

**SIA Engineering Company Limited
and its Subsidiaries
Registration Number: 198201025C**

Annual Report
Year ended 31 March 2025

SIA Engineering Company Limited and its Subsidiaries

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 2025.

In our opinion:

- (a) the financial statements set out on pages 17 to 102 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 2025, 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 Companies Act 1967, Singapore Financial Reporting Standards (International) ("SFRS(I)") and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

1. DIRECTORS OF THE COMPANY

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

Tang Kin Fei	Chairman (Independent)
Goh Choon Phong	(Non-independent)
Rajendran Thampuran	(Independent)
Wee Siew Kim	(Independent)
Chua Bin Hwee	(Independent)
Lim Kong Puay	(Independent)
Chong Chuan Neo	(Independent)
Tan Tze Gay	(Independent)
Tan Kai Ping	(Non-independent)
Ng Chee Khern	(Independent, appointed on 1 February 2025)
Chin Yau Seng	(Non-independent, 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 in, or debentures of, the Company or any other body corporate, except as disclosed under "Directors' Interests in Ordinary Shares 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.

Directors' 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 Companies Act 1967 (the "Act"), interests (direct and deemed) in the following ordinary shares, awards and debentures of the Company and of related corporations:

Name of Director	Direct interest		Deemed interest	
	1.4.2024/date of appointment	31.3.2025	1.4.2024/date of appointment	31.3.2025
Interest in Singapore Airlines Limited				
<u>Ordinary shares</u>				
Goh Choon Phong	4,300,975	4,920,744	—	—
Chin Yau Seng	468,992	588,899	—	—
Chong Chuan Neo	—	—	18,000	18,000
Tan Tze Gay	23,000	23,000	—	—
Tan Kai Ping	391,307	524,503	—	—
Ng Chee Khern	10,000	10,000	14,000	14,000
<u>Conditional award of Restricted Share Plan ("RSP") shares⁽¹⁾</u>				
Goh Choon Phong				
– Base Awards	73,856	74,589	—	—
– Final Awards (Pending Release)	112,232	85,853	—	—
Chin Yau Seng				
– Final Awards (Pending Release)	41,642	12,490	—	—
Tan Kai Ping				
– Base Awards	40,445	37,294	—	—
– Final Awards (Pending Release)	46,362	43,346	—	—
<u>Conditional award of Performance Share Plan ("PSP") shares⁽²⁾</u>				
Goh Choon Phong				
– Base Awards	405,302	362,909	—	—
Chin Yau Seng				
– Base Awards	59,604	28,382	—	—
Tan Kai Ping				
– Base Awards	146,756	145,199	—	—
<u>Conditional award of Strategic restricted shares⁽³⁾</u>				
Goh Choon Phong				
– Final Awards (Pending Release)	193,075	131,075	—	—
Chin Yau Seng				
– Final Awards (Pending Release)	15,725	—	—	—
Tan Kai Ping				
– Final Awards (Pending Release)	77,975	53,275	—	—
<u>2021 \$6.197 billion Mandatory Convertible Bonds due 2030</u>				
Goh Choon Phong	\$125,000	—	—	—
Tan Tze Gay	\$12,018	—	—	—

SIA Engineering Company Limited and its Subsidiaries

Directors' statement

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

Name of Director	Direct interest		Deemed interest	
	1.4.2024/date of appointment	31.3.2025	1.4.2024/date of appointment	31.3.2025
Interest in SIA Engineering Company Limited				
<u>Ordinary shares</u>				
Tang Kin Fei	—	—	20,000	20,000
Tan Tze Gay	5,000	5,000	—	—
Chin Yau Seng	—	55,200	—	—
<u>Conditional award of RSP shares⁽¹⁾</u>				
Chin Yau Seng				
– Initial Awards	74,600	75,400	—	—
– Final Awards (Pending Release)	—	34,820	—	—
<u>Conditional award of PSP shares⁽²⁾</u>				
Chin Yau Seng				
– Initial Awards	91,600	183,700	—	—
<u>Conditional award of Deferred Share Awards⁽⁴⁾</u>				
Chin Yau Seng				
– Final Awards (Pending Release)	—	75,691	—	—
Interest in Astrea V Pte. Ltd.				
<u>\$315 million 3.85% Class A-1 Secured Fixed Rate Bonds due 2029</u>				
Tan Tze Gay	\$5,000	—	—	—
Interest in Astrea VI Pte. Ltd.				
<u>\$382 million 3% Class A-1 Secured Bonds 10MC5 due 2031</u>				
Ng Chee Khern	—	—	\$125,000	\$125,000
Interest in Astrea 7 Pte. Ltd.				
<u>US\$200 million 6% Class B Secured Fixed Rate Bonds due 2032</u>				
Chin Yau Seng	US\$298,000	US\$298,000	—	—
<u>\$526 million 4.125% Class A-1 Secured Fixed Rate Bonds due 2032</u>				
Tan Tze Gay	\$100,000	\$100,000	—	—
Interest in CapitaLand Ascendas REIT				
<u>Units</u>				
Tan Tze Gay	10,000	10,000	—	—
Ng Chee Khern	18,528	18,528	8,352	8,352
<u>\$208 million 3.468% Green Fixed Rate Notes due 2029</u>				
Tan Tze Gay	\$250,000	\$250,000	—	—
Interest in CapitaLand Ascott Trust				
<u>Units</u>				
Goh Choon Phong	1,995	1,995	—	—
Tan Tze Gay	14,510	14,510	7,943	7,943
Ng Chee Khern	17,000	17,000	4,000	4,000

Directors' statement

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

Name of Director	Direct interest		Deemed interest	
	1.4.2024/date of appointment	31.3.2025	1.4.2024/date of appointment	31.3.2025
Interest in CapitalLand China Trust				
<u>Units</u>				
Tan Tze Gay	5,786	5,786	—	—
Wee Siew Kim	170,000	170,000	—	—
Interest in CapitalLand Integrated Commercial Trust				
<u>Units</u>				
Goh Choon Phong	10,237	28,900	—	—
Chua Bin Hwee	84,660 ⁽⁵⁾	109,898 ⁽⁵⁾	—	—
Tan Tze Gay	17,995	17,995	21,550	21,550
Interest in CapitalLand Investment Limited				
<u>Ordinary shares</u>				
Goh Choon Phong	35,000	35,000	—	—
Tan Tze Gay	38,605	38,605	139,336	139,336
<u>S\$400 million 3.33% Fixed Rate Senior Notes due 2027</u>				
Goh Choon Phong	\$250,000	\$250,000	—	—
Interest in Mapletree Australia Commercial Private Trust				
<u>Units in Stapled Securities</u>				
<u>Mapletree QL Trust</u>				
Chua Bin Hwee	75,000 ⁽⁵⁾	75,000 ⁽⁵⁾	—	—
<u>Mapletree ROA Trust</u>				
Chua Bin Hwee	375,000 ⁽⁵⁾	375,000 ⁽⁵⁾	—	—
Interest in Mapletree Global Student Accommodation Private Trust				
<u>Units in Class A (USD)</u>				
Goh Choon Phong	4,823	4,823	—	—
<u>Units in Class B (GBP)</u>				
Goh Choon Phong	4,823	4,823	—	—
Interest in Mapletree Industrial Trust				
<u>Units</u>				
Tang Kin Fei	50,000	50,000	—	—
Wee Siew Kim	169,101	93,668	—	—
Tan Tze Gay	3,118	3,118	—	—
Ng Chee Khern	33,597	33,597	6,000	6,000
Interest in Mapletree Logistics Trust				
<u>Units</u>				
Tang Kin Fei	40,000	40,000	—	—
Tan Tze Gay	23,500	23,500	114,900	114,900
Ng Chee Khern	30,189	30,189	18,896	18,896
Interest in Mapletree Pan Asia Commercial Trust				
<u>Units</u>				
Wee Siew Kim	45,312	45,312	—	—
Tan Tze Gay	36,192	36,192	115,000	115,000

Directors' statement

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

Name of Director	Direct interest		Deemed interest	
	1.4.2024/date of appointment	31.3.2025	1.4.2024/date of appointment	31.3.2025
Interest in Mapletree Treasury Services Limited				
<u>\$700 million 3.95% Perpetual Securities</u>				
Tang Kin Fei	\$500,000	\$500,000	—	—
Tan Tze Gay	\$250,000	\$250,000	—	—
Interest in Mapletree US & EU Logistics Private Trust				
<u>Units in USD</u>				
Wee Siew Kim	300	300	—	—
Chua Bin Hwee	200 ⁽⁵⁾	200 ⁽⁵⁾	—	—
<u>Units in EUR</u>				
Wee Siew Kim	300	300	—	—
Chua Bin Hwee	200 ⁽⁵⁾	200 ⁽⁵⁾	—	—
Interest in Mapletree US Income Commercial Trust				
<u>Units</u>				
Chua Bin Hwee	150 ⁽⁵⁾	150 ⁽⁵⁾	—	—
Interest in Mapletree US Logistics Private Trust				
<u>Units</u>				
Chua Bin Hwee	100 ⁽⁵⁾	100 ⁽⁵⁾	—	—
Interest in Olam International Limited				
<u>\$250 million 5.375% Perpetual Securities</u>				
Tan Tze Gay	\$250,000	\$250,000	—	—
Interest in Paragon REIT				
<u>Units</u>				
Tan Tze Gay	2,782	2,782	210,000	210,000
Interest in Singapore Technologies Engineering Limited				
<u>Ordinary shares</u>				
Tang Kin Fei	100,000	100,000	50,000	50,000
Goh Choon Phong	6,000	6,000	—	—
Tan Tze Gay	30,011	30,011	120,046	120,046
Interest in Singapore Technologies Telemedia Pte. Ltd.				
<u>\$500 million 4.2% Perpetual Securities</u>				
Tan Tze Gay	\$500,000	\$500,000	—	—

Directors' statement

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

Name of Director	Direct interest		Deemed interest	
	1.4.2024/date of appointment	31.3.2025	1.4.2024/date of appointment	31.3.2025
Interest in Singapore Telecommunications Limited				
<u>Ordinary shares</u>				
Tang Kin Fei	30,190	30,190	190	190
Goh Choon Phong	1,610	1,610	—	—
Rajendran Thampuran	600	600	—	—
Wee Siew Kim	533,438	533,438	190	190
Chin Yau Seng	100,000	100,000	—	—
Lim Kong Puay	15,000	15,000	—	—
Tan Tze Gay	13,783	13,783	61,643	61,643
Interest in StarHub Ltd				
<u>Ordinary shares</u>				
Wee Siew Kim	72,600	—	—	—
Interest in Temasek Financial (IV) Private Limited				
<u>\$500 million 1.8% Bonds due 2026</u>				
Tan Tze Gay	\$66,000	\$66,000	—	—
Interest in Vertex Venture Holdings Ltd				
<u>\$450 million 3.3% Notes due 2028</u>				
Tan Tze Gay	\$250,000	\$250,000	—	—

Notes:

1. The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards or Initial Awards and is contingent on the achievements against targets over the one-year performance periods relating to the relevant awards.
2. The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards or Initial Awards and is contingent on the achievements against targets over the three-year performance periods relating to the relevant awards.
3. The Final Strategic Award of fully-paid ordinary shares will vest over two years with 50% vesting immediately upon the date of grant of the award, and the balance at 25% over the next two years. On the final vesting date, an additional equity kicker equivalent to 20% of the Final Award will be settled with the participants.
4. The Deferred Share Award of fully-paid ordinary shares will vest over three years, with one-third of the Initial Award vesting immediately upon the date of grant, and the balance at one-third over the next two years. On the final vesting date, there will be an additional equity kicker equivalent to 20% of the Initial Award.
5. Includes interest held in trust by a trustee company/nominee bank on behalf of the Director.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in ordinary shares 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, or at the date of appointment, if later.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2025.

