabin parts and tooling for the aerospace industry	Singapore	**2,400**	–	–	**60**	–	–
Aerospace Component Engineering Services Pte. Limited *	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	**10,934**	10,934	10,934	**51**	51	51
Aviation Partnership (Philippines) Corporation ^	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Philippines	**2,762**	2,762	2,762	**51**	51	51

* Audited by KPMG LLP, Singapore

^ Audited by member firms of KPMG International 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

Not required to be audited in the current financial year

1. The Company invested approximately $1,354,000 in SIA Engineering Japan Corporation ("SIAEJ").

2. The Company invested approximately $13,344,000 (2018: $3,095,000) in Heavy Maintenance Singapore Services Pte. Ltd. ("HMSS"), under the terms of the shareholder's agreement.

3. The Company incorporated a subsidiary, Additive Flight Solutions Pte. Ltd. ("AFS") on 29 June 2018. As at year-end, the Company had a total capital contribution in AFS of approximately $2,400,000. The Company holds 60% stake in AFS .

4. On 29 January 2019, the Group completed the restructuring of one of its subsidiary companies, Singapore Jamco Services Private Limited ("SJS"). As part of the restructuring, the Company acquired an additional 20% interest in SJS. Consequently, SJS became a wholly-owned subsidiary. On 1 April 2019, SJS was renamed Singapore Aero Support Services Pte. Ltd.

5. The Company sold 100% interest in Aircraft Maintenance Services Pty. Ltd. ("AMSA") for a cash consideration of approximately $4,377,000. AMSA ceased to be a subsidiary of SIAEC from 20 December 2018, with the completion of divestment.

6. In the prior year, the Company invested approximately $6,483,000 in NexGen Network (2) Holding Pte. Ltd. ("NGN2"), under the terms of the shareholders' agreements.

17. SUBSIDIARY COMPANIES (IN THOUSANDS OF $) (continued)

(a) Composition of the Group (continued)

Acquisition of non-controlling interests

The following summarises the effect of the change in the group's ownership interest in SJS on the equity attributable to owners of the Company.

	31 March 2019
Consideration paid for acquisition of non-controlling interests	4,704
Decrease in equity attributable to non-controlling interests	(2,556)
Decrease in equity attributable to owners of the Company	2,148

Disposal of a subsidiary company

The value of assets and liabilities of AMSA disposed, and the effects of the disposal were:

	As at date of disposal
Property, plant and equipment	886
Intangible assets	4
Trade and other debtors	2,849
Inventories	109
Cash and bank balances	2,745
Total assets	6,593
Less: Trade and other creditors	(2,186)
Net assets disposed	4,407
Surplus on disposal:	
Cash received	4,377
Net assets disposed	(4,407)
Realisation of foreign currency translation reserve	126
Exchange difference	213
Surplus on disposal	309

(b) Interest in subsidiary companies with material non-controlling interests ("NCI")

The Group has the following subsidiary companies that has NCI that are material to the Group:

Name	Principal place of business/Country of incorporation	Operating Segment	Ownership interests held by NCI		
			2019 %	2018 %	1 April 2017 %
SIA Engineering (Philippines) Corporation	Philippines	Airframe and line maintenance	**35**	35	35
Aerospace Component Engineering Services Pte. Limited	Singapore	Engine and component	**49**	49	49

17. SUBSIDIARY COMPANIES (IN THOUSANDS OF $) (continued)

(c) Summarised financial information about subsidiary companies with material NCI

Summarised financial information before intercompany eliminations of subsidiary companies with material NCI are as follows:

	SIA Engineering (Philippines) Corporation			Aerospace Component Engineering Services Pte. Limited		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Summarised balance sheet						
Current						
Assets	**27,031**	21,683	20,192	**18,343**	17,223	17,665
Liabilities	**(20,052)**	(16,708)	(10,157)	**(3,689)**	(3,444)	(3,608)
Net current assets	**6,979**	4,975	10,035	**14,654**	13,779	14,057
Non-Current						
Assets	**41,218**	42,895	46,311	**5,725**	5,934	6,792
Liabilities	**(12,561)**	(17,297)	(25,329)	**(312)**	(213)	(184)
Net non-current assets	**28,657**	25,598	20,982	**5,413**	5,721	6,608
Net assets	**35,636**	30,573	31,017	**20,067**	19,500	20,665

	SIA Engineering (Philippines) Corporation		Aerospace Component Engineering Services Pte. Limited	
	31 March		31 March	
	2019	2018	2019	2018
Summarised statement of comprehensive income				
Revenue	**49,731**	41,966	**25,005**	22,839
Profit before income tax	**4,630**	1,681	**1,930**	2,045
Taxation	**(553)**	(366)	**(352)**	(326)
Profit after tax	**4,077**	1,315	**1,578**	1,719
Other comprehensive income	**2**	131	**–**	–
Total comprehensive income	**4,079**	1,446	**1,578**	1,719
Other summarised information				
Net cash flow from operations	**6,187**	6,452	**1,234**	3,408
Acquisition of significant property, plant and equipment	**(1,213)**	(3,081)	**(702)**	(645)

18. ASSOCIATED COMPANIES (IN THOUSANDS OF $)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Unquoted shares, at cost	**224,376**	226,406	198,435	**224,376**	223,615	195,644
Share of post-acquisition reserves	**278,062**	276,589	271,245	**–**	–	–
Share of other comprehensive income	**903**	65	–	**–**	–	–
Goodwill written-off to reserves	**(24,398)**	(24,398)	(24,398)	**–**	–	–
Translation adjustment	**(72,077)**	(83,662)	(62,697)	**–**	–	–
Impairment loss	**(2,538)**	(2,538)	(2,538)	**(2,718)**	(2,718)	(2,718)
	404,328	392,462	380,047	**221,658**	220,897	192,926

The associated companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost			Percentage equity held by the Group		
					1 April			1 April
			2019	2018	2017	2019	2018	2017
Boeing Asia Pacific Aviation Services Pte. Ltd. ^^^ ++	Provide engineering, material management and fleet support solutions	Singapore	**50,965**	50,965	23,516	**49.0**	49.0	49.0
Eagle Services Asia Private Limited ##++	Repair and overhaul of aircraft engines	Singapore	**71,588**	71,588	71,588	**49.0**	49.0	49.0
Fuel Accessory Service Technologies Pte Ltd ##+	Repair and overhaul of engine fuel components and accessories	Singapore	**5,071**	5,071	5,071	**49.0**	49.0	49.0
Moog Aircraft Services Asia Pte. Ltd. **	Repair and overhaul services for flight control systems	Singapore	**6,561**	4,626	–	**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	3,675	**49.0**	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	1,117	**49.0**	49.0	49.0

18. ASSOCIATED COMPANIES (IN THOUSANDS OF $) (continued)

Name of company	Principal activities	Country of incorporation and place of business	Cost			Percentage equity held by the Group		
			2019	2018	1 April 2017	2019	2018	1 April 2017
Component Aerospace Singapore Pte. Ltd. ##+	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	**2,853**	2,853	2,853	**46.4**	46.4	46.4
JAMCO Aero Design & Engineering Private Limited *****	Provide turnkey solutions for aircraft interior modifications	Singapore	**767**	767	767	**45.0**	45.0	45.0
Panasonic Avionics Services Singapore Pte. Ltd.@	Provide line maintenance and repair services of in-flight entertainment systems	Singapore	**2,685**	2,685	2,685	**42.5**	42.5	42.5
Goodrich Aerostructures Service Center-Asia Pte. Ltd. ##++	Repair and overhaul of aircraft nacelles, thrust reversers and pylons	Singapore	**37,220**	37,220	37,220	**40.0**	40.0	40.0
Pan Asia Pacific Aviation Services Limited *	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	**3,224**	3,224	3,224	**40.0**	40.0	47.1
Safran Electronics & Defense Services Asia Pte. Ltd. ******++	Provide avionics maintenance, repair and overhaul services	Singapore	**11,004**	11,004	11,004	**40.0**	40.0	40.0
Safran Landing Systems Services Singapore Pte. Ltd. *****++	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	**13,971**	13,971	13,971	**40.0**	40.0	40.0
Asian Surface Technologies Pte Ltd ^++	Repair and overhaul of aircraft engine fan blades	Singapore	**2,718**	2,718	2,718	**39.2**	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	5,286	**33.3**	33.3	33.3

18. ASSOCIATED COMPANIES (IN THOUSANDS OF $) (continued)

Name of company	Principal activities	Country of incorporation and place of business	Cost			Percentage equity held by the Group		
			2019	2018	1 April 2017	2019	2018	1 April 2017
Turbine Coating Services Pte Ltd ##+	Repair and overhaul of aircraft engine turbine airfoils	Singapore	**5,671**	5,671	5,671	**24.5**	24.5	24.5
Jamco Singapore Private Limited *****	Manufacturing and sales of aircraft cabin equipment	Singapore	**–**	3,965	3,965	**–**	20.0	20.0
Asian Compressor Technology Services Company Limited #++	Repair and overhaul of aircraft engine high pressure compressor stators	Taiwan	**–**	–	4,104	**–**	–	24.5

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

1. During the year, the Company invested approximately $1,935,000 in Moog Aircraft Services Asia Pte. Ltd. ("MASA") under terms of the shareholders' agreement.

2. On 29 January 2019, the Group completed the sale of 20% share of Jamco Singapore Private Limited ("JS"). A loss on disposal of $88,000 was recorded in the consolidated income statement and JS ceased to be an associated company .

3. In the prior year, the Company invested approximately $27,449,000 in Boeing Asia Pacific Aviation Services Pte. Ltd ("BAPAS"), under the terms of the shareholders' agreement.

4. In the prior year, the Company, together with its joint venture partners, Pratt & Whitney ("P&W") and China Airlines Limited ("CAL"), completed the sale of 100% share of Asian Compressor Technology Services Company Limited ("ACTS"). A gain on disposal of $15,000,000 was recorded in the consolidated income statement and ACTS ceased to be an associated company from 22 January 2018.

5. In the prior year, Hong Kong Airlines Ltd ("HKA") completed the subscription for new shares in Pan Asia Pacific Services Limited ("PAPAS") for a cash consideration of approximately HK$21,700,000. After HKA's subscription for new shares in PAPAS, the Company's relative interest in PAPAS is 40%. A gain on dilution of approximately $870,000 was recognised in the consolidated income statement.

18. ASSOCIATED COMPANIES (IN THOUSANDS OF $) (continued)

The carrying amount of the material investment is as follows:

	The Group		
	31 March		1 April
	2019	2018	2017
Eagle Services Asia Private Limited ("ESA")	**189,014**	175,290	164,779
Other associated companies	**215,314**	217,172	215,268
	404,328	392,462	380,047

The activities of ESA complement the Group's activities.

Dividends of approximately $27,640,000 (2017/18: $8,026,000) were received from ESA.

Summarised financial information in respect of ESA is as follows:

	31 March		1 April
	2019	2018	2017
Summarised balance sheet			
Funds employed:			
Current assets	**425,257**	367,454	296,900
Non-current assets	**140,603**	80,331	52,378
	565,860	447,785	349,278
Current liabilities	**(163,241)**	(86,409)	(10,142)
Non-current liabilities	**(16,876)**	(3,641)	(2,852)
	385,743	357,735	336,284
Financed by:			
Shareholders' equity	**385,743**	357,735	336,284

	31 March	
	2019	2018
Summarised statement of comprehensive income		
Revenue	**1,358,170**	1,202,577
Profit after taxation from continuing operations	**73,189**	59,220
Total comprehensive income	**73,189**	59,220

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 SFRS(I).