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
Goh Choon Phong
Wee Siew Kim

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

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

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.

The share awards in July 2024 were made under the SIAEC RSP 2014 and SIAEC PSP 2014.

At the Annual General Meeting of SIAEC held on 20 July 2024, shareholders of SIAEC approved the adoption of the SIAEC Restricted Share Plan 2024 ("SIAEC RSP 2024") and the SIAEC Performance Share Plan 2024 ("SIAEC PSP 2024") to replace the previous RSP 2014 and PSP 2014, which were terminated following the adoption of the new plans. The termination of the previous RSP 2014 and PSP 2014 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.

Deferred Share Awards ("DSA")

As part of the Strategic Share Award ("SSA", previously "STIP"), the DSA is a share award established with the objective of rewarding, motivating and retaining Key Executives who are responsible for strategic and transformational initiatives. The DSA is granted as a contingent share award under the RSP 2014. The final award, which includes the accumulated dividend yield (based on the sum of SIAEC share dividend yields declared with ex-dividend dates occurring during the vesting period), will cliff vest at the end of three years after the grant date, subject to meeting a service-based condition, and provided that individual performance remains satisfactory.

For DSA shares granted in 2024, the Initial Award will vest with 1/3 vesting immediately upon the date of grant, and the balance at 1/3 over the next two years. Balance will vest equally over the subsequent two years with fulfilment of service requirements and additional 20% equity kicker upon final vesting.

5. AUDIT COMMITTEE

At the date of this statement, the Audit Committee comprises the following six Non-Executive and Independent Directors:

Quek Bin Hwee – Chairman
Rajendran Thampuran
Lim Kong Puay
Chong Chuan Neo
Tan Tze Gay
Ng Chee Khern (appointed on 1 February 2025)

The Audit Committee performed its functions in accordance with Section 201B(5) of the Companies Act 1967, the SGX-ST Listing Manual and the Code of Corporate Governance which include inter alia the review of the following:

- (i) half-yearly and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- (ii) audit scopes, plans and reports (including Key Audit Matters) of the external and internal auditors;
- (iii) adequacy and effectiveness of material controls, including financial, operational, compliance and information technology controls;
- (iv) adequacy, effectiveness and quality of the internal audit function, and the effectiveness, independence and objectivity of the external auditors;
- (v) interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual); and
- (vi) whistle-blowing programme instituted by the Company.

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 accounting control system. The Audit Committee also reviewed Management's internal control adequacy representations that is based on the Control Self-Assessment ("CSA") System developed. In the review of the audited financial statements of the Group and the Company, the Audit Committee had discussed with Management and the external auditors the accounting principles that were applied and their judgement on the items that might affect the financial statements. Based on the review and discussions with Management and the external auditors, the Audit Committee is of the view that the financial statements are fairly presented in conformity with generally accepted accounting principles in all material aspects.

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

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

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 716 of the SGX-ST 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



CHIN YAU SENG
Chief Executive Officer

9 May 2025



Independent auditors' report

Members of the Company
SIA Engineering Company Limited

Report on the audit of the financial statements

Opinion

We have audited the 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 2025, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and material accounting policy information and other explanatory information, as set out on pages 17 to 102.

In our opinion, the accompanying 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 Companies Act 1967 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)") and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2025 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 ("ACRA") *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.

Impairment risk on non-financial assets

Refer to 2(j) 'Impairment of non-financial assets' and Note 3 'Significant accounting estimates and critical judgements' together with the relevant accounting policies.

Risk

During the financial year, the airframe maintenance, repair and component overhaul ("MRO") businesses continued to face significant challenges amid economic uncertainties and cost escalations brought about by supply chain disruptions and geopolitical tensions. Accordingly, there were indications that the property, plant and equipment and right-of-use assets (collectively, "PPE") deployed across the Airframe Maintenance and Component Service units (collectively, the "Cash-generating units" or "CGUs") may be impaired.

There is inherent uncertainty involved in forecasting and discounting future cash flows for the value-in-use assessments. The ongoing geopolitical tensions create additional estimation uncertainty in determining the recoverable amounts for the CGUs.

Airframe Maintenance

Airframe Maintenance – Management's value-in-use computation assumed gradual increase of base maintenance work volumes at the hangars, along with improvement in operational efficiency, and financial performance to be achieved through optimising productivity of the current workforce and stabilising costs.

Our response

We assessed the appropriateness of the identified CGUs and related non-financial assets deployed therein.

We reviewed the basis and methodology used to derive the recoverable amounts of the CGUs.

We held discussions with senior management to understand the assumptions used in the assessment of the recoverable amounts of the CGUs. These assumptions include revenue growth and work volume of MRO activities in future periods, operating costs and discount rates.

We evaluated these assumptions by comparing them to past historical performance, recent performance and future plans. We also challenged management's judgement by assessing the growth trajectory against industry forecast and trends based on publicly available industry reports.

We stress-tested Management's key assumptions by reducing the growth estimates over revenue and profit margins.

We considered the appropriateness of disclosures in the financial statements.

Impairment risk on non-financial assets (continued)

Risk

Our response

The estimated recoverable amount is in excess of the carrying value of the PPE, net of accumulated impairment loss (as brought forward from the previous year). Management has considered sensitivity analysis for recoverable amount from risk of forecasting errors with the prevailing market conditions remaining highly uncertain, neither additional impairment loss nor reversal of previously recognised impairment loss was considered necessary for the current year.

Component Services – No impairment loss on PPE was considered necessary following a review of individual customer contracts, factoring in the contractual revenues secured and the financial performance of existing contracts.

Findings

We found the key assumptions applied by Management in the cash flow forecasts, in particular, the revenue growth, operating costs and discount rates to be reasonable and consistent with corroborative market evidence. Our independent stress-test outcomes were not contradictory with the overall conclusion reached by Management. We also found disclosures in the financial statements to be appropriate.

Recognition of revenue on customer contracts

Refer to Note 2(m) 'Revenue' and Note 3 'Significant accounting estimates and critical judgements' together with the relevant accounting policies.

Risk

Our response

The Group's contract revenues are derived mainly from airframe maintenance, line maintenance, Inventory technical management and component overhaul and engine repair services (the "MRO Services").

We tested the controls designed and implemented by the Group over contract evaluation and authorisation, review and approval of project costing, and verification of the input method used to measure revenue.

The MRO Services, embedding materials and labour, represent one single performance obligation. Such performance obligation is continuously transferred to customers over time. Revenue is measured using the input method.

We reviewed the contractual terms of customer contracts to identify performance obligations and assessed how the fair value of revenue has been recognised and measured, including any revenue-constraint applied by Management.

The input method involves cost and man-hour estimates. Actual man-hours incurred representing revenue may however be subject to negotiation with customers.

We challenged the cost and man-hour estimates used by Management and tested them by reference to historical cost experience of comparable contracts. We also reviewed Management's consistent application of the input method to recognise revenue over time.

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, for revenue recognition.

Findings

We found Management's assumptions applied towards estimating revenue to be appropriate.

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 *FY2024/25 At a Glance, Corporate Profile, Chairman's Statement, Corporate Calendar, Board of Directors, Key Executives, The Year in Review, Business Segments, Corporate Governance, Share Price and Turnover, and Shareholding Statistics* ("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 IFRS Accounting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

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 Ong Li Qin.



KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore

9 May 2025

SIA Engineering Company Limited and its Subsidiaries

CONSOLIDATED INCOME STATEMENT

For the Financial Year Ended 31 March 2025 (in thousands of \$)

		The Group	
	Notes	2024/25	2023/24
REVENUE	4	1,245,149	1,094,217
EXPENDITURE			
Staff costs	5	603,492	576,270
Material costs		272,000	204,758
Depreciation	15,16	57,203	57,605
Amortisation of intangible assets	17	6,498	5,474
Company accommodation		22,421	20,031
Subcontract costs		150,072	109,866
Other operating expenses		118,815	117,857
		<u>1,230,501</u>	<u>1,091,861</u>
OPERATING PROFIT	6	14,648	2,356
Interest income	7	18,577	24,433
Finance charges		(3,859)	(4,386)
(Loss)/Surplus on disposal of property, plant and equipment and intangible assets		(634)	95
Impairment loss allowance of financial and non-financial assets	15,17	–	(26,844)
Surplus on disposal of associated companies	20	–	2,307
Surplus on disposal of subsidiaries		–	390
Share of profits of associated companies, net of tax		81,343	70,656
Share of profits of a joint venture company, net of tax		37,246	30,338
PROFIT BEFORE TAXATION		<u>147,321</u>	<u>99,345</u>
Taxation	8	(5,687)	(2,216)
PROFIT FOR THE FINANCIAL YEAR		<u>141,634</u>	<u>97,129</u>
PROFIT ATTRIBUTABLE TO:			
Owners of the parent		139,552	97,124
Non-controlling interests		2,082	5
		<u>141,634</u>	<u>97,129</u>
BASIC EARNINGS PER SHARE (CENTS)	9	<u>12.46</u>	<u>8.65</u>
DILUTED EARNINGS PER SHARE (CENTS)	9	<u>12.40</u>	<u>8.61</u>

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

SIA Engineering Company Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Financial Year Ended 31 March 2025 (in thousands of \$)

	The Group	
	2024/25	2023/24
PROFIT FOR THE FINANCIAL YEAR	141,634	97,129
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		
<u>Item that will not be reclassified to profit or loss:</u>		
Actuarial (loss)/gain on remeasurement of defined benefit plan	(1)	374
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation of foreign operations	(4,975)	10,978
Re-classification of foreign currency translation upon disposal of foreign operations	–	770
Net fair value adjustment on cash flow hedges	257	(771)
Share of other comprehensive income of associated/joint venture companies	(1,078)	(5,504)
	<u>(5,796)</u>	<u>5,473</u>
Other comprehensive income, net of tax	<u>(5,797)</u>	<u>5,847</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	<u>135,837</u>	<u>102,976</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	133,870	102,909
Non-controlling interests	1,967	67
	<u>135,837</u>	<u>102,976</u>

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

SIA Engineering Company Limited and its Subsidiaries

BALANCE SHEETS

As at 31 March 2025 (in thousands of \$)

	Notes	The Group		The Company	
		2025	2024	2025	2024
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	11	420,044	420,044	420,044	420,044
Treasury shares	12	(14,891)	(4,511)	(14,891)	(4,511)
Capital reserve	13	(69)	(388)	(69)	(388)
Share-based compensation reserve	13	6,922	7,501	6,922	7,501
Foreign currency translation reserve	13	(29,163)	(24,198)	—	—
Fair value reserve	13	(2,016)	(1,300)	—	(257)
Equity transaction reserve	13	(2,173)	(2,173)	—	—
General reserve	13	1,341,786	1,292,059	717,674	745,692
		1,720,440	1,687,034	1,129,680	1,168,081
NON-CONTROLLING INTERESTS		21,171	16,205	—	—
TOTAL EQUITY		1,741,611	1,703,239	1,129,680	1,168,081
NON-CURRENT LIABILITIES					
Deferred tax liabilities	14	988	724	—	—
Lease liabilities	32	58,365	80,077	52,689	73,766
Long-term bank loans	33	3,217	2,439	—	—
		62,570	83,240	52,689	73,766
		1,804,181	1,786,479	1,182,369	1,241,847
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	15	209,448	185,215	168,997	147,019
RIGHT-OF-USE ASSETS	16	77,596	103,385	70,687	96,327
INTANGIBLE ASSETS	17	36,734	31,994	28,817	24,899
SUBSIDIARY COMPANIES	18	—	—	115,455	107,656
ASSOCIATED COMPANIES	20	536,228	487,430	178,278	167,670
JOINT VENTURE COMPANY	22	296,373	261,647	61,867	61,867
DEFERRED TAX ASSETS	14	14,809	17,781	13,233	16,313
CURRENT ASSETS					
Trade receivables	23	60,954	70,879	42,355	51,825
Contract assets	24	108,382	151,132	99,878	142,805
Prepayments and other receivables	25	15,218	20,432	8,858	14,014
Amounts owing by immediate holding company	26	35,782	30,920	35,088	30,494
Amounts owing by related parties	27	22,752	19,415	29,592	26,999
Inventories	28	63,757	61,702	27,542	28,315
Short-term deposits	29	605,059	604,869	577,649	579,770
Cash and bank balances	30	58,301	41,081	21,483	12,909
		970,205	1,000,430	842,445	887,131
Assets held for sale	15	—	467	—	467
		970,205	1,000,897	842,445	887,598
Less:					
CURRENT LIABILITIES					
Trade and other payables	31	258,903	220,104	213,875	195,986
Contract liabilities	24	46,019	46,237	32,903	31,255
Lease liabilities	32	22,143	25,222	19,809	23,440
Amounts owing to related parties	27	570	334	24,734	10,464
Bank loans	33	1,474	2,699	—	—
Tax payable		8,103	7,274	6,089	6,357
		337,212	301,870	297,410	267,502
NET CURRENT ASSETS		632,993	699,027	545,035	620,096
		1,804,181	1,786,479	1,182,369	1,241,847

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

SIA Engineering Company Limited and its Subsidiaries

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2025 (in thousands of \$)

	Notes	Attributable to Owners of the parent								Non-controlling interests	Total equity
		Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total	
The Group											
Balance at 1 April 2024		420,044	(4,511)	(388)	7,501	(24,198)	(1,300)	(2,173)	1,292,059	1,687,034	16,205 1,703,239
Profit for the year		–	–	–	–	–	–	–	139,552	139,552	2,082 141,634
Actuarial loss on remeasurement of defined benefit plan		–	–	–	–	–	–	–	(1)	(1)	– (1)
Foreign currency translation of foreign operations		–	–	–	–	(4,860)	–	–	–	(4,860)	(115) (4,975)
Net fair value adjustment on cash flow hedges		–	–	–	–	–	257	–	–	257	– 257
Share of other comprehensive income of associated/joint venture companies	13	–	–	–	–	(105)	(973)	–	–	(1,078)	– (1,078)
Other comprehensive income for the year, net of tax		–	–	–	–	(4,965)	(716)	–	(1)	(5,682)	(115) (5,797)
Total comprehensive income for the financial year		–	–	–	–	(4,965)	(716)	–	139,551	133,870	1,967 135,837
Capital contribution from non-controlling interests	13	–	–	–	–	–	–	–	–	–	3,331 3,331
Share-based compensation expense	12,13	–	–	–	4,972	–	–	–	–	4,972	– 4,972
Share awards released	12	–	5,551	–	(5,551)	–	–	–	–	–	– –
Purchase of treasury shares	12	–	(15,612)	–	–	–	–	–	–	(15,612)	– (15,612)
Treasury shares reissued pursuant to equity compensation plans	12	–	(319)	319	–	–	–	–	–	–	– –
Dividends	10	–	–	–	–	–	–	–	(89,824)	(89,824)	(332) (90,156)
Total contributions by and distributions to owners		–	(10,380)	319	(579)	–	–	–	(89,824)	(100,464)	2,999 (97,465)
Balance at 31 March 2025		420,044	(14,891)	(69)	6,922	(29,163)	(2,016)	(2,173)	1,341,786	1,720,440	21,171 1,741,611

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

SIA Engineering Company Limited and its Subsidiaries

STATEMENTS OF CHANGES IN EQUITY (continued) For the Financial Year Ended 31 March 2025 (in thousands of \$)

	Notes	Attributable to Owners of the parent									Non-controlling interests	Total equity
		Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total		
The Group												
Balance at 1 April 2023		420,044	(4,971)	(482)	5,805	(35,351)	4,442	(2,173)	1,278,845	1,666,159	10,579	1,676,738
Profit for the year		–	–	–	–	–	–	–	97,124	97,124	5	97,129
Actuarial gain on remeasurement of defined benefit plan		–	–	–	–	–	–	–	374	374	–	374
Foreign currency translation of foreign operations		–	–	–	–	10,916	–	–	–	10,916	62	10,978
Re-classification of foreign currency translation upon disposal of foreign operations		–	–	–	–	770	–	–	–	770	–	770
Net fair value adjustment on cash flow hedges		–	–	–	–	–	(771)	–	–	(771)	–	(771)
Share of other comprehensive income of associated/joint venture companies	13	–	–	–	–	(533)	(4,971)	–	–	(5,504)	–	(5,504)
Other comprehensive income for the year, net of tax		–	–	–	–	11,153	(5,742)	–	374	5,785	62	5,847
Total comprehensive income for the financial year		–	–	–	–	11,153	(5,742)	–	97,498	102,909	67	102,976
Share-based compensation expense	13	–	–	–	6,263	–	–	–	–	6,263	–	6,263
Share awards released	12,13	–	4,567	–	(4,567)	–	–	–	–	–	–	–
Purchase of treasury shares	12	–	(4,013)	–	–	–	–	–	–	(4,013)	–	(4,013)
Treasury shares reissued pursuant to equity compensation plans	12	–	(94)	94	–	–	–	–	–	–	–	–
Dividends	10	–	–	–	–	–	–	–	(84,284)	(84,284)	(660)	(84,944)
Total contributions by and distributions to owners		–	460	94	1,696	–	–	–	(84,284)	(82,034)	(660)	(82,694)
Acquisition of a subsidiary with non-controlling interests	19	–	–	–	–	–	–	–	–	–	5,622	5,622
Disposal of a subsidiary with non-controlling interests		–	–	–	–	–	–	–	–	–	597	597
Total changes in ownerships interests in subsidiary		–	–	–	–	–	–	–	–	–	6,219	6,219
Balance at 31 March 2024		420,044	(4,511)	(388)	7,501	(24,198)	(1,300)	(2,173)	1,292,059	1,687,034	16,205	1,703,239

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

SIA Engineering Company Limited and its Subsidiaries

STATEMENTS OF CHANGES IN EQUITY For the Financial Year Ended 31 March 2025 (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 2024		420,044	(4,511)	(388)	7,501	(257)	745,692	1,168,081
Profit for the year		–	–	–	–	–	61,806	61,806
Other comprehensive income for the year, net of tax:								
Net fair value adjustment on cash flow hedges		–	–	–	–	257	–	257
Total comprehensive income for the financial year		–	–	–	–	257	61,806	62,063
Share-based compensation expense	13	–	–	–	4,972	–	–	4,972
Share awards released	12,13	–	5,551	–	(5,551)	–	–	–
Purchase of treasury shares	12	–	(15,612)	–	–	–	–	(15,612)
Treasury shares reissued pursuant to equity compensation plans	12	–	(319)	319	–	–	–	–
Dividends	10	–	–	–	–	–	(89,824)	(89,824)
Total contributions by and distributions to owners		–	(10,380)	319	(579)	–	(89,824)	(100,464)
Balance at 31 March 2025		420,044	(14,891)	(69)	6,922	–	717,674	1,129,680
Balance at 1 April 2023		420,044	(4,971)	(482)	5,805	514	830,720	1,251,630
Loss for the year		–	–	–	–	–	(744)	(744)
Other comprehensive income for the year, net of tax:								
Net fair value adjustment on cash flow hedges		–	–	–	–	(771)	–	(771)
Total comprehensive income for the financial year		–	–	–	–	(771)	(744)	(1,515)
Share-based compensation expense	13	–	–	–	6,263	–	–	6,263
Share awards released	12,13	–	4,567	–	(4,567)	–	–	–
Purchase of treasury shares	12	–	(4,013)	–	–	–	–	(4,013)
Treasury shares reissued pursuant to equity compensation plans	12	–	(94)	94	–	–	–	–
Dividends	10	–	–	–	–	–	(84,284)	(84,284)
Total contributions by and distributions to owners		–	460	94	1,696	–	(84,284)	(82,034)
Balance at 31 March 2024		420,044	(4,511)	(388)	7,501	(257)	745,692	1,168,081

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

SIA Engineering Company Limited and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS For the Financial Year Ended 31 March 2025 (in thousands of \$)

	Notes	The Group 2024/25	2023/24
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		147,321	99,345
Adjustments for:			
Depreciation	15,16	57,203	57,605
Amortisation of intangible assets	17	6,498	5,474
Impairment loss (reversal)/allowance for trade receivables, contract assets and amounts owing by related parties	6	(458)	3,792
Share-based compensation expense	11	4,863	6,663
Provision for inventory obsolescence	6	1,600	1,049
Unrealised exchange differences		(445)	(625)
Interest income	7	(18,577)	(24,433)
Finance charges		3,859	4,386
Loss/(Surplus) on disposal of property, plant and equipment and intangible assets		634	(95)
Surplus on disposal of associated companies		—	(2,307)
Surplus on disposal of subsidiaries		—	(390)
Impairment loss allowance of financial and non-financial assets		—	26,844
Share of profits of associated and joint venture companies, net of tax		(118,589)	(100,994)
Operating profit before working capital changes		83,909	76,314
Decrease/(Increase) in receivables		14,820	(45,450)
Decrease in contract assets		42,713	10,407
Increase in inventories		(3,655)	(19,423)
Increase in payables		41,524	58,492
(Decrease)/Increase in contract liabilities		(218)	10,415
(Increase)/Decrease in amounts owing by immediate holding company		(7,241)	11,849
Increase in amounts owing by related parties, net		(3,185)	(1,402)
Cash generated from operations		168,667	101,202
Income taxes paid		(1,679)	(804)
NET CASH FROM OPERATING ACTIVITIES		166,988	100,398