18. 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 2019	The Group 31 March 2018	The Group 1 April 2017
Group's share of 49% of net assets	**189,014**	175,290	164,779

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 2019	The Group 31 March 2018	The Group 1 April 2017
Summarised balance sheet			
Funds employed:			
Current assets	**239,896**	219,141	201,477
Non-current assets	**72,659**	72,192	75,830
	312,555	291,333	277,307
Current liabilities	**(91,491)**	(72,122)	(60,858)
Non-current liabilities	**(8,761)**	(5,050)	(4,192)
	212,303	214,161	212,257
Financed by:			
Shareholders' equity	**212,303**	214,161	212,257

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

	The Group 2018/19	The Group 2017/18
Summarised statement of comprehensive income		
Profit after tax from continuing operations	**37,639**	40,516
Other comprehensive income	**(27)**	65
Total comprehensive income	**37,612**	40,581

19. JOINT VENTURE COMPANY (IN THOUSANDS OF $)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Unquoted shares, at cost	**61,867**	61,867	61,867	**61,867**	61,867	61,867
Share of post-acquisition reserves	**114,921**	110,809	116,424	**–**	–	–
Share of other comprehensive income	**(2,256)**	4,002	(906)	**–**	–	–
Translation adjustment	**(19,808)**	(24,827)	(15,370)	**–**	–	–
	154,724	151,851	162,015	**61,867**	61,867	61,867

The joint venture company at 31 March is as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost			Percentage equity held by the Group		
			2019	2018	1 April 2017	2019	2018	1 April 2017
Singapore Aero Engine Services Private Limited @	Repair and overhaul of aircraft engines	Singapore	**61,867**	61,867	61,867	**50.0**	50.0	50.0

@ Audited by KPMG LLP, Singapore, financial year end of 31 December

The carrying amount of the investment is as follows:

	The Group		
	31 March		1 April
	2019	2018	2017
Singapore Aero Engine Services Private Limited ("SAESL")	**154,724**	151,851	162,015

The Group has 50% (2018: 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 $36,255,000 (2017/18: $45,899,000) were received from SAESL.

19. JOINT VENTURE COMPANY (IN THOUSANDS OF $) (continued)

Summarised financial information in respect of SAESL is as follows:

	31 March 2019	31 March 2018	1 April 2017
Summarised balance sheet			
Funds employed:			
Cash and short-term deposits	**28,580**	45,540	22,205
Other current assets	**754,060**	642,124	509,870
Total current assets	**782,640**	687,664	532,075
Non-current assets	**318,672**	263,089	282,766
Total assets	**1,101,312**	950,753	814,841
Current liabilities	**(528,620)**	(437,794)	(384,617)
Non-current liabilities	**(263,244)**	(209,256)	(106,191)
Total liabilities	**(791,864)**	(647,050)	(490,808)
Net assets	**309,448**	303,703	324,033
Financed by:			
Shareholders' equity	**309,448**	303,703	324,033

	2018/19	2017/18
Summarised statement of comprehensive income		
Revenue	**2,112,985**	1,980,455
Depreciation and amortisation	**(22,316)**	(21,592)
Interest income	**71**	66
Interest expense	**(7,622)**	(4,767)
Profit before tax	**87,215**	85,808
Taxation	**(6,482)**	(5,239)
Profit after taxation	**80,733**	80,569
Other comprehensive income	**(12,516)**	9,816
Total comprehensive income	**68,217**	90,385

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 SFRS(I).

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

	The Group 31 March 2019	The Group 31 March 2018	The Group 1 April 2017
Group's share of 50% of net assets	**154,724**	151,851	162,017

20. TRADE DEBTORS (IN THOUSANDS OF $)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Trade debtors	**81,228**	70,948	87,504	**59,503**	52,653	60,491

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

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Not past due and not impaired	**38,085**	51,153	46,896	**23,740**	41,428	32,025
Past due but not impaired	**43,143**	19,795	40,608	**35,763**	11,225	28,466
	81,228	70,948	87,504	**59,503**	52,653	60,491
Impaired trade debtors – collectively assessed	**2,373**	2,225	1,706	**1,961**	1,992	1,298
Less: Accumulated impairment losses	**(2,373)**	(2,225)	(1,706)	**(1,961)**	(1,992)	(1,298)
	–	–	–	**–**	–	–
Total trade debtors, net	**81,228**	70,948	87,504	**59,503**	52,653	60,491

Aging of trade debtors that are past due but not impaired:

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Less than 30 days	**19,902**	8,249	26,416	**14,319**	4,029	20,027
30 days to 60 days	**18,506**	6,596	5,244	**17,032**	5,075	4,639
61 days to 90 days	**1,705**	2,391	2,314	**1,480**	1,374	1,236
More than 90 days	**3,030**	2,559	6,634	**2,932**	747	2,564
	43,143	19,795	40,608	**35,763**	11,225	28,466

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.

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 credit-impaired. Individual trade debt is written off when management deems the amount not to be collectible.

20 TRADE DEBTORS (IN THOUSANDS OF $) (continued)

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	
	2019	2018	2019	2018
Balance at 1 April	**2,225**	1,706	**1,992**	1,298
Charge to profit or loss	**222**	1,130	**7**	1,205
Provision utilised during the year	**(74)**	(611)	**(38)**	(511)
Balance at 31 March	**2,373**	2,225	**1,961**	1,992
Bad debts written off directly to profit or loss account, net of debts recovered	**–**	983	**–**	–

As at 31 March 2019, trade debtors in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 59% (2018: 57%; 1 April 2017: 62%) for the Group and 76% (2018: 69%; 1 April 2017: 81%) for the Company.

21. CONTRACT BALANCES (IN THOUSANDS OF $)

The following table provides information about contract assets and contract liabilities from contracts with customers.

	The Group 31 March		1 April	The Company 31 March		1 April
	2019	2018	2017	2019	2018	2017
Contract assets	**183,919**	195,667	109,204	**165,479**	180,914	105,660
Contract liabilities	**(33,499)**	(32,300)	(38,223)	**(33,342)**	(32,170)	(38,178)

Contract assets relate to the Group's and Company's rights to consideration for work completed but not billed at the reporting date. Included in contract assets are services rendered to immediate holding company of approximately $56,917,000 (2018: $67,945,000; 1 April 2017: $47,405,000) and $56,598,000 (2018: $67,903,000; 1 April 2017: $47,405,000) for the Group and Company respectively, and services rendered to fellow subsidiaries of the immediate holding company of approximately $26,893,000 (2018: $25,319,000; 1 April 2017: $12,786,000) and $25,800,000 (2018: $22,568,000; 1 April 2017: $12,786,000) for the Group and Company respectively. The contract assets are transferred to trade debtors when the rights become unconditional. This usually occurs when the Group and Company invoice the customers.

The contract liabilities primarily relate to the advance consideration received from customers for Fixed Price Package Contracts for which revenue is recognised over time over the performance of the checks.

21. CONTRACT BALANCES (IN THOUSANDS OF $) (continued)

Significant changes in the contract assets and the contract liabilities balances during the period are as follows.

	Contract assets 31 March		Contract liabilities 31 March	
	2019	2018	2019	2018
The Group				
(a) Revenue recognised that was included in the contract liability balance at the beginning of the year	**–**	–	**64,503**	77,396
(b) Increases due to cash received, excluding amounts recognised as revenue during the year	**–**	–	**(64,322)**	(75,397)
(c) Contract assets recognised	**209,590**	201,441	**–**	–
(d) Transfer from contract assets to trade debtors	**(221,511)**	(115,951)	**–**	–
The Company				
(a) Revenue recognised that was included in the contract liability balance at the beginning of the year	**–**	–	**64,459**	77,266
(b) Increases due to cash received, excluding amounts recognised as revenue during the year	**–**	–	**(64,165)**	(75,355)
(c) Contract assets recognised	**149,597**	181,728	**–**	–
(d) Transfer from contract assets to trade debtors	**(163,847)**	(106,437)	**–**	–

22. PREPAYMENTS AND OTHER DEBTORS (IN THOUSANDS OF $)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Current assets						
Prepayments	**11,138**	9,597	7,546	**1,997**	3,030	3,003
Other debtors	**8,722**	10,151	7,161	**6,415**	8,126	4,549
	19,860	19,748	14,707	**8,412**	11,156	7,552
Non-current assets						
Prepayments	**13,833**	–	–	**–**	–	–

Included in other debtors are deposits of approximately $1,491,000 (2018: $1,963,000; 1 April 2017: $2,484,000) and $324,000 (2018: $366,000; 2017: $331,000) for the Group and Company respectively, and fair value change of forward contracts of approximately $159,000 (2018: $461,000) for the Group and Company in 2019.

The contract/notional amounts of the forward currency contracts as at 31 March 2019 were approximately $47,551,000 (2018: $60,657,000) 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.

Included in prepayments is an amount of approximately $19,468,000 (2018 and 1 April 2017: nil) held by a wholly-owned subsidiary company's programme partner to be used for settlement of the Group's share of future net financial obligations to the programme over a period of approximately 5 years.

23. IMMEDIATE HOLDING COMPANY (IN THOUSANDS OF $)

The amounts due from the immediate holding company, which are carried at amortised 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 offset are as follows:

	The Group 31 March 2019			The Company 31 March 2019		
	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Receivables	**142,227**	**(50,187)**	**92,040**	**141,492**	**(50,187)**	**91,305**
Payables	**(50,187)**	**50,187**	**–**	**(50,187)**	**50,187**	**–**

23. IMMEDIATE HOLDING COMPANY (IN THOUSANDS OF $) (continued)

	31 March 2018			31 March 2018		
	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Receivables	107,108	(65,116)	41,992	105,678	(65,116)	40,562
Payables	(65,116)	65,116	–	(65,116)	65,116	–

	The Group 1 April 2017			The Company 1 April 2017		
	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Receivables	135,902	(56,986)	78,916	134,032	(56,986)	77,046
Payables	(56,986)	56,986	–	(56,986)	56,986	–

24. 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			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Amounts owing by related parties						
– Fellow subsidiaries	**22,506**	31,619	38,451	**19,253**	30,785	37,741
– Subsidiaries	**–**	–	–	**17,501**	8,124	1,741
– Joint venture/associated companies	**3,071**	8,849	8,985	**2,604**	8,689	8,816
– Others	**5,174**	1,433	1,315	**5,174**	1,383	1,315
	30,751	41,901	48,751	**44,532**	48,981	49,613
Amounts owing to related parties						
– Fellow subsidiaries	**–**	–	(6,334)	**–**	–	(6,334)
– Subsidiaries	**–**	–	–	**(9,354)**	(18,991)	(16,984)
– Joint venture/associated companies	**(784)**	(410)	(554)	**(784)**	(405)	(554)
– Others	**–**	–	(2,349)	**–**	–	(2,318)
	(784)	(410)	(9,237)	**(10,138)**	(19,396)	(26,190)

24. AMOUNTS OWING BY/(TO) RELATED PARTIES (IN THOUSANDS OF $) (continued)

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

	The Group 31 March 2019			The Company 31 March 2019		
	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Amounts owing by related parties						
– Fellow subsidiaries	**22,506**	**–**	**22,506**	**19,253**	**–**	**19,253**
– Subsidiaries	**–**	**–**	**–**	**18,022**	**(521)**	**17,501**
– Joint venture/associated companies	**3,071**	**–**	**3,071**	**2,604**	**–**	**2,604**
– Others	**5,174**	**–**	**5,174**	**5,174**	**–**	**5,174**
	30,751	**–**	**30,751**	**45,053**	**(521)**	**44,532**
Amounts owing to related parties						
– Subsidiaries	**–**	**–**	**–**	**(9,577)**	**223**	**(9,354)**
– Joint venture/associated companies	**(784)**	**–**	**(784)**	**(784)**	**–**	**(784)**
	(784)	**–**	**(784)**	**(10,361)**	**223**	**(10,138)**