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 2025 (in thousands of \$)

	Notes	The Group 2024/25	2023/24
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	15	(52,906)	(39,219)
Purchase of intangible assets	17	(11,479)	(9,458)
Proceeds from disposal of assets held-for-sale	15	467	–
Proceeds from disposal of property, plant and equipment and intangible assets		106	196
Return of shareholders' equity upon dissolution of an associated company		–	13,822
Investment in associated company	20	(10,608)	(3,022)
Acquisition of a subsidiary, net of cash acquired	19	–	15,649
Disposal of a subsidiary, net of cash disposed	19	–	91
Dividends received from associated companies		39,926	27,768
Interest received from deposits		20,685	24,982
Payment of contingent consideration		(967)	–
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(14,776)	30,809
CASH FLOW FROM FINANCING ACTIVITIES			
Capital contribution from non-controlling interests		3,331	–
Dividends paid	10	(89,824)	(84,284)
Dividends paid by subsidiary companies to non-controlling interests		(332)	(660)
Finance charges paid	34	(496)	(549)
Repayment of lease liabilities	32,34	(31,362)	(30,948)
Proceeds from borrowings	34	1,619	2,655
Repayment of borrowings	34	(1,986)	–
Purchase of treasury shares	12	(15,612)	(4,013)
NET CASH USED IN FINANCING ACTIVITIES		(134,662)	(117,799)
NET CASH INFLOW		17,550	13,408
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		645,950	632,989
Effect of exchange rate changes		(140)	(447)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		663,360	645,950
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short-term deposits	29	605,059	604,869
Cash and bank balances	30	58,301	41,081
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		663,360	645,950

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

SIA Engineering Company Limited and its Subsidiaries

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 of Singapore Airlines Limited and its ultimate holding company is Temasek Holdings (Private) Limited. Both holding companies are 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 2025 and for the year then ended comprise the Company and its subsidiaries (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 inventory technical management, the provision of line maintenance and technical ground handling services and investment holdings. The principal activities of the subsidiaries are disclosed in Note 18 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 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 9 May 2025.

2. MATERIAL ACCOUNTING POLICIES

The accounting policies applied by the Group and the Company are consistent to all periods presented in the financial statements and in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”), except as explained in Note 2(b) which addresses changes in material accounting policies.

(a) Basis of preparation

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 Accounting Standards.

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

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. MATERIAL ACCOUNTING POLICIES (continued)

(b) Changes in material accounting policies

New standards and amendments

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2024, the Group adopted all the new and revised standards and interpretations of IFRS Accounting Standards ("INT IFRS") that are effective for annual financial periods beginning on or after 1 April 2024. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

(c) New standards and interpretations not adopted

New standards and amendments to standards that are effective from the Group's financial year beginning 1 April 2025 are as follows:

Description	Effective from
Lack of Exchangeability (Amendments to IFRS 21)	1 April 2025
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 April 2026
Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	1 April 2026
Annual Improvements to IFRSs – Volume 11	1 April 2026
Presentation and Disclosure in Financial Statements (Amendments to IFRS 18)	1 April 2027
Subsidiaries without Public Accountability: Disclosures (IFRS 119)	1 April 2027

Based on current assessment, the application of these amendments to standards and interpretations is not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

Presentation and Disclosure in Financial Statements

IFRS 18 will replace IFRS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 April 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax operations. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures ("MPMs") are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how the information is grouped in the financial statements, including for items currently labelled as other.

2. MATERIAL ACCOUNTING POLICIES (continued)

(d) Foreign currencies

Foreign currency transactions

Foreign currency transactions are translated into SGD at rates prevailing at the dates of those 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 re-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 recognised in other comprehensive income and deferred to equity.

Entities with non-SGD functional currencies

For the purpose of the consolidated financial statements, the net assets of subsidiaries, associated and joint venture companies whose functional currency are not SGD, are translated into SGD at the rates prevailing at the reporting date. The financial results of these subsidiaries, associated and joint venture companies are translated monthly into SGD at the prevailing exchange rates. The resulting gains or losses on exchange are recognised in other comprehensive income and accumulated under foreign currency translation reserve.

Goodwill and fair value adjustments arising from acquisition are treated as assets and liabilities of the entities acquired and are recorded in the functional currency of the entity, and where required, 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 subsidiary, joint venture or associated company is disposed, i.e. control, significant influence or joint control is lost, any cumulative amount in the foreign currency translation reserve related to that entity 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. MATERIAL ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of a property, plant and equipment have different useful lives, they are accounted for as separate components. 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.

When assets are sold or retired, their costs, accumulated depreciation and accumulated impairment loss, if any, 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

Depreciation is based on the cost of an asset less its residual value. 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.

Assets under construction 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	1– 15 years	Nil
Aircraft rotatable spares	3 – 15 years	Nil
Office furniture, computer equipment and motor vehicles	1 – 7 years	Nil

2. MATERIAL ACCOUNTING POLICIES (continued)

(f) Intangible assets

Intangible assets comprised of computer software, engine development costs, goodwill and licenses acquired in business combinations.

Amortisation

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

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

- Computer software 3 – 7 years
- Licences 3 years

Assets under construction are not amortised. Amortisation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted, if appropriate.

(g) Leases

As a lessee

The Group recognises a right-of-use ("ROU") asset and lease liability at the lease commencement date.

ROU asset

ROU asset is initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimated cost to restore the underlying asset, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

Lease liability

The initial measurement of lease liability is measured at the present value of the unpaid lease payments discounted using the implicit rate in the lease, or if the rate cannot be easily determined, the Group shall use its incremental borrowing rate. The Group determines its incremental borrowing rate by obtaining interest rate from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments comprise the following:

- fixed payments, including in-substance fixed payments, less any incentives receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee and;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

2. MATERIAL ACCOUNTING POLICIES (continued)

(g) Leases (continued)

As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Group's estimate of the residual value guarantees, extension or termination options, or there is a revision to an in-substance fixed payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected not to separate lease and non-lease components for property leases and has elected to account for these as one single lease component.

Interest expense arising from lease liabilities are included in repayment of leases under cash flow from financing activities in the consolidated statement of cash flows.

Where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term equipment leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(h) Inventories

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

2. MATERIAL ACCOUNTING POLICIES (continued)

(i) Financial instruments

(i) Recognition and initial measurement

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

(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").

Financial liabilities

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the 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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(v) Impairment

Expected credit loss ("ECL")

The Group recognises loss allowances for ECL on financial assets measured at amortised cost and contract assets.

Simplified approach

The Group applies the simplified approach to provide for loss allowances for trade receivables, contract assets and amounts owing by related parties to be always measured at an amount equal to lifetime ECL.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

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

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

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.

Presentation of allowance for ECLs in the balance sheet

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

2. MATERIAL ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(v) Impairment (continued)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(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.

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 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.

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 profit or loss in the same period that the underlying transaction affects profit or loss or be capitalised in the initial carrying amount of a hedged item.

2. MATERIAL ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

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

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.

(j) 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. 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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(k) 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.

(l) 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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(l) Taxation (continued)

(ii) Deferred tax (continued)

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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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) Global minimum top-up tax

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IFRS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

(m) Revenue

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the performance obligations (“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 PO in contracts with customers, including significant payment terms and the related revenue recognition policies.

Airframe and line maintenance

Revenue from airframe and line maintenance includes airframe maintenance, line maintenance and inventory technical management.

Revenue from airframe maintenance 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 is 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 – 75 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 – 75 days.

2. MATERIAL ACCOUNTING POLICIES (continued)

(m) Revenue (continued)

Airframe and line maintenance (continued)

For inventory technical management, billings to customers are based on flying 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 – 75 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 – 75 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.

(n) 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, Performance Share Plan and Deferred Share Awards 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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(n) Employee benefits (continued)

Defined benefit plans

The Group contributes to several defined benefit pension and post-employment benefit plans for some of the regular employees. The cost of providing benefits includes the Group's contribution for the year plus any unfunded liabilities under the plans, which is determined separately for each plan. Contributions to the plans over the expected average remaining working lives of the employees participating in the plans are 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 defined contribution pension schemes. Such contributions are recognised as expenses in the period in which the related services are performed.

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.

(o) 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 Management of the Company that regularly reviews the segments' results in order to allocate resources to the segments and to assess the segments' performance.

Where the equity method investment is a reportable segment, the segment information reviewed by Management is the full financial information of the investee (e.g. total revenue, total profit or loss). Accordingly, the segment disclosures are based on the full financial information of the equity-accounted investees. Relevant elimination of the investees' revenue and results are made to reconcile to the Group consolidated results.

The Company and its subsidiaries operate in Singapore, Philippines, Japan, Malaysia, Cambodia 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 38 including the factors used to identify the reportable segments and the measurement basis of segment information.

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 and 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) ECL provision for trade receivables, contract assets and amounts owing by related parties

The Group uses an allowance matrix by age bracket to measure the ECL of trade receivables, contract assets and amounts owing by related parties. The provision 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.

The Group also assesses at the end of each reporting period whether there is any objective evidence that the receivables and contract balances from individual customers is credit-impaired based on factors such as insolvency, financial difficulties of the customer or significant delays in repayments.

The aggregated carrying amounts of the Group's and Company's trade receivables, contract assets and amounts owing by related parties as at 31 March 2025 were approximately \$192,088,000 (2024: \$241,426,000) and \$171,825,000 (2024: \$221,629,000), respectively.

(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.

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 2025 were approximately \$8,103,000 (2024: \$7,274,000) and \$988,000 (2024: \$724,000) respectively.

The carrying amounts of the Company's current tax payable as at 31 March 2025 was approximately \$6,089,000 (2024: \$6,357,000).

3. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS (continued)

(c) Contract assets

Contract assets refer to services rendered which have not been billed and are stated at cost plus estimated profit earned, according to 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 amounts of the Group's and Company's contract assets as at 31 March 2025 were approximately \$108,382,000 (2024: \$151,132,000) and \$99,878,000 (2024: \$142,805,000) respectively.

(d) Impairment of non-financial assets

Management performs impairment testing for the following items:

- Property, plant and equipment (refer to Note 15);
- Right-of-use assets;
- Goodwill (refer to Note 17);
- Intangible assets, relating to engine development costs (refer to Note 17); 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.