	The Group 31 March 2018			The Company 31 March 2018		
	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Amounts owing by related parties						
– Fellow subsidiaries	36,321	(4,702)	31,619	35,487	(4,702)	30,785
– Subsidiaries	–	–	–	8,273	(149)	8,124
– Joint venture/associated companies	8,849	–	8,849	8,689	–	8,689
– Others	1,433	–	1,433	1,383	–	1,383
	46,603	(4,702)	41,901	53,832	(4,851)	48,981
Amounts owing to related parties						
– Subsidiaries	–	–	–	(19,445)	454	(18,991)
– Joint venture/associated companies	(410)	–	(410)	(405)	–	(405)
	(410)	–	(410)	(19,850)	454	(19,396)

24. AMOUNTS OWING BY/(TO) RELATED PARTIES (IN THOUSANDS OF $) (continued)

	The Group 1 April 2017 Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	The Company 1 April 2017 Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Amounts owing by related parties						
– Fellow subsidiaries	43,205	(4,754)	38,451	42,495	(4,754)	37,741
– Subsidiaries	–	–	–	2,715	(974)	1,741
– Joint venture/associated companies	8,985	–	8,985	8,816	–	8,816
– Others	1,315	–	1,315	1,315	–	1,315
	53,505	(4,754)	48,751	55,341	(5,728)	49,613
Amounts owing to related parties						
– Fellow subsidiaries	(6,334)	–	(6,334)	(6,334)	–	(6,334)
– Subsidiaries	–	–	–	(17,542)	558	(16,984)
– Joint venture/associated companies	(554)	–	(554)	(554)	–	(554)
– Others	(2,349)	–	(2,349)	(2,318)	–	(2,318)
	(9,237)	–	(9,237)	(26,748)	558	(26,190)

25. INVENTORIES (IN THOUSANDS OF $)

	The Group 31 March 2019	2018	1 April 2017	The Company 31 March 2019	2018	1 April 2017
Aircraft and component spares	**29,429**	28,730	31,142	**23,140**	24,011	26,655
Consumable stores and stocks	**6,135**	5,468	6,181	**125**	505	329
Total inventories at lower of cost and net realisable value	**35,564**	34,198	37,323	**23,265**	24,516	26,984

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

	The Group 31 March 2019	2018	The Company 31 March 2019	2018
Balance at 1 April	**21,030**	22,292	20,581	22,113
Charge to profit or loss, net	**3,976**	2,794	3,379	2,740
Provision utilised during the year	**(2,149)**	(4,056)	(1,759)	(4,272)
Balance at 31 March	**22,857**	21,030	22,201	20,581

26. SHORT-TERM DEPOSITS (IN THOUSANDS OF $)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Deposits placed with the immediate holding company	**434,461**	414,895	516,636	**434,461**	414,895	516,636
Fixed deposits placed with banks	**31,301**	18,755	14,563	**1,510**	1,507	1,505
	465,762	433,650	531,199	**435,971**	416,402	518,141

The surplus funds of 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 0.33% to 3.30% (2017/18: 0.1% to 2.28%; 1 April 2017: 0.01% to 1.5%) per annum and can be withdrawn on demand. The interest rates are repriced at varying periods ranging from 1 to 12 months (2017/18: 1 to 12 months; 1 April 2017: 1 to 12 months).

As at 31 March 2019, short-term deposits in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 21% (2018: 22%; 1 April 2017: 13%) for the Group and 18% (2018: 21%; 1 April 2017: 12%) for the Company.

27. 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 1.0% (2017/18: 0.0% to 0.33%; 1 April 2017: 0.0% to 0.33%) per annum.

As at 31 March 2019, cash and bank balances in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 55% (2018: 44%; 1 April 2017: 37%) for the Group and 81% (2018: 65%; 1 April 2017: 45%) for the Company.

28. TRADE AND OTHER CREDITORS (IN THOUSANDS OF $)

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Trade	**33,128**	25,693	19,498	**18,640**	5,389	4,538
Accruals	**150,177**	162,496	191,482	**129,537**	136,011	167,319
Provision for warranty claims	**2,733**	1,730	949	**1,254**	381	949
	186,038	189,919	211,929	**149,431**	141,781	172,806

These amounts are non-interest bearing.

Included in trade and other creditors are fair value change of forward contracts of approximately $641,000 for the Group and the Company in 2017.

The contract/notional amounts of the forward currency contracts as at 31 March 2017 were approximately $48,224,000 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.

28. TRADE AND OTHER CREDITORS (IN THOUSANDS OF $) (continued)

As at 31 March 2019, trade and other creditors in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 8% (2018: 6%; 1 April 2017: 7%) for the Group and 9% (2018: 8%; 1 April 2017: 9%) for the Company.

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

	The Group 31 March		The Company 31 March	
	2019	2018	2019	2018
Balance at 1 April	**1,730**	949	**381**	949
Charge/(Write-back) to profit or loss, net	**1,179**	1,294	**983**	(167)
Provision utilised during the year	**(176)**	(513)	**(110)**	(401)
Balance at 31 March	**2,733**	1,730	**1,254**	381

29. BANK LOANS (IN THOUSANDS OF $)

	The Group 31 March		1 April
	2019	2018	2017
Current liabilities			
Current portion of long-term bank loan	**5,304**	3,243	3,454
Revolving credit facilities	**1,423**	1,377	629
	6,727	4,620	4,083
Non-current liability			
Long-term bank loan	**12,561**	17,297	21,876

The revolving credit facilities denominated in United States dollars taken by a subsidiary company are unsecured and bears fixed interest ranging from 4.00% to 4.06% per annum (2018: 2.75% to 3.15%; 1 April 2017: 2.50% to 2.75% per annum). The current revolving credit facilities 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 4.26% per annum (2018: 3.17%; 1 April 2017: 2.09% per annum), re-priced quarterly. This loan is repayable by 29 April 2022.

30. CASH FLOW FROM OPERATING ACTIVITIES (IN THOUSANDS OF $)

	The Group	
	2018/19	2017/18
Profit before taxation	**179,063**	209,589
Adjustments for:		
Interest income	**(8,080)**	(4,860)
Interest on external borrowings	**938**	772
Depreciation of property, plant and equipment	**49,459**	48,470
Amortisation of intangible assets	**3,997**	5,429
Impairment of property, plant and equipment	**–**	3,546
Share of profits of associated and joint venture companies, net of tax	**(113,868)**	(109,818)
Surplus on disposal of property, plant and equipment	**(1,080)**	(980)
Surplus on disposal of a subsidiary company	**(309)**	–
Loss/(Surplus) on disposal of an associated company	**88**	(15,000)
Surplus on dilution of shareholding in an associated company	**–**	(870)
Exchange differences	**1,091**	6,518
Share-based compensation expense	**4,280**	2,203
Operating profit before working capital changes	**115,579**	144,999
(Increase)/Decrease in debtors	**(7,357)**	4,592
Decrease/(Increase) in contract assets	**11,748**	(86,463)
(Increase)/Decrease in inventories	**(1,475)**	3,125
Increase/(Decrease) in creditors	**13,798**	(21,633)
Increase/(Decrease) in contract liabilities	**1,199**	(5,923)
(Increase)/Decrease in amounts owing by immediate holding company	**(48,457)**	36,810
Decrease/(Increase) in amounts owing by related parties, net	**11,524**	(1,977)
Cash generated from operations	**96,559**	73,530
Income taxes paid	**(21,211)**	(19,137)
Net cash provided by operating activities	**75,348**	54,393

Reconciliation of movements of liabilities to cash flows arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

					Non-cash changes		
	1 April 2018	Proceeds	Repayments	Interest payments	Interest expense	Foreign exchange movement	31 March 2019
Long-term bank loan	**17,297**	**–**	**(5,355)**	**(875)**	**875**	**619**	**12,561**
Bank loans	**4,620**	**5,763**	**(3,758)**	**(63)**	**63**	**102**	**6,727**
	21,917	**5,763**	**(9,113)**	**(938)**	**938**	**721**	**19,288**

					Non-cash changes		
	1 April 2017	Proceeds	Repayments	Interest payments	Interest expense	Foreign exchange movement	31 March 2018
Long-term bank loan	21,876	–	(3,327)	(682)	682	(1,252)	17,297
Bank loans	4,083	3,694	(2,770)	(90)	90	(387)	4,620
	25,959	3,694	(6,097)	(772)	772	(1,639)	21,917

31. CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure, with an aggregate value of approximately $59,303,000 (2018: $57,911,000; 1 April 2017: $59,916,000) for the Group and $50,399,000 (2018: $42,966,000; 1 April 2017: $35,615,000) for the Company.

In addition, the Group's share of a joint venture company's purchase commitments for capital expenditure totalled approximately $6,163,000 (2018: $6,089,000).

(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 50 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		1 April
	2019	2018	2017
Within one year	**15,450**	17,235	15,338
After one year but less than five years	**28,004**	25,309	24,863
More than five years	**47,565**	47,580	46,719
	91,019	90,124	86,920

32. FINANCIAL INSTRUMENTS (IN THOUSANDS OF $)

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an on-going 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 financial liabilities in the balance sheet by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

	Financial assets at amortised cost	Derivatives used for hedging at fair value	Financial liabilities at amortised cost	Total
The Group				
31 March 2019				
Assets				
Trade debtors	81,228	–	–	81,228
Contract assets	183,919	–	–	183,919
Other debtors	8,563	159	–	8,722
Immediate holding company	92,040	–	–	92,040
Amounts owing by related parties	30,751	–	–	30,751
Short-term deposits	465,762	–	–	465,762
Cash and bank balances	55,813	–	–	55,813
Total financial assets	918,076	159	–	918,235
Total non-financial assets				927,040
Total assets				1,845,275
Liabilities				
Trade and other creditors	–	–	186,038	186,038
Contract liabilities	–	–	33,499	33,499
Amounts owing to related parties	–	–	784	784
Bank loans	–	–	6,727	6,727
Long-term bank loan	–	–	12,561	12,561
Total financial liabilities	–	–	239,609	239,609
Total non-financial liabilities				41,637
Total liabilities				281,246

32. FINANCIAL INSTRUMENTS (IN THOUSANDS OF $) (continued)

(a) Classification of financial instruments (continued)

	Financial assets at amortised cost	Derivatives used for hedging at fair value	Financial liabilities at amortised cost	Total
The Group				
31 March 2018				
Assets				
Trade debtors	70,948	–	–	70,948
Contract assets	195,667	–	–	195,667
Other debtors	9,690	461	–	10,151
Immediate holding company	41,992	–	–	41,992
Amounts owing by related parties	41,901	–	–	41,901
Short-term deposits	433,650	–	–	433,650
Cash and bank balances	66,129	–	–	66,129
Total financial assets	859,977	461	–	860,438
Total non-financial assets				943,444
Total assets				1,803,882
Liabilities				
Trade and other creditors	–	–	189,919	189,919
Contract liabilities	–	–	32,300	32,300
Amounts owing to related parties	–	–	410	410
Bank loans	–	–	4,620	4,620
Long-term bank loan	–	–	17,297	17,297
Total financial liabilities	–	–	244,546	244,546
Total non-financial liabilities				44,391
Total liabilities				288,937

32. FINANCIAL INSTRUMENTS (IN THOUSANDS OF $) (continued)

(a) Classification of financial instruments (continued)

	Financial assets at amortised cost	Derivatives used for hedging at fair value	Financial liabilities at amortised cost	Total
The Company				
31 March 2019				
Assets				
Trade debtors	**59,503**	**–**	**–**	**59,503**
Contract assets	**165,479**	**–**	**–**	**165,479**
Other debtors	**6,256**	**159**	**–**	**6,415**
Immediate holding company	**91,305**	**–**	**–**	**91,305**
Amounts owing by related parties	**44,532**	**–**	**–**	**44,532**
Short-term deposits	**435,971**	**–**	**–**	**435,971**
Cash and bank balances	**31,365**	**–**	**–**	**31,365**
Total financial assets	**834,411**	**159**	**–**	**834,570**
Total non-financial assets				**677,052**
Total assets				**1,511,622**
Liabilities				
Trade and other creditors	**–**	**–**	**149,431**	**149,431**
Contract liabilities	**–**	**–**	**33,342**	**33,342**
Amounts owing to related parties	**–**	**–**	**10,138**	**10,138**
Total financial liabilities	**–**	**–**	**192,911**	**192,911**
Total non-financial liabilities				**38,717**
Total liabilities				**231,628**
31 March 2018				
Assets				
Trade debtors	52,653	–	–	52,653
Contract assets	180,914	–	–	180,914
Other debtors	7,665	461	–	8,126
Immediate holding company	40,562	–	–	40,562
Amounts owing by related parties	48,981	–	–	48,981
Short-term deposits	416,402	–	–	416,402
Cash and bank balances	39,829	–	–	39,829
Total financial assets	787,006	461	–	787,467
Total non-financial assets				679,346
Total assets				1,466,813
Liabilities				
Trade and other creditors	–	–	141,781	141,781
Contract liabilities	–	–	32,170	32,170
Amounts owing to related parties	–	–	19,396	19,396
Total financial liabilities	–	–	193,347	193,347
Total non-financial liabilities				41,125
Total liabilities				234,472

32. 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.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 2019			
	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 instruments				
Currency hedging contracts	–	159	–	159
	–	159	–	159

32. FINANCIAL INSTRUMENTS (IN THOUSANDS OF $) (continued)

(b) Fair values (continued)

Financial instruments carried at fair value (continued)

	The Group and the Company 31 March 2018			
	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 instruments				
Currency hedging contracts	–	461	–	461
	–	461	–	461

Level 2 fair value measurements

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

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

Financial instruments whose carrying amounts are reasonable approximation of fair value

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

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

33. 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 seven 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, and expected future cash flows 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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF $) (continued)

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

(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 dollars ("SGD"), Australian dollars ("AUD"), Philippine Pesos ("PHP"), Japanese Yen ("JPY") 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 2019, these accounted for 24% of total revenue (2017/18: 20%) and 7% of total operating expenses (2017/18: 9%). 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 currencies other than the functional currencies of the Group, denominated mainly in USD, for working capital purposes. At the end of the reporting period, such USD balances amounted to approximately $127,526,000 (2018: $124,306,000) and $105,281,000 (2018: $114,535,000) 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 for the company and up to 3 years for a joint venture. 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 Company sets aside USD in short-term deposits to hedge against foreign currency risk on highly probable forecast transactions. These transactions pertain to USD capital injections in an associated company.

The cash flow hedges of the expected inflows and outflows in USD in the next 12 months and the highly probable USD capital injections in an associated company were assessed to be highly effective and at 31 March 2019, a net fair value loss before tax of $1,626,000 (2017/18: net fair value loss before tax of $421,000) with a related deferred tax asset $276,000 (2018: deferred tax asset of $72,000), were included in fair value reserve in respect of these contracts.

The cash flows arising from the foreign currency contracts are expected to occur and enter into the determination of profit or loss in the next financial year, and in the case of a joint venture, in the next 3 years.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF $) (continued)

(a) Foreign currency risk (continued)

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective; hence there will be no impact on profit before taxation from the cash flow hedges.

The following table details the sensitivity to a 1% weakening or strengthening of SGD exchange rate against the USD 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.

	The Group 31 March		The Company 31 March	
	2019	2018	2019	2018
Effect of weakening of SGD against USD				
Profit before taxation [R1]	**1,469**	1,352	**1,225**	1,216
Equity [R2]	**(474)**	(602)	**(474)**	(602)
Effect of strengthening of SGD against USD				
Profit before taxation [R1]	**(1,469)**	(1,352)	**(1,225)**	(1,216)
Equity [R2]	**474**	602	**474**	602

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 financial liabilities.

As at 31 March 2019, other than those short-term deposits and borrowings, the Group has a floating rate long-term bank loan which is 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 variables held constant, the Group's profit before tax would have been approximately $139,000 (2018: $120,000) higher/lower, arising mainly as a result of lower/higher interest expense on the floating rate loan.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF $) (continued)

(c) Credit and Counterparty risk

Credit risk

The Group's and Company's maximum exposure to credit risk in the event that counterparties fail to perform their contractual obligations as at 31 March 2019 in relation to each class of recognised financial assets are as follows:

	The Group 31 March		The Company 31 March	
	2019	2018	2019	2018
Trade debtors	**81,228**	70,948	**59,503**	52,653
Contract assets	**183,919**	195,667	**165,479**	180,914
Other debtors	**8,722**	10,151	**6,415**	8,126
Immediate holding company	**92,040**	41,992	**91,305**	40,562
Amounts owing by related parties	**30,751**	41,901	**44,532**	48,981
Short-term deposits	**465,762**	433,650	**435,971**	416,402
Cash and bank balances	**55,813**	66,129	**31,365**	39,829
	918,235	860,438	**834,570**	787,467

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.

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors. 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 2019, the only trade debtor exceeding 30% of the Group's trade debtors was an amount of approximately $92,040,000 (2018: $41,992,000) due from its immediate holding company, Singapore Airlines Limited.

<u>Expected credit loss assessment for individual customers</u>

The Group and Company use an allowance matrix by age bracket to measure the ECLs of trade receivables from individual customers. The weighted average loss rate ranges from about 2.1% for debts less than 30 days overdue to about 36.1% for debts more than 90 days overdue as at 31 March 2019. The overall weighted average loss rate is approximately 2.8% as at 31 March 2019.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on common credit risk characteristics.

Loss rates are based on actual credit loss experience over the past three years adjusted for current conditions and the Group's view of economic conditions over the expected lives of the receivables when these factors have a significant impact to the credit loss. No scalar factor has been applied for the financial year ended 31 March 2019.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF $) (continued)

(c) Credit and Counterparty risk (continued)

Counterparty risk

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 31 March		Percentage of total financial assets 31 March		Outstanding balance 31 March		Percentage of total financial assets 31 March	
	2019	2018	2019	2018	2019	2018	2019	2018
Counterparty profiles								
By industry:								
Airlines	**776,460**	732,656	**85%**	85%	**758,697**	706,196	**91%**	90%
Financial institutions	**87,109**	84,878	**9%**	10%	**32,875**	41,336	**4%**	5%
Others	**45,944**	34,066	**5%**	4%	**36,583**	33,122	**4%**	4%
	909,513	851,600	**99%**	99%	**828,155**	780,654	**99%**	99%
By region:								
East Asia	**772,834**	730,917	**84%**	85%	**715,218**	678,663	**86%**	86%
Europe	**105,906**	90,143	**12%**	10%	**97,443**	89,071	**12%**	11%
South West Pacific	**5,025**	10,799	**1%**	1%	**1,876**	3,418	**0%**	0%
Americas	**12,564**	14,535	**1%**	2%	**1,331**	4,761	**0%**	1%
West Asia and Africa	**13,184**	5,206	**1%**	1%	**12,287**	4,741	**1%**	1%
	909,513	851,600	**99%**	99%	**828,155**	780,654	**99%**	99%
By Moody's credit ratings:								
Investment grade (A to Aaa)	**82,576**	80,825	**9%**	9%	**32,875**	41,336	**4%**	5%
Non-rated	**826,937**	770,775	**90%**	90%	**795,280**	739,318	**95%**	94%
	909,513	851,600	**99%**	99%	**828,155**	780,654	**99%**	99%

(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 2019, the Group had at its disposal, cash and short-term deposits amounting to approximately $521,575,000 (2018: $499,779,000). In addition, the Group had available short-term credit facilities of approximately $27,271,000 (2018: $26,667,000).

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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF $) (continued)

(d) Liquidity risk (continued)

The maturity profile of the financial liabilities of the Group and the Company is set out below. The amounts disclosed in the table are the contractual undiscounted cash flows, including estimated interest payments.

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
The Group							
2019							
Financial liabilities							
Trade and other creditors	**186,038**	**–**	**–**	**–**	**–**	**–**	**186,038**
Contract liabilities	**33,499**	**–**	**–**	**–**	**–**	**–**	**33,499**
Amounts owing to related parties	**784**	**–**	**–**	**–**	**–**	**–**	**784**
Bank loans	**6,733**	**–**	**–**	**–**	**–**	**–**	**6,733**
Long-term bank loan	**549**	**5,922**	**5,714**	**1,396**	**–**	**–**	**13,581**
Total undiscounted financial liabilities	**227,603**	**5,922**	**5,714**	**1,396**	**–**	**–**	**240,635**
2018							
Financial liabilities							
Trade and other creditors	189,919	–	–	–	–	–	189,919
Contract liabilities	32,300	–	–	–	–	–	32,300
Amounts owing to related parties	410	–	–	–	–	–	410
Bank loans	4,624	–	–	–	–	–	4,624
Long-term bank loan	637	5,625	5,708	5,522	1,351	–	18,843
Total undiscounted financial liabilities	227,890	5,625	5,708	5,522	1,351	–	246,096
The Company							
2019							
Financial liabilities							
Trade and other creditors	**149,431**	**–**	**–**	**–**	**–**	**–**	**149,431**
Contract liabilities	**33,342**	**–**	**–**	**–**	**–**	**–**	**33,342**
Amounts owing to related parties	**10,138**	**–**	**–**	**–**	**–**	**–**	**10,138**
Total undiscounted financial liabilities	**192,911**	**–**	**–**	**–**	**–**	**–**	**192,911**
2018							
Financial liabilities							
Trade and other creditors	141,781	–	–	–	–	–	141,781
Contract liabilities	32,170	–	–	–	–	–	32,170
Amounts owing to related parties	19,396	–	–	–	–	–	19,396
Total undiscounted financial liabilities	193,347	–	–	–	–	–	193,347

34. 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 airframe and line maintenance segment provides airframe maintenance, line maintenance, and fleet management programme. These services include scheduled routine maintenance and overhaul, specialised and non-routine maintenance, modification and refurbishment programs. Line maintenance 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. 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 engine and component segment provides component overhaul and engine repair and overhaul services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

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 2019 and 31 March 2018 and certain assets information of the operating segments as at those dates.