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 forecast approved by Management. These cash flow assumptions are premised on Management's assessment of market conditions and outlook relevant to the cash-generating units, and therefore subject to risk of estimation uncertainties.

4. REVENUE (in thousands of \$)

	The Group	
	2024/25	2023/24
Airframe overhaul and line maintenance	912,273	836,250
Engine and component	332,876	257,967
	<u>1,245,149</u>	<u>1,094,217</u>

SIA Engineering Company Limited and its Subsidiaries

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

(a) Disaggregation of revenue from contracts with customers

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

	Airframe overhaul and line maintenance		Engine and component		Total	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Primary geographical markets						
East Asia	722,189	675,470	154,814	138,070	877,003	813,540
Europe	89,695	74,126	118,708	82,063	208,403	156,189
South West Pacific	10,811	28,494	4,073	3,385	14,884	31,879
Americas	46,290	35,609	11,835	28,637	58,125	64,246
West Asia and Africa	43,288	22,551	43,446	5,812	86,734	28,363
	<u>912,273</u>	<u>836,250</u>	<u>332,876</u>	<u>257,967</u>	<u>1,245,149</u>	<u>1,094,217</u>
Major service line						
Services rendered	<u>912,273</u>	<u>836,250</u>	<u>332,876</u>	<u>257,967</u>	<u>1,245,149</u>	<u>1,094,217</u>
Timing of revenue recognition						
Transferred over time	<u>912,273</u>	<u>836,250</u>	<u>332,876</u>	<u>257,967</u>	<u>1,245,149</u>	<u>1,094,217</u>

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

(b) Transaction price allocated to the remaining performance obligations

As at 31 March 2025, the revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date for inventory technical management amounts to approximately \$163,516,000 (2023/24: \$183,000,000) for financial periods 2025/26 to 2027/28 (2023/24: 2024/25 to 2026/27).

Variable consideration that is constrained is not included in the transaction price and therefore 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	
	2024/25	2023/24
Salary, bonuses and other costs	544,904	520,478
CPF and other defined contributions	53,725	49,129
Share-based compensation expense	4,863	6,663
	<u>603,492</u>	<u>576,270</u>

The Group contributes to unfunded, non-contributory, defined benefit plans for some of the regular employees. The Group recognised a writeback of \$421,000 (2023/24: \$216,000) with respect to defined benefit expenses for the year. As the financial effects of the defined benefit plan are not material to the overall financial statements, no further disclosures of the plan are provided. Disclosures relating to share-based compensation expense are in Note 11.

SIA Engineering Company Limited and its Subsidiaries

6. OPERATING PROFIT (in thousands of \$)

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

	The Group	
	2024/25	2023/24
Impairment loss (reversal)/allowance for trade receivables, contract assets and amounts owing by related parties	(458)	3,792
Net exchange loss/(gain)*	1,082	(1,771)
Provision for obsolete stocks, net	1,600	1,049
Equipment related costs	35,085	53,314
Freight charges	15,330	12,541
Insurance and warranties	10,763	9,280
Professional fees	12,188	2,144
Professional fee paid to a firm in which a director is a member	131	90
Audit fees paid to [@] :		
- auditors of the Company and other firms affiliated with KPMG International Limited	385	398
- Other auditors	—	54
Non-audit fees [#] paid to:		
- auditors of the Company	18	17

* Net exchange loss/(gain) includes:

- (i) Amount includes a net fair value loss on forward currency contracts used for hedging purposes of approximately \$328,000 (2023/24: net fair value gain of \$588,000), realised in the current financial year. Disclosures relating to fair value changes on derivative financial instruments are in Note 13.
- (ii) \$187,000 (2023/24: \$473,000) exchange gain was also recognised from discontinuation of cash flow hedge during the year.
- (iii) The Company also enters into multiple spot currency contracts which realised a net exchange gain of \$10,000 (2023/24: \$92,000).

[@] The comparative information for audit and non-audit fees has been re-presented to include fees paid to affiliated firms of KPMG International Limited under “auditors of the Company and other firms affiliated with KPMG International Limited” instead of “other auditors” due to change in requirements in ACRA Code R410.31(a) and R410.31(b), effective for periods beginning on or after 15 December 2022.

[#] Non-audit fees paid to the auditors of the Company include audit related services of \$10,900 (2023/24: \$10,400).

7. INTEREST INCOME (in thousands of \$)

	The Group	
	2024/25	2023/24
Deposits placed with immediate holding company	16,819	22,905
Deposits placed with banks	1,758	1,528
	<u>18,577</u>	<u>24,433</u>

SIA Engineering Company Limited and its Subsidiaries

8. TAXATION (in thousands of \$)

The major components of taxation for the years ended 31 March 2025 and 2024 are as follows:

	The Group	
	2024/25	2023/24
<u>Current tax</u>		
Provision for the financial year	(2,372)	(1,250)
Over/(Under)-provision in respect of prior years	30	(759)
	<u>(2,342)</u>	<u>(2,009)</u>
<u>Deferred tax</u>		
Movement in temporary differences	(6,278)	(6,448)
Over-provision in respect of prior years	2,933	6,241
	<u>(3,345)</u>	<u>(207)</u>
Taxation recognised in profit or loss	<u>(5,687)</u>	<u>(2,216)</u>

Deferred tax related to other comprehensive income:

	The Group	
	2024/25	2023/24
Net change in the fair value of derivative financial instruments designated as cash flow hedges	52	(157)
Actuarial gain on revaluation of defined benefit plans	<u>–</u>	<u>77</u>

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

	The Group	
	2024/25	2023/24
Profit before taxation	147,321	99,345
Less: share of results of associated and joint venture companies	<u>(118,589)</u>	<u>(100,994)</u>
	28,732	(1,649)
Taxation at statutory tax rate of 17.0%	(4,884)	280
<u>Adjustments</u>		
Income not subject to tax	118	1,328
Utilisation of deferred tax assets not previously recognised	1,017	–
Deferred tax assets not recognised	(2,211)	(5,569)
Expenses not deductible for tax purposes	(2,224)	(4,942)
Effects of difference in tax rates of other countries	(51)	1,339
Over-provision in relation to prior years	2,963	5,482
Provision of withholding tax expense	(468)	(268)
Others	53	134
Taxation	<u>(5,687)</u>	<u>(2,216)</u>

Global minimum top-up tax

The Group falls within the scope of the Global Anti-Base Erosion (“GloBE”) rules introduced by the OECD under the new global minimum top-up tax framework (“Pillar Two”) through its immediate holding company. Singapore and Malaysia has enacted Pillar Two legislation and is in effect as of 1 January 2025, while some of the other countries where the Group operates have enacted or substantively enacted Pillar Two legislation.

Malaysia and Singapore enacted Pillar Two legislation to implement a domestic minimum top-up tax, which is effective from 1 January 2025. As a result, from 2025, the Group may be liable for the top-up tax in relation to its operations.

8. TAXATION (in thousands of \$) (continued)

Global minimum top-up tax (continued)

The Group expects to be subject to the top-up tax for its associated and joint venture companies, Eagle Services Asia Private Limited ("ESA") and Singapore Aero Engine Services Private Limited ("SAESL"), as they receive government support through tax incentives that reduce their effective tax rate to below 15%. As ESA and SAESL are equity-accounted investees, the impact of the top-up tax, if any, are to be included in the share of profit or loss of associated and joint venture companies.

The Group did not recognise any current tax expense related to the top-up tax (2023: NIL) during the financial year.

9. EARNINGS PER SHARE

	The Group	
	2024/25	2023/24
Profit attributable to owners of the parent (in thousands of \$)	139,552	97,124
Weighted average number of ordinary shares in issue used for computing basic earnings per share*	1,120,450,961	1,122,884,979
Adjustment for dilutive potential ordinary shares	4,572,668	5,170,142
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	1,125,023,629	1,128,055,121
Basic earnings per share (cents)	12.46	8.65
Diluted earnings per share (cents)	12.40	8.61

* 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 three categories of dilutive potential ordinary shares: performance shares, restricted shares and deferred shares.

SIA Engineering Company Limited and its Subsidiaries

10. DIVIDENDS PAID AND PROPOSED (in thousands of \$)

	The Group and Company	
	2024/25	2023/24
Dividends paid:		
Final dividend of 6.0 cents per share in respect of 2023/24 (2022/23: 5.5 cents)	67,418	61,814
Interim dividend of 2.0 cents per share in respect of 2024/25 (2023/24: 2.0 cents)	22,406	22,470
	<u>89,824</u>	<u>84,284</u>

The directors propose a final tax exempt (one-tier) dividend of 7.0 cents per share (2023/24: final tax exempt (one-tier) dividend of 6.0 cents per share) amounting to approximately \$78,248,000 (2024: \$67,331,000) to be paid for the financial year ended 31 March 2025.

11. SHARE CAPITAL (in thousands of \$)

	The Group and Company			
	2025	2024	2025	2024
Issued and fully paid	Number of shares		Amount	
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 and deferred share award were settled by way of issuance of 2,244,742 (2023/24: 1,913,024) treasury shares.

Share-based incentive plans

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.

At the Annual General Meeting of SIAEC held on 20 July 2024, shareholders of SIAEC approved the adoption of the SIAEC Restricted Share Plan 2024 ("SIAEC RSP 2024") and the SIAEC Performance Share Plan 2024 ("SIAEC PSP 2024") to replace the previous RSP 2014 and PSP 2014, which were terminated following the adoption of the new plans. The termination of the previous RSP 2014 and PSP 2014 was without prejudice to the rights of holders of awards outstanding under the respective plans as at the date of such termination.

The share awards in July 2024 were made under the SIAEC RSP 2014 and SIAEC PSP 2014 as the transactions took place prior to the Annual General Meeting.

11. SHARE CAPITAL (in thousands of \$) (continued)

Share-based incentive plans (continued)

The details of the plans are described below:

	Restricted Share Plan	Performance Share Plan	Deferred Share Award
Plan Description	Award of fully-paid ordinary shares of the Company, dependent on position level and individual performance targets set at the start of a one-year performance period based on Group and Company objectives with some degree of stretch.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives for senior management.	Conditional share award of fully-paid ordinary shares of the Company under the Restricted Share Plan ("RSP"), which is the part-settlement of the Strategic Share Award ("SSA") for senior management.
Performance Conditions	<p><u>Awards granted prior to 2021/22</u></p> <ul style="list-style-type: none"> Group and Company EBITDA[#] Margin Group and Company Value Added per \$ Employment Cost <p><u>Awards granted in and after 2021/22</u></p> <ul style="list-style-type: none"> Achievement based on Company Operating Performance Scorecard <p>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.</p>	<p><u>Awards granted prior to 2024/25</u></p> <ul style="list-style-type: none"> Absolute Total Shareholder Return (TSR) outperform Cost of Equity ("COE") Return on Equity ("ROE") <p><u>Awards granted in and after 2024/25</u></p> <ul style="list-style-type: none"> Absolute Total Shareholder Return ("TSR") outperform Cost of Equity ("COE") Return on Equity ("ROE") Carbon Emission Reduction at end of performance period to support 2030 target reduction. <p>The above performance measures are selected as key measurement of value-creation for shareholders.</p>	None
Vesting Condition	<p>Based on meeting stated performance conditions over a one-year performance period, 1/3 of award will vest provided performance conditions are met.</p> <p>Balance will vest equally over the subsequent two years with fulfilment of service requirements.</p>	Vesting based on meeting stated performance conditions over the three-year performance period.	<p>The Initial Award will vest with 1/3 vesting immediately upon the date of grant, and the balance at 1/3 over the next two years.</p> <p>Balance will vest equally over the subsequent two years with fulfilment of service requirements.</p> <p>Additional 20% equity kicker upon final vesting.</p>
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.	100%

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation.