34. SEGMENT INFORMATION (IN THOUSANDS OF $) (continued)

Operating Segments

2018/19	Notes	Airframe and line maintenance	Engine and component	Total segments	Consolidation elimination	Per consolidated financial statements
TOTAL REVENUE						
External revenue		991,430	29,466	1,020,896	–	1,020,896
Inter-segment revenue	(a)	–	3,040	3,040	(3,040)	–
		991,430	32,506	1,023,936	(3,040)	1,020,896
RESULTS						
Segment results		59,772	(3,020)	56,752	–	56,752
Interest income						8,080
Loss on disposal of an associated company						(88)
Surplus on disposal of a subsidiary company						309
Share of profits of associated companies, net of tax		(1,452)	74,954	73,502	–	73,502
Share of profits of joint venture company, net of tax		–	40,366	40,366	–	40,366
Other unallocated amounts						142
Profit before taxation	(b)					179,063
Taxation expense						(18,108)
Profit for the financial year						160,955
Other segment items						
Depreciation of property, plant and equipment		48,305	1,154	49,459	–	49,459
Amortisation of intangible assets		2,045	1,952	3,997	–	3,997
Segment assets						
Property, plant and equipment		254,412	6,394	260,806	–	260,806
Intangible assets		11,640	35,007	46,647	–	46,647
Investment in associated/ joint venture companies		50,145	508,907	559,052	–	559,052
Prepayments		–	13,833	13,833	–	13,833
Other unallocated assets	(c)					964,937
Total assets		316,197	564,141	880,338	–	1,845,275

34. SEGMENT INFORMATION (IN THOUSANDS OF $) (continued)

Operating Segments (continued)

2017/18	Notes	Airframe and line maintenance	Engine and component	Total segments	Consolidation elimination	Per consolidated financial statements
TOTAL REVENUE						
External revenue		1,067,168	27,713	1,094,881	–	1,094,881
Inter-segment revenue	(a)	–	3,406	3,406	(3,406)	–
		1,067,168	31,119	1,098,287	(3,406)	1,094,881
RESULTS						
Segment results		81,915	(3,082)	78,833	–	78,833
Interest income						4,860
Surplus on disposal of an associated company						15,000
Surplus on dilution of shareholding in associated company						870
Share of profits of associated companies, net of tax		(34)	69,568	69,534	–	69,534
Share of profits of joint venture company, net of tax		–	40,284	40,284	–	40,284
Other unallocated amounts						208
Profit before taxation	(b)					209,589
Taxation expense						(21,567)
Profit for the financial year						188,022
Other segment items						
Depreciation of property, plant and equipment		47,424	1,046	48,470	–	48,470
Amortisation of intangible assets		2,038	3,391	5,429	–	5,429
Impairment of property, plant and equipment		3,546	–	3,546	–	3,546
Segment assets						
Property, plant and equipment		281,730	5,908	287,638	–	287,638
Intangible assets		9,236	58,462	67,698	–	67,698
Investment in associated/joint venture companies		52,617	491,696	544,313	–	544,313
Other unallocated assets	(c)					904,233
Total assets		343,583	556,066	899,649	–	1,803,882

34. SEGMENT INFORMATION (IN THOUSANDS OF $) (continued)

Notes:

(a) Inter-segment revenues are eliminated on consolidation.

(b) The following items are deducted from segment results to arrive at profit before taxation presented in the consolidated income statement:

	31 March 2019	31 March 2018
Interest on external borrowings	**(938)**	(772)
Surplus on disposal of property, plant and equipment	**1,080**	980
	142	208

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

	31 March 2019	31 March 2018
Current assets	**964,937**	904,233

Geographical segments

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

	Revenue		Non-current assets 31 March	
	2018/19	2017/18	2019	2018
East Asia	**713,582**	800,612	**844,820**	839,526
Europe	**216,617**	203,287	**–**	–
South West Pacific	**39,220**	38,525	**–**	1,119
Americas	**22,013**	27,637	**35,518**	59,004
West Asia and Africa	**29,464**	24,820	**–**	–
Total	**1,020,896**	1,094,881	**880,338**	899,649

For the year ended 31 March 2019, revenue of approximately $583,588,000 (2017/18: $662,967,000) and $191,154,000 (2017/18: $188,703,000) were from customers located in Singapore and France respectively. The remaining revenue from customers in other countries were individually insignificant.

As at 31 March 2019, non-current assets of approximately $773,444,000 (2018: $794,014,000) were located in Singapore. The remaining non-current assets located in other countries were individually insignificant.

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

Major customers

Revenue from one major customer amounted to approximately $424,143,000 (2017/18: $414,453,000), arising from sales by airframe and line maintenance segment.

35. 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. Capital comprises share capital and accumulated profits.

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 2019, the Company made a total dividend payment to shareholders of approximately $134,293,000 (2017/18: $201,491,000).

No significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure during the years ended 31 March 2019 and 31 March 2018.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Capital for the Group and Company is tabulated below:

	The Group			The Company		
	31 March		1 April	31 March		1 April
	2019	2018	2017	2019	2018	2017
Total debt:						
Bank loans	**6,727**	4,620	4,083	**–**	–	–
Long-term bank loan	**12,561**	17,297	21,876	**–**	–	–
	19,288	21,917	25,959	**–**	–	–
Total capital:						
Share capital	**420,044**	420,044	420,044	**420,044**	420,044	420,044
Reserves	**1,108,561**	1,063,639	1,119,786	**859,950**	812,297	834,296
	1,528,605	1,483,683	1,539,830	**1,279,994**	1,232,341	1,254,340
Capital and total debt	**1,547,893**	1,505,600	1,565,789	**1,279,994**	1,232,341	1,254,340

36. RELATED PARTY TRANSACTIONS (IN THOUSANDS OF $)

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

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

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

36. RELATED PARTY TRANSACTIONS (IN THOUSANDS OF $) (continued)

Sale and purchase of goods and services

	The Group	
	2018/19	2017/18
Income		
Sales of services and related materials to:		
– the immediate holding company and fellow subsidiaries	**535,193**	613,936
– associated companies	**28,539**	6,982
– joint venture company	**7,771**	8,605
– others	**21,375**	19,302
Interest income from the immediate holding company	**7,583**	4,570
Equipment fee charged to the immediate holding company	**291**	291
Rental of office space charged to the immediate holding company	**81**	81
Expense		
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases	**9,536**	9,384
Rental of hangars, workshops and office space charged by the immediate holding company	**18,360**	18,151
Purchases of materials from the immediate holding company and fellow subsidiaries	**88,051**	125,430
Purchases of goods from:		
– associated companies	**12,622**	13,867
– joint venture company	**477**	132
– others	**24,288**	22,754
Services rendered by:		
– the immediate holding company	**9,472**	11,002

Compensation of key management personnel

Directors' and key executives' remuneration of the Company

	The Company	
	2018/19	2017/18
Directors		
Directors' fees	**1,176**	1,325
Key executives		
Salary, bonuses and other costs	**4,420**	5,061
CPF and other defined contributions	**112**	99
Share-based compensation expense	**1,624**	848

36. RELATED PARTY TRANSACTIONS (IN THOUSANDS OF $) (continued)

Compensation of key management personnel (continued)

The details of RSP and PSP granted to key executives of the Company are as follows:

(a) RSP Base Awards

Name of participant	Balance as at 1 April 2018 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2019/ cessation of employment = (a)+(b)−(c)	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Png Kim Chiang	108,135	118,400	108,135	118,400	481,547
Ivan Neo Seok Kok	41,715	42,400	41,715	42,400	268,319
Zarina Piperdi	18,630	17,500	18,630	17,500	216,715
Wong Yue Jeen	20,149	17,500	20,149	17,500	155,805
Philip Quek Cher Heong	17,921	16,600	17,921	16,600	122,595
Foo Kean Shuh	20,250	17,000	20,250	17,000	37,250
Ng Lay Pheng*	–	12,300	–	12,300	12,300

(b) RSP Final Awards (Pending Release)

Name of participant	Balance as at 1 April 2018 (a)	Final Awards granted during the financial year^ (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2019/ cessation of employment = (a)+(b)−(c)	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
Png Kim Chiang	62,704	162,203	86,097	138,810	237,765
Ivan Neo Seok Kok	22,132	62,573	32,705	52,000	156,202
Zarina Piperdi	21,608	27,945	20,581	28,972	144,982
Wong Yue Jeen	20,834	30,224	21,153	29,905	75,174
Philip Quek Cher Heong	18,744	26,882	18,848	26,778	70,084
Foo Kean Shuh	–	30,375	10,100	20,275	10,100
Ng Lay Pheng*	–	–	–	–	–

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

* Ms Ng Lay Pheng was appointed as Senior Vice President on 1 October 2018. The base awards granted during the financial year were in her capacity as Vice President, prior to 1 October 2018. No base award vested during the year.

36. RELATED PARTY TRANSACTIONS (IN THOUSANDS OF $) (continued)

Compensation of key management personnel (continued)

(c) PSP Base Awards

Name of participant	Balance as at 1 April 2018 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2019/ cessation of employment = (a)+(b)−(c)	Aggregate Base Awards granted since commence-ment 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
Png Kim Chiang	153,374	81,400	20,331	214,443	390,526	115,953
Ivan Neo Seok Kok	66,470	33,900	14,175	86,195	218,203	88,418
Zarina Piperdi	48,195	15,300	14,175	49,320	187,393	109,756
Wong Yue Jeen	35,438	15,300	–	50,738	50,738	–
Philip Quek Cher Heong	15,694	14,500	–	30,194	30,194	–
Foo Kean Shuh	17,719	14,900	–	32,619	32,619	–
Ng Lay Pheng*	–	–	–	–	–	–

* Ms Ng Lay Pheng was appointed as Senior Vice President on 1 October 2018. The base awards granted during the financial year were in her capacity as Vice President, prior to 1 October 2018. No base award vested during the year.

ADDITIONAL INFORMATION

Required By The Singapore Exchange Securities Trading Limited

1. INTERESTED PERSON TRANSACTIONS (IN THOUSANDS OF $)

The aggregate value of all interested person transactions ("IPTs") entered into during the financial year 2018/19 are as follows:

Name of interested person	Aggregate value of all IPTs (excluding all mandated transactions pursuant to Rule 920 of the SGX Listing Manual and transactions less than $100,000)	Aggregate value of all IPTs conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)
Singapore Airlines Group		
Singapore Airlines Limited	–	1,842,101*
NokScoot Airlines Co. Ltd	3,980	–
Scoot Tigerair Pte Ltd	–	1,617
SilkAir (Singapore) Pte Ltd	–	206
Non-listed Associates of Temasek Holdings		
AJI International Pte Ltd	–	25,700
AETOS Training Academy Pte Ltd	–	194
SATS Group		
SATS Ltd	–	2,012
Total	**3,980**	**1,871,830**

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

Notes:

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

2. MATERIAL CONTRACTS

Except as disclosed above and in the financial statements for the financial year ended 31 March 2019, there were no material contracts entered into by the Company and its subsidiary companies involving the interests of the Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

QUARTERLY RESULTS OF THE GROUP

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue						
2018/19	**($ million)**	**257.7**	**251.3**	**255.9**	**256.0**	**1,020.9**
	(%)	**25.2**	**24.6**	**25.1**	**25.1**	**100.0**
2017/18	($ million)	272.8	274.7	271.0	276.4	1,094.9
	(%)	24.9	25.1	24.8	25.2	100.0
Expenditure						
2018/19	**($ million)**	**247.5**	**240.0**	**240.0**	**236.6**	**964.1**
	(%)	**25.7**	**24.9**	**24.9**	**24.5**	**100.0**
2017/18	($ million)	254.1	254.6	252.2	255.2	1,016.1
	(%)	25.0	25.1	24.8	25.1	100.0
Operating profit						
2018/19	**($ million)**	**10.2**	**11.3**	**15.9**	**19.4**	**56.8**
	(%)	**18.0**	**19.9**	**28.0**	**34.1**	**100.0**
2017/18	($ million)	18.7	20.1	18.8	21.2	78.8
	(%)	23.7	25.5	23.9	26.9	100.0
Profit before taxation						
2018/19	**($ million)**	**44.1**	**43.2**	**38.2**	**53.6**	**179.1**
	(%)	**24.6**	**24.1**	**21.4**	**29.9**	**100.0**
2017/18	($ million)	40.9	44.5	60.9	63.2	209.5
	(%)	19.5	21.2	29.1	30.2	100.0
Profit attributable to owners of the parent						
2018/19	**($ million)**	**40.5**	**38.0**	**33.1**	**49.3**	**160.9**
	(%)	**25.2**	**23.6**	**20.6**	**30.6**	**100.0**
2017/18	($ million)	36.7	38.6	55.3	56.2	186.8
	(%)	19.6	20.7	29.6	30.1	100.0
Earnings (after tax) per share - basic						
2018/19	**(cents)**	**3.62**	**3.40**	**2.95**	**4.40**	**14.38**
	(%)	**25.2**	**23.7**	**20.5**	**30.6**	**100.0**
2017/18	(cents)	3.28	3.44	4.95	5.02	16.70
	(%)	19.7	20.6	29.6	30.1	100.0

The Group has adopted IFRS with effect from 1 April 2018. In accordance to the transition requirements, 2017/18 comparatives have been restated.

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2018/19	2017/18[R1]	2016/17	2015/16	2014/15
Income statement ($ million)					
Revenue	**1,020.9**	1,094.9	1,104.1	1,112.7	1,120.6
Expenditure	**964.1**	1,016.1	1,032.1	1,008.3	1,036.6
Operating profit	**56.8**	78.8	72.0	104.4	84.0
Other income	**8.4**	20.9	186.6	3.4	15.1
Share of profits of associated and joint venture companies, net of tax	**113.9**	109.8	96.5	94.2	106.3
Profit before tax	**179.1**	209.5	355.1	202.0	205.4
Profit attributable to owners of the parent	**160.9**	186.8	332.4	176.6	183.3
Balance sheet ($ million)					
Share capital	**420.0**	420.0	420.0	416.5	410.7
Treasury shares	**(18.0)**	(21.3)	(15.2)	(6.1)	–
Capital reserve	**2.9**	2.8	2.7	0.2	–
Share-based compensation reserve	**5.6**	7.1	16.0	18.4	20.2
Foreign currency translation reserve	**(18.2)**	(38.9)	(68.0)	(87.9)	(81.7)
Fair value reserve	**(0.9)**	3.6	(0.6)	140.7	(14.2)
Equity transaction reserve	**(4.5)**	(2.4)	(2.4)	(2.4)	(2.4)
General reserve	**1,141.7**	1,112.8	1,201.5	1,006.1	992.3
Equity attributable to owners of the parent	**1,528.6**	1,483.7	1,554.0	1,485.5	1,324.9
Non-controlling interests	**35.4**	31.3	34.0	26.4	24.7
Total equity	**1,564.0**	1,515.0	1,588.0	1,511.9	1,349.6
Property, plant and equipment	**260.8**	287.6	331.6	340.9	344.1
Intangible assets	**46.6**	67.7	65.3	63.4	61.5
Associated companies	**404.3**	392.5	380.0	344.0	327.7
Joint venture companies	**154.7**	151.9	162.0	147.5	136.2
Prepayments	**13.8**	–	–	–	–
Long-term investments	**–**	–	–	*	14.6
Current assets	**965.0**	904.2	979.4	926.3	772.5
Total assets	**1,845.2**	1,803.9	1,918.3	1,822.1	1,656.6
Non-current liabilities	**35.7**	41.5	51.0	54.0	50.5
Current liabilities	**245.5**	247.4	279.3	256.2	256.5
Total liabilities	**281.2**	288.9	330.3	310.2	307.0
Net assets	**1,564.0**	1,515.0	1,588.0	1,511.9	1,349.6
Cash flow statement ($ million)					
Cash flow from operations	**96.6**	73.5	152.2	95.7	119.4
Internally generated cash flow[R2]	**209.0**	182.9	216.2	174.4	232.0
Capital expenditure	**25.0**	31.6	38.3	40.9	49.5

* Amount less than $1,000

Notes:

R1 The Group has adopted IFRS with effect from 1 April 2018. In accordance to the transition requirements, 2017/18 comparatives have been restated.

R2 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

	2018/19	2017/18	2016/17	2015/16	2014/15
Profitability ratios (%)					
Return on equity holders' funds R3	**10.7**	12.4	21.9	12.6	13.6
Return on total assets	**8.7**	10.4	17.3	9.7	11.1
Return on turnover	**15.8**	17.1	30.1	15.9	16.4
Productivity and employee data					
Value added ($ million)	**722.2**	762.1	921.0	709.1	725.2
Value added per employee ($)	**108,698**	116,395	145,504	114,589	114,841
Revenue per employee ($)	**153,657**	167,208	174,430	179,810	177,449
Average number of employees	**6,644**	6,548	6,330	6,188	6,315
Per share data (cents)					
Earnings after tax – basic R4	**14.38**	16.70	29.63	15.74	16.36
Earnings after tax – diluted R5	**14.35**	16.66	29.57	15.70	16.28
Net asset value R6	**136.6**	132.7	138.8	132.4	118.1
Gross dividends (cents per share)					
Interim dividend	**3.0**	4.0	4.0	6.0	6.0
Final dividend – ordinary	**8.0** #	9.0	9.0	8.0	8.5
Final dividend – special	**–**	–	5.0	–	–
Total dividends	**11.0**	13.0	18.0	14.0	14.5

\# proposed

Notes:

R3 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.

R4 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 excluding treasury shares.

R5 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 excluding treasury shares, after adjusting for the dilutive effect on the exercise of all outstanding share options, performance shares and restricted shares granted to employees.

R6 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 excluding treasury shares at 31 March.

GROUP CORPORATE STRUCTURE

AS AT 31 MARCH 2019

SIA ENGINEERING COMPANY LIMITED

Airframe and line maintenance		Engine and component	
Subsidiary Companies			
100%	SIA Engineering Japan Corporation	**100%**	NexGen Network (1) Holding Pte. Ltd.
100%	SIA Engineering (USA), Inc.	**100%**	NexGen Network (2) Holding Pte. Ltd.
100%	SIAEC Global Private Limited	**60%**	Additive Flight Solutions Pte. Ltd.
100%	Singapore Aero Support Services Pte. Ltd. (previously known as Singapore Jamco Services Private Limited)	**51%**	Aerospace Component Engineering Services Pte. Limited
65%	SIA Engineering (Philippines) Corporation		
65%	Heavy Maintenance Singapore Services Pte. Ltd.		
51%	Aviation Partnership (Philippines) Corporation		
Joint Venture Company			
		50%	Singapore Aero Engine Services Private Limited
Associated Companies			
49%	PT Jas Aero-Engineering Services	**49%**	Eagle Services Asia Private Limited
49%	Southern Airports Aircraft Maintenance Services Company Limited	**49%**	Fuel Accessory Service Technologies Pte Ltd
49%	Boeing Asia Pacific Aviation Services Pte. Ltd.	**49%**	Moog Aircraft Services Asia Pte. Ltd.
40%	Pan Asia Pacific Aviation Services Limited	**46.4%**	Component Aerospace Singapore Pte. Ltd.*
		45%	JAMCO Aero Design & Engineering Private Limited
		42.5%	Panasonic Avionics Services Singapore Pte. Ltd.
		40%	Safran Electronics & Defense Services Asia Pte. Ltd.
		40%	Goodrich Aerostructures Service Center – Asia Pte. Ltd.
		40%	Safran Landing Systems Services Singapore Pte. Ltd.
		39.2%	Asian Surface Technologies Pte Ltd
		33.3%	International Aerospace Tubes-Asia Pte. Ltd.*
		24.5%	Turbine Coating Services Pte Ltd

* Operations of International Aerospace Tubes-Asia Pte. Ltd. have been integrated into Component Aerospace Singapore Pte. Ltd..

SHAREHOLDING STATISTICS

AS AT 3 JUNE 2019

No. of Issued Shares	:	1,124,116,360
No. of Issued Shares (Excluding Treasury Shares)	:	1,119,110,386
No. / Percentage of Treasury Shares	:	5,005,974 (0.45%)
No. / Percentage of Subsidiary Holdings[1]	:	0 (0.00%)
Class of Shares	:	Ordinary shares
Voting Rights (Excluding Treasury Shares)	:	1 vote per share

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%[2]
1 – 99	38	0.19	828	0.00
100 – 1,000	6,224	31.32	5,919,639	0.53
1,001 – 10,000	10,841	54.55	47,302,852	4.23
10,001 – 1,000,000	2,752	13.85	91,873,896	8.21
1,000,001 AND ABOVE	17	0.09	974,013,171	87.03
Total	19,872	100.00	1,119,110,386	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%[2]
1	SINGAPORE AIRLINES LIMITED	870,000,000	77.74
2	DBS NOMINEES (PRIVATE) LIMITED	33,509,190	2.99
3	CITIBANK NOMINEES SINGAPORE PTE LTD	32,817,630	2.93
4	RAFFLES NOMINEES (PTE) LIMITED	6,419,299	0.57
5	DBSN SERVICES PTE LTD	5,796,819	0.52
6	HSBC (SINGAPORE) NOMINEES PTE LTD	4,726,329	0.42
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,294,500	0.29
8	UOB KAY HIAN PTE LTD	3,204,900	0.29
9	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,046,102	0.27
10	PHILLIP SECURITIES PTE LTD	2,314,130	0.21
11	OCBC SECURITIES PRIVATE LTD	1,653,942	0.15
12	WONG KET SEONG @ WONG KET YIN	1,500,000	0.13
13	CHONG CHEW LIM @ CHONG AH KAU	1,313,800	0.12
14	MAYBANK KIM ENG SECURITIES PTE LTD	1,182,730	0.11
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,125,800	0.10
16	YIM CHEE CHONG	1,070,000	0.10
17	NG HIAN CHOW	1,038,000	0.09
18	HENG SIEW ENG	869,700	0.08
19	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	752,949	0.07
20	BPSS NOMINEES SINGAPORE (PTE.) LTD.	607,403	0.05
	Total	976,243,223	87.23

SHAREHOLDING STATISTICS

AS AT 3 JUNE 2019

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder	Number of Shares					
	Direct Interest	%[2]	Deemed Interest[3]	%[2]	Total Interest	%[2]
Singapore Airlines Limited	870,000,000	77.74	–	–	870,000,000	77.74
Temasek Holdings (Private) Limited[3]	–	–	870,030,000	77.74	870,030,000	77.74

Notes:

(1) "Subsidiary holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Singapore.