11. SHARE CAPITAL (in thousands of \$) (continued)

Share-based incentive plans (continued)

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

RSP

Date of grant	Number of Restricted shares				Balance at 31.3.2025
	Balance at 1.4.2024/ date of grant	Adjustments*	Cancelled	Released	
07.07.2021	399,350	—	—	(399,350)	—
05.11.2021	4,100	—	—	(4,100)	—
07.07.2022	784,732	—	(8,136)	(393,300)	383,296
25.01.2023	3,100	—	—	(1,600)	1,500
07.07.2023	1,720,534	(525,864)	(17,398)	(384,200)	793,072
05.07.2024	1,496,627	—	(22,300)	—	1,474,327
01.08.2024	24,800	—	—	—	24,800
	<u>4,433,243</u>	<u>(525,864)</u>	<u>(47,834)</u>	<u>(1,182,550)</u>	<u>2,676,995</u>

PSP

Date of grant	Number of Performance shares				Balance at 31.3.2025
	Balance at 1.4.2024/ date of grant	Adjustments*	Cancelled	Released	
07.07.2021	346,300	(346,300)	—	—	—
05.11.2021	9,700	(9,700)	—	—	—
07.07.2022	357,500	—	—	—	357,500
25.01.2023	4,000	—	—	—	4,000
07.07.2023	525,600	—	—	—	525,600
05.07.2024	279,700	—	—	—	279,700
01.08.2024	21,500	—	—	—	21,500
	<u>1,544,300</u>	<u>(356,000)</u>	<u>—</u>	<u>—</u>	<u>1,188,300</u>

DSA

Date of grant	Number of Deferred shares				Balance at 31.3.2025
	Balance at 1.4.2024/ date of grant	Adjustments*	Cancelled	Released	
07.07.2021	247,947	8,628	—	(256,515)	60
07.07.2022	192,764	115,713	—	(308,477)	—
07.07.2023	574,515	—	—	(287,300)	287,215
04.07.2024	629,998	—	—	(209,900)	420,098
	<u>1,645,224</u>	<u>124,341</u>	<u>—</u>	<u>(1,062,192)</u>	<u>707,373</u>

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

11. SHARE CAPITAL (in thousands of \$) (continued)

Share-based incentive plans (continued)

Measurement of fair values

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, PSP and DSA. 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 August 2024, July 2024 and July 2023 award:

	August 2024 Award		July 2024 Award			July 2023 Award		
	RSP	PSP	RSP	PSP	DSA	RSP	PSP	DSA
Expected dividend yield (%)	Management's forecast in line with dividend policy							
Expected volatility (%)	19.57	19.57	19.19	19.19	19.19	25.02	25.02	25.02
Risk-free interest rate (%)	2.88 – 3.28	2.88	3.32 – 3.56	3.32	3.32 – 3.56	3.49 -3.70	3.49	3.49-3.70
Expected term (years)	1.00 – 3.00	3.00	1.00 – 3.00	3.00	2.00	1.00 – 3.00	3.00	2.00
Share price at date of grant (\$)	2.27	2.27	2.32	2.32	2.35	2.45	2.45	2.45

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, PSP and DSA 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 \$1.97 to \$2.21 (2023/24: 2.19 to \$2.36), the estimated fair value at date of grant for each share granted under the PSP ranges from \$2.07 to \$2.11 (2023/24: \$2.40) and the estimated fair value at date of grant for each share granted under the DSA is \$2.14 to \$2.35 (2023/24: \$2.27 to \$2.45).

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, PSP and DSA, 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 2025, were 2,676,995 (2023: 2,911,816), 1,188,300 (2024: 1,243,100) and 707,373 (2024: 1,015,226) for RSP, PSP and DSA respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 3,426,559 (2024: 3,772,083), 2,376,600 (2024: 2,486,200) and 707,373 (2024: 1,015,226) fully-paid ordinary shares for RSP, PSP and DSA respectively.

For the current financial year, the Group has provided approximately \$4,863,000 (2023/24: \$6,663,000) in respect of the RSP, PSP and DSA based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

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11. SHARE CAPITAL (in thousands of \$) (continued)

Share-based incentive plans (continued)

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

	The Group and Company	
	2024/25	2023/24
Share-based compensation expense		
- Restricted share plan	2,331	3,384
- Performance share plan	608	958
- Deferred share award	1,924	2,321
	<u>4,863</u>	<u>6,663</u>

12. TREASURY SHARES (in thousands of \$)

	The Group and Company	
	31 March	
	2025	2024
Balance at 1 April	(4,511)	(4,971)
Purchase of treasury shares	(15,612)	(4,013)
Treasury shares reissued pursuant to equity compensation plans:		
- RSP/PSP/DSA awarded	5,551	4,567
- Gain on reissuance of treasury shares	(319)	(94)
	<u>5,232</u>	<u>4,473</u>
Balance at 31 March	<u>(14,891)</u>	<u>(4,511)</u>

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the financial year, the Company purchased 6,591,500 (2023/24: 1,722,200) of its ordinary shares by way of on-market purchases at share prices ranging from \$2.20 to \$2.49 (2023/24: \$2.25 to \$2.40). The total amount paid to purchase the shares was approximately \$15,612,000 (2023/24: \$4,013,000) and this is presented as a component within equity attributable to owners of the parent.

The Company transferred 2,244,742 (2023/24: 1,913,024) treasury shares to employees on vesting of share-based incentive plans. The number of treasury shares as at 31 March 2025 was 6,282,672 (2024: 1,935,914).

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 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 awards, and is reduced by the release of share awards.

13. OTHER RESERVES (in thousands of \$) (continued)

(c) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of subsidiaries, joint venture and associated companies whose functional currencies are different from that of the Group's presentation currency.

(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	
	2025	2024
Balance at 1 April	(1,300)	4,442
Net gain on fair value adjustment	116	290
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	328	(588)
Effect from discontinuation of cash flow hedge	(187)	(473)
Share of other comprehensive income of a joint venture company	(973)	(4,971)
Balance at 31 March	<u>(2,016)</u>	<u>(1,300)</u>

	The Company 31 March	
	2025	2024
Balance at 1 April	(257)	514
Net gain on fair value adjustment	116	290
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	328	(588)
Effect from discontinuation of cash flow hedge	(187)	(473)
Balance at 31 March	<u>—</u>	<u>(257)</u>

(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. 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 31 March		Consolidated income statement		Balance sheet 31 March	
	2025	2024	2024/25	2023/24	2025	2024
Deferred tax liabilities						
Differences in depreciation of property, plant and equipment	555	409	(10,593)	(16,803)	–	–
Undistributed profits of overseas associated companies	433	315	355	122	–	–
Deferred tax assets						
Actuarial loss on revaluation of defined benefit plans [#]	(385)	(385)	–	–	(385)	(385)
Differences in depreciation of property, plant and equipment	(905)	(953)	4,201	–	(905)	(1,070)
Provisions	(3,054)	(748)	(1,225)	2,359	(3,054)	(748)
Revaluation of forward currency contracts to fair value ^{##}	–	(52)	–	–	–	(52)
Unabsorbed capital allowances and tax losses	(9,395)	(12,637)	10,630	14,130	(8,887)	(11,968)
Other items	(1,070)	(3,006)	(23)	399	(2)	(2,090)
	<u>(13,821)</u>	<u>(17,057)</u>			<u>(13,233)</u>	<u>(16,313)</u>
Deferred income tax expense			<u>3,345</u>	<u>207</u>		

[#] As at 31 March 2025, the Group and Company did not record any deferred tax effects of actuarial loss on revaluation of defined benefit plans. In the prior year, \$77,000 were recognised in other comprehensive income (Refer to Note 8).

^{##} As at 31 March 2025, the Group and Company have deferred tax effects of changes in fair value of derivative financial instruments of approximately \$52,000 (2023/24: \$157,000) which were recognised in other comprehensive income (Refer to Note 8).

Deferred income tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable. The deferred tax assets of \$10,630,000 utilised during the year (2023/24: \$14,130,000) came from benefits of tax losses and unutilised capital allowances that arose during previous periods. As global air travel and flight activities has surpassed pre-pandemic level, management has forecasted certain group entities to be generating future taxable profits in the foreseeable future to utilise these carry-forward tax losses.

As at 31 March 2025, the Group has remaining unrecognised tax losses of approximately \$110,356,000 (2024: \$104,450,000) 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 their recoverability. The use of tax losses is subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Out of these tax losses, \$13,356,000 (2024: \$13,779,000) will expire between 2028 – 2035 (2024: 2028 – 2034). In Singapore, these tax losses do not expire under current tax legislation.

Except for deferred tax liabilities recorded on unremitted earnings for certain group entities, the Group has determined the undistributed earnings of the remaining overseas subsidiaries will not be distributed in the foreseeable future. As at 31 March 2025, the unremitted earnings aggregated to \$16,195,000 (2024: \$15,497,000), and the deferred tax liability effect is \$4,859,000 (2024: \$4,649,000).

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

The Group	Leasehold land and buildings	Plant, equipment & engine overhaul tooling	Aircraft rotable spares	Office furniture and computer equipment	Motor vehicles	Assets under construction [#]	Total
Cost							
At 1 April 2023	294,830	297,619	132,186	73,072	8,497	4,704	810,908
Acquisitions through business combinations	—	15	—	112	—	—	127
Re-classification from asset held-for-sale	—	—	18,332	—	—	—	18,332
Additions	147	8,316	23,778	880	327	5,771	39,219
Transfers	72	3,729	102	2,505	—	(6,408)	—
Disposal of subsidiary	—	(1,041)	—	(283)	—	—	(1,324)
Disposals	(270)	(5,559)	(291)	(1,087)	—	—	(7,207)
Exchange differences	702	990	75	582	27	(78)	2,298
At 31 March 2024	295,481	304,069	174,182	75,781	8,851	3,989	862,353
Additions	314	10,094	36,973	1,115	350	4,060	52,906
Transfers	30	1,902	—	841	99	(2,872)	—
Disposals	(298)	(7,130)	(2,947)	(518)	(283)	(42)	(11,218)
Exchange differences	208	235	(59)	(675)	(8)	256	(43)
At 31 March 2025	295,735	309,170	208,149	76,544	9,009	5,391	903,998
Accumulated depreciation and impairment losses							
At 1 April 2023	216,928	268,812	77,170	65,496	7,359	—	635,765
Depreciation	8,395	9,726	6,160	4,125	504	—	28,910
Impairment losses	—	643	—	28	—	—	671
Re-classification from asset held-for-sale	—	—	18,330	—	—	—	18,330
Disposal of subsidiary	—	(1,041)	—	(283)	—	—	(1,324)
Disposals	(265)	(5,560)	(197)	(1,084)	—	—	(7,106)
Exchange differences	256	946	69	594	27	—	1,892
At 31 March 2024	225,314	273,526	101,532	68,876	7,890	—	677,138
Depreciation	6,090	9,795	8,653	3,152	512	—	28,202
Disposals	(298)	(6,909)	(2,765)	(516)	(283)	—	(10,771)
Exchange differences	429	298	(34)	(703)	(9)	—	(19)
At 31 March 2025	231,535	276,710	107,386	70,809	8,110	—	694,550
Net book value							
At 31 March 2024	70,167	30,543	72,650	6,905	961	3,989	185,215
At 31 March 2025	64,200	32,460	100,763	5,735	899	5,391	209,448

SIA Engineering Company Limited and its Subsidiaries

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

The Company	Leasehold land and buildings	Plant, equipment & engine overhaul tooling	Aircraft rotable spares	Office furniture and computer equipment	Motor vehicles	Assets under construction [#]	Total
Cost							
At 1 April 2023	247,639	255,013	126,471	69,667	6,295	3,574	708,659
Additions	–	6,690	23,319	304	42	3,107	33,462
Transfers	–	3,188	–	2,486	–	(5,674)	–
Re-classification from asset held- for-sale	–	–	18,332	–	–	–	18,332
Disposals	–	(5,091)	(17)	(725)	–	–	(5,833)
At 31 March 2024	247,639	259,800	168,105	71,732	6,337	1,007	754,620
Additions	–	7,890	36,020	419	–	1,837	46,166
Transfers	–	1,273	–	837	99	(2,209)	–
Disposals	–	(6,589)	(2,769)	(251)	(179)	–	(9,788)
At 31 March 2025	247,639	262,374	201,356	72,737	6,257	635	790,998
Accumulated depreciation and impairment losses							
At 1 April 2023	199,172	229,754	72,546	62,713	5,645	–	569,830
Depreciation	6,499	8,954	5,825	3,688	302	–	25,268
Re-classification from asset held- for-sale	–	–	18,330	–	–	–	18,330
Disposals	–	(5,091)	(11)	(725)	–	–	(5,827)
At 31 March 2024	205,671	233,617	96,690	65,676	5,947	–	607,601
Depreciation	4,246	8,506	8,222	2,593	276	–	23,843
Disposals	–	(6,362)	(2,651)	(251)	(179)	–	(9,443)
At 31 March 2025	209,917	235,761	102,261	68,018	6,044	–	622,001
Net book value							
At 31 March 2024	41,968	26,183	71,415	6,056	390	1,007	147,019
At 31 March 2025	37,722	26,613	99,095	4,719	213	635	168,997

[#] Assets under construction comprise mainly plant, equipment and engine overhaul tooling (2024: plant, equipment and engine overhaul tooling).

Assets held for sale

In the prior year, assets held for sale consist of aircraft rotatable spares for specific aircraft types and its fair value falls under level 3 of fair value hierarchy. This was disposed off in the current year and the movement is set out as below.

	The Group and Company
Balance as at 1 April 2023	1,516
Impairment loss	(1,047)
Re-classification to property, plant and equipment	(2)
Balance as at 31 March 2024	467
Sales	(467)
Balance as at 31 March 2025	–

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

Impairment test

During the year, the aviation and MRO sectors remained strong as global air travel and flight activities has surpassed pre-pandemic level. However, the market conditions remained uncertain, driven by post-pandemic challenges such as supply chain disruptions, labour shortages and inflationary pressures.

Accordingly, the risk of impairment to the property, plant and equipment and right-of-use assets remains elevated. Management's impairment test included the following CGUs:

Airframe Maintenance Division ("BMD") CGU

The estimated recoverable amount of the BMD CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management, covering a five-year period. The approved financial forecasts factored in gradual increase of work volume at hangars, improved operational and financial performance through optimising productivity of the current workforce and stabilising costs, with gradual improvement in cash flows over the cash flow periods. The Group applied a pre-tax rate of 7.7% (2023/24: 7.6%) to discount the forecast cash flows. The terminal value assumed is premised on Year 5 cash flow through the expiry of the hangar lease period, i.e. at FY2039/40, at zero growth rate. Using these assumptions, the recoverable amount is able to support the carrying value of the non-financial assets deployed in the BMD CGU, net of accumulated impairment loss as brought forward from previous year of \$35,000,000 (2023/24: \$35,000,000). However, as the outlook for the aviation and MRO industries remain uncertain, there is an inherent risk of forecasting error embedded in the cash flow projections. As a result, the Group considers it necessary to perform sensitivity analysis on discount rate, assuming all things remain constant. Assuming the pre-tax discount rate of 11.1% (2023/24: 13.0%) is applied to reflect the forecasting risk error over the cash flow projections, the reduction in recoverable amount is \$30,200,000 (2023/24: \$37,000,000). Should the recoverable amount be extended to the simulated recoverable amount at this higher discount rate as described, the net carrying value of the non-financial assets deployed in the BMD CGU continues to fall below this possible recoverable amount.

SIA Engineering Company Limited and its Subsidiaries

16. RIGHT-OF-USE ASSETS (in thousands of \$)

The carrying amount of right-of-use assets recognised and the movements during the year are as follows.

	Land and buildings	Plant and equipment	Office furniture and computer equipment	Motor vehicles	Total
The Group					
At 1 April 2023	108,015	3,737	121	509	112,382
Additions	17,965	1,441	16	123	19,545
Acquisitions through business combinations	478	—	—	—	478
Derecognition of right-of-use assets	(152)	—	—	—	(152)
Depreciation	(27,555)	(793)	(91)	(256)	(28,695)
Disposal of subsidiary	—	(4)	—	—	(4)
Exchange differences	(170)	—	—	1	(169)
At 31 March 2024	98,581	4,381	46	377	103,385
Additions	2,815	—	8	353	3,176
Derecognition of right-of-use assets	(8)	—	—	—	(8)
Depreciation	(27,774)	(791)	(36)	(400)	(29,001)
Exchange differences	43	—	—	1	44
At 31 March 2025	73,657	3,590	18	331	77,596
The Company					
At 1 April 2023	100,593	3,712	82	77	104,464
Additions	16,731	1,422	—	—	18,153
Depreciation	(25,426)	(774)	(54)	(36)	(26,290)
At 31 March 2024	91,898	4,360	28	41	96,327
Additions	520	—	—	53	573
Derecognition of right-of-use assets	(8)	—	—	—	(8)
Depreciation	(25,339)	(776)	(28)	(62)	(26,205)
At 31 March 2025	67,071	3,584	—	32	70,687

17. INTANGIBLE ASSETS (in thousands of \$)

	Computer software	Engine development costs	Assets under construction [#]	Goodwill	Total
The Group					
Cost					
At 1 April 2023	59,269	44,606	9,906	1,566	115,347
Additions	303	—	9,155	—	9,458
Acquisitions through business combinations	—	—	—	4,718	4,718
Transfers	10,783	—	(10,783)	—	—
Disposals	(372)	(11,731)	—	—	(12,103)
Disposal of subsidiary	(36)	—	—	—	(36)
Exchange differences	(21)	580	(6)	—	553
At 31 March 2024	69,926	33,455	8,272	6,284	117,937
Additions	74	—	11,405	—	11,479
Transfers	9,592	—	(9,592)	—	—
Disposals	(748)	—	—	—	(748)
Exchange differences	200	(227)	3	—	(24)
At 31 March 2025	79,044	33,228	10,088	6,284	128,644

SIA Engineering Company Limited and its Subsidiaries

17. INTANGIBLE ASSETS (in thousands of \$) (continued)

	Computer software	Engine development costs	Assets under construction [#]	Goodwill	Total
The Group					
Accumulated amortisation and impairment losses					
At 1 April 2023	48,775	25,794	—	—	74,569
Amortisation	4,087	1,387	—	—	5,474
Impairment losses	13	17,652	—	—	17,665
Disposal	(372)	(11,731)	—	—	(12,103)
Disposal of subsidiary	(36)	—	—	—	(36)
Exchange differences	21	353	—	—	374
At 31 March 2024	52,488	33,455	—	—	85,943
Amortisation	6,498	—	—	—	6,498
Disposal	(455)	—	—	—	(455)
Exchange differences	151	(227)	—	—	(76)
At 31 March 2025	58,682	33,228	—	—	91,910
Net book value					
At 31 March 2024	17,438	—	8,272	6,284	31,994
At 31 March 2025	20,362	—	10,088	6,284	36,734

[#] Assets under construction comprise mainly computer software (2024: computer software).

Impairment testing of 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 together with other companies (the "Cash-generating unit" or "CGU").

In the prior year, following the exit in the aircraft engine development project, a full impairment loss of \$25,113,000, based on the net assets value associated with the engine programme, was charged to profit or loss, which included impairment losses of the engine development costs and net financial assets of \$17,652,000 and \$7,461,000 respectively.

Impairment testing of goodwill

Goodwill has been allocated to the Group's CGUs (subsidiary companies) as follows:

	The Group 31 March	
	2025	2024
Asia Pacific Aircraft Component Services Sdn. Bhd.	1,566	1,566
JADE Engineering Pte. Ltd.	4,718	4,718
	<u>6,284</u>	<u>6,284</u>

The Group tests goodwill at each financial year end for impairment, or more frequently if there are indications that goodwill is impaired.

17. INTANGIBLE ASSETS (in thousands of \$) (continued)

Asia Pacific Aircraft Component Services Sdn. Bhd.

This relates to the goodwill arising from acquisition of subsidiary in May 2022.

The estimated recoverable amount of the CGU was determined based on value-in-use calculations using cash flow projections from financial forecast approved by Management covering a five-year period. The pre-tax discount rate and average 5-year growth rate applied to the cash flow projection is 11.6% (2023/24: 15.0%) and 8.1% (2023/24: 31.1%) respectively; nil (2023/24: nil) growth rate is assumed to derive the terminal value. Under these assumptions, the estimated recoverable amount of the CGU is in excess of its net carrying value, no impairment loss is considered necessary for the current year.

The calculations of value-in-use are most sensitive to the realisation of revenue from new repair capabilities and discount rate. Assuming a 50% reduction in revenue generated from new capabilities and higher discount rate, the estimated recoverable amount of the CGU continues to be in excess of its net carrying value.