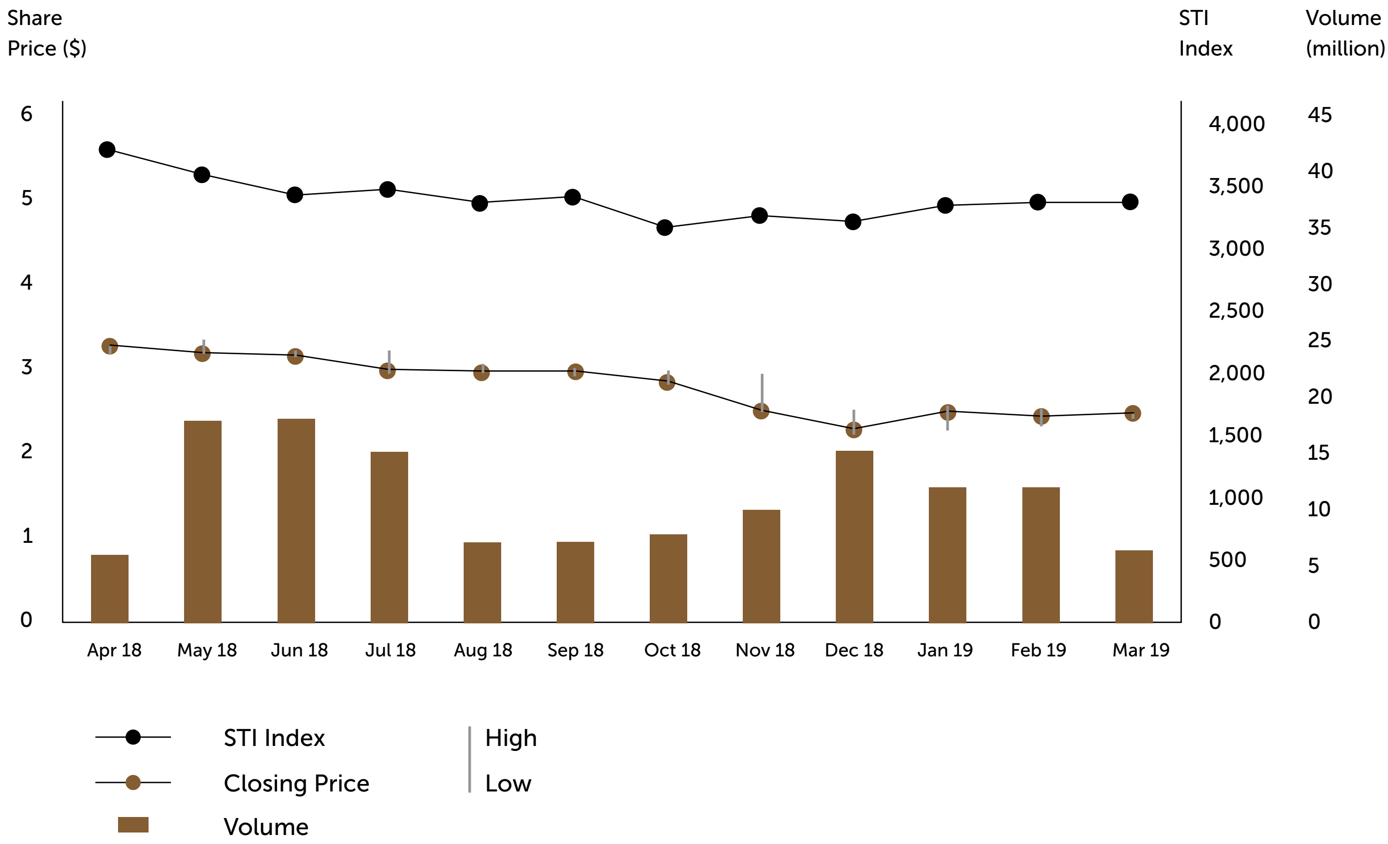
(2) Based on 1,119,110,386 ordinary shares issued as at 3 June 2019 (this is based on 1,124,116,360 shares issued as at 3 June 2019, excluding the 5,005,974 shares held in treasury as at 3 June 2019).

(3) Temasek Holdings (Private) Limited is deemed to be interested in 870,000,000 shares held by Singapore Airlines Limited, and in 30,000 Shares in which its other subsidiaries and/or associated companies have or are deemed to have an interest.

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as of 3 June 2019, 22.18 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



	2018/19	2017/18
Share Price (S$)		
Highest closing price	**3.33**	4.21
Lowest closing price	**2.21**	3.08
31 March closing price	**2.46**	3.18
Market Value Ratios*		
Price/Earnings	**17.11**	19.04
Price/Book Value	**1.80**	2.40
Price/Cash Earnings**	**12.84**	14.78

Notes:

* Based on closing price on 31 March and Group numbers. Market Value Ratios for FY2017/18 have been adjusted for adoption of IFRS.

** Cash earnings is defined as profit attributable to equity holders of the Company plus depreciation of property, plant and equipment and amortisation of intangible assets.

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 37th 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 Friday, 19 July 2019 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2019 and the Auditors' Report thereon.

2. To declare a final ordinary dividend of 8.0 cents per ordinary share for the financial year ended 31 March 2019.

3. To re-elect the following Directors who are retiring by rotation pursuant to Article 90 of the Constitution of the Company and who, being eligible, offer themselves for re-election as Directors pursuant to Article 91 of the Constitution of the Company:

   3.1 Ms Christina Hon Kwee Fong (Mrs Christina Ong)
   3.2 Dr Raj Thampuran
   3.3 Mr Ng Chin Hwee

   The profiles of Mrs Ong, Dr Thampuran and Mr Ng can be found in the Corporate Governance (Further Information on Board of Directors) and Additional Information on Directors Seeking Re-election at the Annual General Meeting sections of the Annual Report FY2018/19.

4. To re-elect Mr Chin Yau Seng who is retiring pursuant to Article 96 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director.

   The profile of Mr Chin can be found in the Corporate Governance (Further Information on Board of Directors) and Additional Information on Directors Seeking Re-election at the Annual General Meeting sections of the Annual Report FY2018/19.

5. To approve the Directors' fees of up to $1,500,000 for the financial year ending 31 March 2020 (FY2018/19: up to $1,500,000).

6. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass, with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:

   7.1 That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares 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 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (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 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (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 (the "**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under subparagraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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,

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(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 Constitution 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.

7.2 That the Directors of the Company be and are hereby authorised to:

(a) grant awards in accordance with the provisions of the SIAEC Performance Share Plan 2014 and/or the SIAEC Restricted Share Plan 2014; and

(b) allot and issue from time to time such number of fully paid ordinary shares as may be required to be issued pursuant to the vesting of awards under the SIAEC Performance Share Plan 2014 and/or the SIAEC Restricted Share Plan 2014,

provided that:

(1) the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued, (ii) existing ordinary shares (including ordinary shares held in treasury) delivered and/or to be delivered, and (iii) ordinary shares released and/or to be released in the form of cash in lieu of ordinary shares, pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014, shall not exceed 5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time;

(2) the aggregate number of ordinary shares under awards to be granted pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 respectively during the period (the "**Relevant Year**") commencing from this Annual General Meeting and ending on the date 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, shall not exceed 0.5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time (the "**Yearly Limit**"); and

(3) if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit may be used for the grant of awards under the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 in subsequent years for the duration of the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 respectively,

and in this Resolution, "subsidiary holdings" has the meaning given to it in the Listing Manual of the Singapore Exchange Securities Trading Limited.

7.3 That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the Singapore Exchange Securities Trading Limited, 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 to the Letter to Shareholders dated 27 June 2019 (the "**Letter**") with any party who is of the class of interested persons described in the Appendix to the Letter, 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/she 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.

7.4 That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Average Closing Price" means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out herein) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"Maximum Limit" means that number of issued Shares representing 2% of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed, whether pursuant to a market purchase or an off-market purchase, 105% of the Average Closing Price of the Shares; and

(d) 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/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board

LU LING LING
Company Secretary

27 June 2019
Singapore

NOTICE OF ANNUAL GENERAL MEETING

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders being obtained at the 37th Annual General Meeting of the Company for the payment of the final ordinary dividend (the "**Proposed Dividend**"), the Share Transfer Books and the Register of Members of the Company will be closed on 26 July 2019 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 25 July 2019 will be registered to determine shareholders' entitlements to the Proposed Dividend. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with ordinary shares of the Company as at 5.00 p.m. on 25 July 2019 will be entitled to the Proposed Dividend. The Company will pay the Proposed Dividend to CDP, which will, in turn, distribute the entitlements to the Proposed Dividend to CDP account-holders in accordance with its normal practice.

The Proposed Dividend, if approved by shareholders, will be paid on 8 August 2019.

EXPLANATORY NOTES:

1. In relation to Ordinary Resolution Nos. 3.1, 3.2 and 3.3, Ms Christina Hon Kwee Fong (Mrs Christina Ong), Dr Raj Thampuran and Mr Ng Chin Hwee will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company and will be standing for re-election at the Annual General Meeting. Mrs Ong will, upon re-election, continue to serve as the Chairperson of the Nominating Committee and a member of the Audit Committee. Dr Thampuran will, upon re-election, continue to serve as a member of the Audit Committee. Mr Ng will, upon re-election, continue to serve as a member of the Nominating Committee and the Board Safety & Risk Committee. Mr Ng is considered a non-independent Director, and Mrs Ong and Dr Thampuran are considered independent Directors.

2. In relation to Ordinary Resolution No. 4, Article 96 of the Constitution of the Company 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. Mr Chin Yau Seng was appointed on 8 October 2018, and he is therefore seeking re-election at the Annual General Meeting pursuant to Article 96. Mr Chin will, upon re-election, continue to serve as a member of the Audit Committee. Mr Chin is considered a non-independent Director.

3. Ordinary Resolution No. 5, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during FY2019/20. The amount of Directors' fees is computed based on the anticipated number of Board meetings for FY2019/20, assuming full attendance by all Directors. The amount also includes an additional 5% 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 57 of the Annual Report FY2018/19, Directors' fees due to Mr Goh Choon Phong, Mr Ng Chin Hwee and Mr Chin Yau Seng, who hold executive positions in Singapore Airlines Limited ("**SIA**"), the holding company of the Company, will be paid to and retained by SIA, and Directors' fees due to Dr Raj Thampuran will be paid to a government agency, the Directorship & Consultancy Appointments Council. As disclosed on page 57 of the Annual Report FY2018/19, Mr Png Kim Chiang is the Chief Executive Officer of the Company and does not receive any Directors' fees.

4. Ordinary Resolution No. 7.1, if passed, will empower the Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) with a sub-limit of 10% for issues other than on a *pro rata* basis. The 10% sub-limit for non-*pro rata* issues is lower than the 20% sub-limit allowed under the Listing Manual of the Singapore Exchange Securities Trading Limited. The Directors believe that the lower sub-limit of 10% 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 and subsidiary holdings) 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. As at 3 June 2019 (the "**Latest Practicable Date**"), the Company had 5,005,974 treasury shares and no subsidiary holdings.

5. Ordinary Resolution No. 7.2, if passed, will empower the Directors to grant awards pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014, and to allot and issue ordinary shares of the Company pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014. The total number of ordinary shares which may be delivered pursuant to awards granted under the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 (whether in the form of ordinary shares or in the form of cash in lieu of ordinary shares) shall not exceed 5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time. In addition, Ordinary Resolution 7.2 will provide that the total number of ordinary shares under awards to be granted pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 from this Annual General Meeting to the next Annual General Meeting (the "**Relevant Year**") shall not exceed 0.5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time (the "**Yearly Limit**"), provided that if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit may be used by the Directors to make grants of awards under the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 in subsequent years, for the duration of the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014.

6. Ordinary Resolution No. 7.3, if passed, will renew the mandate to allow the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) 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 to Shareholders dated 27 June 2019 (the "**Letter**"). The authority will, 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. Please refer to the Letter for more details.

7. Ordinary Resolution No. 7.4, if passed, will renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the Resolution.

   The Company may use internal or external sources of funds to finance the purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired and the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

   The financial effects of the purchase or acquisition of such ordinary shares by the Company pursuant to the proposed Share Buy Back Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 March 2019, based on certain assumptions, are set out in paragraph 3.7 of the Letter. Please refer to the Letter for more details.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which it is signed or a duly certified copy thereof) must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 not less than 72 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) to comply with any applicable laws, listing rules, take-over 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 or its service providers), 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 or its service providers) 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.

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ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of person	Ms Christina Hon Kwee Fong (Mrs Christina Ong)
Date of Appointment	1 January 2014
Date of last re-appointment (if applicable)	20 July 2017
Age	67
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board had considered the Nominating Committee's recommendation and assessment on Mrs Ong's independence and commitment in the discharge of her duties as a Director of SIA Engineering Company Limited, inter alia, and is satisfied that she will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Independent Director Chairperson, Nominating Committee Member, Audit Committee
Professional qualifications	Bachelor of Laws, LLB (Honours) (Second Upper), National University of Singapore Member, Law Society of Singapore Member, International Bar Association
Working experience and occupation(s) during the past 10 years	Allen & Gledhill LLP, Co-Chairman and Senior Partner
Shareholding interest in the in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the form set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Dr Raj Thampuran	Mr Ng Chin Hwee	Mr Chin Yau Seng
1 September 2016	18 July 2008	8 October 2018
20 July 2017	20 July 2017	N.A.
56	58	47
Singapore	Singapore	Singapore
The Board had considered the Nominating Committee's recommendation and assesment on Dr Thampuran's independence and commitment in the discharge of his duties as a Director of SIA Engineering Company Limited, inter alia, and is satisfied that he will continue to contribute to the Board.	The Board had considered the Nominating Committee's recommendation and assessment on Mr Ng's commitment in the discharge of his duties as a Director of SIA Engineering Company Limited, inter alia, and is satisfied that he will continue to contribute to the Board.	The Board had considered the Nominating Committee's recommendation and assessment on Mr Chin's commitment in the discharge of his duties as a Director of SIA Engineering Company Limited, inter alia, and is satisfied that he will continue to contribute to the Board.
Non-Executive	Non-Executive	Non-Executive
Non-Executive and Independent Director Member, Audit Committee	Non-Executive and Non-Independent Director Member, Board Safety and Risk Committee Member, Nominating Committee	Non-Executive and Non-Independent Director Member, Audit Committee
Bachelor of Mechanical Engineering (Honours) PhD in Materials Science – Postdoctoral Fellowship Advanced Management Programme, INSEAD (Fountainbleu) Fellow, Singapore Academy of Engineers	Master of Science in Management, Massachusetts Institute of Technology, USA Bachelor of Engineering (1st Class Honours), National University of Singapore	Master of Science in Operational Research Bachelor of Science in Economics (Accounting & Finance), The London School of Economics & Political Science
Executive Director and Managing Director	1. Singapore Airlines Limited, Executive Vice President Human Resources and Operations, 2011 to present 2. Singapore Airlines Limited, Executive Vice President Human Resources and Planning, 2008 to 2011 3. SATS Ltd, President & Chief Executive Officer, 2004 to 2008 4. Singapore Airlines Limited, various senior positions, 1985 to 2004	1. Singapore Airlines Limited, Senior Vice President Cargo, 2018 to present 2. Singapore Airlines Cargo Pte Ltd, President, 2014 to 2018 3. Singapore Airlines Limited, Senior Vice President Sales & Marketing, 2012 to 2014 4. Tiger Airways Holdings Limited, Chief Executive Officer, 2011 to 2012 5. Singapore Airlines Limited, Divisional Vice President Cabin Crew Operations, 2010 to 2011 6. SilkAir Pte Ltd, Chief Executive, 2007 to 2010
Nil	10,000 ordinary shares of SIA Engineering Company Limited (held in the name of DBS Nominees (Private) Limited)	Nil
Nil	Nil	Nil
Nil	Nil	Nil
Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of person		Ms Christina Hon Kwee Fong (Mrs Christina Ong)
Other Principle Commitments including Directorships		
Past (for the last 5 years)		1. Singapore Tourism Board, Board Member 2. Trailblazer Foundation Ltd, Director
Present		1. Oversea-Chinese Banking Corporation Ltd, Director 2. Singapore Telecommunications Ltd, Director 3. Allen & Gledhill LLP, Co-Chairman & Senior Partner 4. Allen & Gledhill Regulatory & Compliance Pte. Ltd., Director 5. Eastern Development Pte Ltd, Director 6. Eastern Development Holdings Pte. Ltd., Director 7. Epimetheus Ltd, Director 8. Hongkong Land Holdings Limited, Director 9. The Stephen A. Schwarzman Scholars Trust, Trustee 10. Catalist Advisory Panel, Member 11. ABF Singapore Bond Index Fund, Member, Supervisory Committee 12. Corporate Governance Advisory Committee, Member
Information required		
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Dr Raj Thampuran	Mr Ng Chin Hwee	Mr Chin Yau Seng
1. Defence Science and Technology Agency, Board Member 2. Advanced Micro Foundry Pte Ltd, Director	1. Singapore Airlines Cargo Pte Ltd, Director 2. Tiger Airways Holdings Limited, Director 3. Scoot Pte Ltd, Chairman 4. SIA Properties (Pte) Ltd, Chairman 5. Virgin Atlantic Limited, Director 6. Virgin Travel Group Limited, Director 7. Virgin Atlantic Airways Limited, Director 8. VAL Trademark Two Limited, Director 9. VAL Trademark Three Limited, Director 10. VAL Trademark Four Limited, Director 11. VAL Trademark Five Limited, Director	1. Singapore Airlines Cargo Pte Ltd, President 2. Singapore Airlines Cargo Pte Ltd, Executive Director 3. School of Hospitality, Republic Polytechnic, Member, School Advisory Committee, 4. China Cargo Airlines Company, Director
Nil	1. Budget Aviation Holdings Pte Ltd, Director 2. NokScoot Airlines Co., Ltd, Director 3. Advisory Council on Community Relations in Defence (Employer and Business), Member 4. Future Economy Council, Trade and Connectivity Sub-Committee, Member	1. Singapore Airlines Limited, Senior Vice President Cargo 2. Singapore Airlines Cargo Pte Ltd, Director 3. KrisShop Pte Ltd (formerly known as Singapore Airport Duty-Free Emporium (Private) Limited), Director 4. International Air Transport Association (IATA), Member, Cargo Committee
No	No	No
No	No	No
No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of person			Ms Christina Hon Kwee Fong (Mrs Christina Ong)
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?		No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?		No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?		No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?		No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?		No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?		No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
	(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
	(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		Yes[1]

1 An enquiry by Law Society of Singapore in 1986/1987 of a complaint which was dismissed by Law Society of Singapore.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

Dr Raj Thampuran	Mr Ng Chin Hwee	Mr Chin Yau Seng
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No

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SIA ENGINEERING COMPANY LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 198201025C

PROXY FORM

IMPORTANT:
1. Relevant intermediaries as defined in Section 181 of Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in SIA Engineering Company Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. 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 27 June 2019.

*I/We ______________________________ (Name)

______________________________ (NRIC/Passport/Co. Reg. 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/them, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend, speak 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 Friday, 19 July 2019 at 10.00 a.m. 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: Voting will be conducted by poll.

No.	Resolution	**No. of Votes "For"	**No. of Votes "Against"
	Ordinary Business		
1.	Adoption of the Directors' Statement, Audited Financial Statements and the Auditors' Report		
2.	Declaration of final ordinary dividend		
3.	Re-election of Directors who are retiring by rotation pursuant to Articles 90 and 91 of the Constitution of the Company:		
	3.1 Ms Christina Hon Kwee Fong (Mrs Christina Ong)		
	3.2 Dr Raj Thampuran		
	3.3 Mr Ng Chin Hwee		
4.	Re-election of Mr Chin Yau Seng who is retiring by rotation pursuant to Article 96 of the Constitution of the Company		
5.	Approval of Directors' fees for financial year ending 31 March 2020		
6.	Re-appointment and remuneration of Auditors		
	Special Business		
7.1	Approval of the proposed renewal of the Share Issue Mandate		
7.2	Approval of the proposed renewal of the Share Plan Mandate		
7.3	Approval of the proposed renewal of the Mandate for Interested Person Transactions		
7.4	Approval of the proposed renewal of the Share Buy Back Mandate		

* 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 ______________ 2019.

Total number of Ordinary Shares held:

____
Signature(s) of Member(s) or Common Seal
Important: Please read notes on the reverse side

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NOTES:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its seal or signed by its officer duly authorised.
4. A corporation which is a member may also 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, Chapter 50 of Singapore.
5. This instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which it is signed or a duly 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 72 hours before the time appointed for holding the AGM.
6. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.
7. The appointment of a proxy or proxies shall not preclude a member from attending, speaking 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.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument (including any related attachment) appointing a proxy or proxies. 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 as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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Please
Affix
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Stamp

M & C SERVICES PRIVATE LIMITED
Share Registrar for
SIA Engineering Company Limited
112 Robinson Road #05-01
Singapore 068902
Republic of Singapore

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CORPORATE DATA

BOARD OF DIRECTORS

Chairman
Tang Kin Fei
(from 19 July 2018)

Stephen Lee Ching Yen
(until 19 July 2018)

Directors
Goh Choon Phong

Ng Chin Hwee

Manohar Khiatani

Chew Teck Soon

Christina Hon Kwee Fong
(Christina Ong)

Raj Thampuran

Wee Siew Kim

Chin Yau Seng
(from 8 October 2018)

Png Kim Chiang

Tong Chong Heong
(until 1 June 2018)

Company Secretary
Lu Ling Ling

AUDIT COMMITTEE

Chairman
Chew Teck Soon

Members
Manohar Khiatani

Christina Hon Kwee Fong
(Christina Ong)

Raj Thampuran

Chin Yau Seng
(from 8 October 2018)

Tang Kin Fei
(until 19 July 2018)

NOMINATING COMMITTEE

Chairperson
Christina Hon Kwee Fong
(Christina Ong)

Members
Ng Chin Hwee

Chew Teck Soon

COMPENSATION & HR COMMITTEE

Chairman
Tang Kin Fei
(from 19 July 2018)

Stephen Lee Ching Yen
(until 19 July 2018)

Members
Goh Choon Phong

Wee Siew Kim

Tong Chong Heong
(until 1 June 2018)

BOARD SAFETY & RISK COMMITTEE

Chairman
Manohar Khiatani
(from 1 June 2018)

Tong Chong Heong
(until 1 June 2018)

Members
Ng Chin Hwee

Wee Siew Kim

Tang Kin Fei
(until 19 July 2018)

BOARD COMMITTEE

Members
Tang Kin Fei
(from 19 July 2018)

Goh Choon Phong

Stephen Lee Ching Yen
(until 19 July 2018)

EXECUTIVE MANAGEMENT

Chief Executive Officer
Png Kim Chiang

Executive Vice President Operations
Ivan Neo Seok Kok

Senior Vice President Human Resources
Zarina Piperdi

Senior Vice President Aircraft & Component Services
Wong Yue Jeen

Senior Vice President Line Maintenance & Cabin Services
Foo Kean Shuh

Senior Vice President Partnership Management & Business Development
Philip Quek Cher Heong

Senior Vice President Finance/ Chief Financial Officer
Ng Lay Pheng

Senior Vice President Innovation, Technology & Fleet Management
Ng Jan Lin Wilin

(from 1 April 2019)

REGISTERED OFFICE

31 Airline Road
Singapore 819831
Tel: +65 6541 5152
Fax: +65 6546 0679
Email: siaec@singaporeair.com.sg

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITORS

KPMG LLP
Public Accountants and
Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

AUDIT PARTNER

Kenny Tan Choon Wah
(appointed 21 July 2017)

SIA ENGINEERING COMPANY LIMITED
Singapore Company Reg. No.: 198201025C
SGX Trading Code: S59.SI
Registered Office: 31 Airline Road, Singapore 819831
Tel: +65 6541 5152
Fax: +65 6546 0679
Email: siaec@singaporeair.com.sg
www.siaec.com.sg

Company Secretary
Lu Ling Ling
Tel: +65 6506 9213
Fax: +65 6546 0679

Investor Relations and Public Affairs
Tel: +65 6541 5152
Email: siaec_comms@singaporeair.com.sg

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