JADE Engineering Pte. Ltd.

This relates to the goodwill arising from the acquisition of an additional 10% shares of its associated company, resulting it to become a subsidiary company, in the prior year.

The estimated recoverable amount of the CGU was determined based on value-in-use calculations using cash flow projections from financial forecast approved by Management covering a five-year period. The pre-tax discount rate and average 5-year growth rate applied to the cash flow projection is 10.7% (2023/24: 9.8%) and 10.5% (2023/24: 16.7%) respectively; nil (2023/24: nil) growth rate is assumed to derive the terminal value. Under these assumptions, the estimated recoverable amount of the CGU is in excess of its net carrying value, no impairment loss is considered necessary for the current year.

The calculations of value-in-use are most sensitive to revenue growth and discount rate. Assuming either slower revenue growth and higher discount rate, the estimated range of recoverable amount of the CGU continues to be in excess of its net carrying value.

	Computer software	Assets under construction [#]	Total
The Company			
Cost			
At 1 April 2023	57,482	9,188	66,670
Additions	157	9,065	9,222
Transfers	10,043	(10,043)	—
Disposals	(26)	—	(26)
At 31 March 2024	67,656	8,210	75,866
Additions	—	10,472	10,472
Transfers	9,589	(9,589)	—
Disposals	(670)	—	(670)
At 31 March 2025	76,575	9,093	85,668
Accumulated amortisation			
At 1 April 2023	47,106	—	47,106
Amortisation	3,887	—	3,887
Disposals	(26)	—	(26)
At 31 March 2024	50,967	—	50,967
Amortisation	6,261	—	6,261
Disposals	(377)	—	(377)
At 31 March 2025	56,851	—	56,851
Net book value			
At 31 March 2024	16,689	8,210	24,899
At 31 March 2025	19,724	9,093	28,817

[#] Assets under construction comprise mainly computer software (2024: computer software).

SIA Engineering Company Limited and its Subsidiaries

18. SUBSIDIARY COMPANIES (in thousands of \$)

	The Company 31 March	
	2025	2024
Unquoted shares, at cost	160,938	151,908
Loans to subsidiary companies	22,115	23,346
Accumulated impairment loss	(67,598)	(67,598)
	<u>115,455</u>	<u>107,656</u>

(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		Percentage equity held by the Group	
			2025	2024	2025	2024
NexGen Network (2) Holding Pte. Ltd. * +	Investment holding	Singapore	56,177	56,177	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	100	100
SIAEC Global Private Limited *	Investment holding	Singapore	@	@	100	100
SIA Engineering Japan Corporation #	Provide aircraft maintenance services, including technical and non- technical handling at the airport	Japan	5,315	5,315	100	100
Singapore Aero Support Services Pte. Ltd. *	Maintenance, repair and overhaul of aircraft and cabin components/ systems	Singapore	12,445	12,445	100	100
Heavy Maintenance Singapore Services Pte. Ltd. * +	Provide airframe maintenance and component overhaul services	Singapore	17,187	17,187	100	100
SIA Engineering (Philippines) Corporation ^	Provide airframe maintenance and component overhaul services	Philippines	38,645	38,645	100	100
Base Maintenance Malaysia Sdn. Bhd. ^	Provide aircraft maintenance, repair and overhaul	Malaysia	8,317	2,754	100	100
Asia Pacific Aircraft Component Services Sdn. Bhd. ^	Provide airframe maintenance and component overhaul services	Malaysia	5,077	5,077	75	75

SIA Engineering Company Limited and its Subsidiaries

18. 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	
			2025	2024	2025	2024
JADE Engineering Pte. Ltd. *	Provide turnkey solutions for aircraft interior modifications	Singapore	2,016	2,016	55	55
Aerospace Component Engineering Services Pte. Ltd. *	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	10,934	10,934	51	51
TIA Engineering Services Company Limited #	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Cambodia	3,467	—	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

+ Remained dormant at financial year-end

During the financial year:

- The Company together with Cambodia Airport Investment Co., Ltd (“CAIC”), incorporated TIA Engineering Services Company Limited (“TES”) on 27 January 2025. The Company holds a 51% equity interest in TES and CAIC holds the remaining 49%. The Company made a capital injection of approximately \$3,467,000 pursuant to the shareholders’ agreement.
- The Company has made a capital injection of approximately \$5,563,000 in Base Maintenance Sdn. Bhd. (“BMM”).
- Loans extended to subsidiary companies comprised:
 - \$12,063,000 extended to a subsidiary company bears interest ranging from 6.00% to 7.52% (2023/24: 7.52% to 7.69%) per annum. The loan is non-trade related, unsecured and repayable in tranches till maturity date 1 January 2028.
 - \$10,052,000 extended to a subsidiary company bears interest ranging from 6.39% to 7.44% (2023/24: 7.32% to 7.57%) per annum. The loan is non-trade related, unsecured and repayable in September 2025.

18. SUBSIDIARY COMPANIES (in thousands of \$) (continued)

(a) Composition of the Group (continued)

In the prior year:

1. NexGen Network (1) Holding Pte. Ltd (“NGN1”) was deemed dissolved following the registration for its dissolution in February 2024 and a loss on disposal of \$626,000 is recognised. The entity was officially dissolved in May 2024.
2. The Company entered into an agreement with Pratt & Whitney (“PW”) to exit from the PW1500G engine RRSP which was held through its wholly-owned subsidiary company, NexGen Network (2) Holding Pte. Ltd (“NGN2”), on 28 March 2024. As a result, an impairment loss of \$50,411,000 was recognised against the cost of investment at 31 March 2025, where the estimated recoverable amount was based on the net asset value, comprising predominantly monetary assets and liabilities.
3. The Company disposed off its entire interest of 60% of the shares in Additive Flight Solutions Pte. Ltd. (“AFS”) for a cash consideration of approximately \$121,000. AFS ceased to be a subsidiary of the Group from 8 February 2024, upon completion of the divestment (see Note 19) with a gain of \$1,016,000 recognised in profit or loss.
4. The Company acquired an additional 10% of the shares and voting interests in JADE Engineering Pte. Ltd. (“JADE”) on 20 Oct 2023 (see Note 19). As a result, the Group’s equity interest in JADE increased from 45% to 55%, granting it control of JADE.
5. The Company incorporated a wholly-owned subsidiary, Base Maintenance Malaysia Sdn. Bhd. (“BMM”) on 26 September 2023. Its issued and paid-up capital is \$2,754,000.

Movements in allowance for impairment loss

	The Company 31 March	
	2025	2024
At 1 April	(67,598)	(31,887)
Impairment loss recognised	–	(50,411)
Impairment loss reversed	–	328
Impairment loss written off	–	14,372
At 31 March	<u>(67,598)</u>	<u>(67,598)</u>

18. SUBSIDIARY COMPANIES (in thousands of \$) (continued)
(b) Interest in subsidiary companies with material non-controlling interests ("NCI")

The Group has the following subsidiary companies that have NCI that are material to the Group:

Name	Principal place of business/Country of incorporation	Operating Segment	Ownership interests held by NCI	
			2025 %	2024 %
Aerospace Component Engineering Services Pte. Limited ("ACES")	Singapore	Engine and component	49	49
JADE Engineering Pte. Ltd. ("JADE")	Singapore	Airframe overhaul and line maintenance	45	45

(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:

	ACES 31 March		JADE 31 March	
	2025	2024	2025	2024
Summarised balance sheet				
<u>Current</u>				
Assets	27,669	22,245	16,679	22,457
Liabilities	(7,797)	(6,050)	(8,439)	(14,846)
Net current assets	19,872	16,195	8,240	7,611
<u>Non-Current</u>				
Assets	6,313	5,837	235	403
Liabilities	(1,450)	(1,373)	–	(135)
Net non-current assets	4,863	4,464	235	268
Net assets	24,735	20,659	8,475	7,879
Add: Fair value adjustment arising from acquisition	–	–	4,718	4,718
Adjusted net assets	24,735	20,659	13,193	12,597
Summarised statement of comprehensive income				
	2024/25	2023/24	2024/25	2023/24
Revenue	45,644	30,996	8,942	4,497
Profit before income tax	5,862	2,512	733	119
Taxation	(968)	(355)	(80)	56
Profit after tax and total comprehensive income	4,894	2,157	653	175

18. **SUBSIDIARY COMPANIES (in thousands of \$) (continued)**

(c) **Summarised financial information about subsidiary companies with material NCI (continued)**

	ACES		JADE	
	2024/25	2023/24	2024/25	2023/24
Other summarised information				
Net cash flow from/(used in) operations	5,296	(2,216)	(1,327)	(1,799)
Acquisition of significant property, plant and equipment	(1,630)	(1,003)	(68)	(34)

19. **ACQUISITION AND DISPOSAL OF SUBSIDIARIES (in thousands of \$)**

(a) **Acquisition of JADE Engineering Pte. Ltd. ("JADE")**

On 20 October 2023, the Company acquired an additional 10% of the shares and voting interests in JADE. As a result, the Group's equity interest in JADE increased from 45% to 55%, granting it control of JADE.

JADE's principal activities include the provision of total solutions in areas relating to aircraft cabin modification, configuration, retrofit and programme integration. This restructuring initiative will play an important part in the development of the Group's cabin maintenance and retrofit services.

The change in control is accounted for using the acquisition method, and the Group's previously held equity interest is re-measured to fair value and a gain of \$2,088,000 on deemed disposal was recognised in profit or loss. Goodwill of \$4,718,000 was recognised resulting from the difference between the fair value of the Group's interest in JADE and the fair value of the net assets acquired.

Consideration transferred

On 20 October 2023, the Company paid a consideration of \$1,249,000 (equivalent to US\$915,000) in cash for the 10% stake.

The net cash inflow on acquisition of subsidiary was as follows:

	As at date of acquisition
Cash and cash equivalents acquired	16,898
Less: Purchase consideration in cash	(1,249)
Net cash inflow on acquisition of subsidiary	<u>15,649</u>

19. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (in thousands of \$) (continued)

(a) Acquisition of JADE Engineering Pte. Ltd. ("JADE") (continued)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	As at date of acquisition
Property, plant and equipment	15	127
Right-of-use assets	16	478
Trade receivables		1,876
Prepayments and other receivables		1,614
Contract assets		3,836
Cash and bank balances		3,275
Short-term deposits		13,623
Trade and other payables		(2,169)
Lease liabilities		(480)
Contract liabilities		(14,311)
Tax payable		(59)
Deferred tax liabilities		(34)
Total identifiable net assets		7,776
Less: Non-controlling interests measured at fair value		(5,622)
Less: Fair value of previously held equity interest		(5,623)
Goodwill arising from acquisition	17	4,718
Total purchase consideration		1,249

19. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (in thousands of \$) (continued)**(a) Acquisition of JADE Engineering Pte. Ltd. ("JADE") (continued)****Measurement of fair values**

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset required	Valuation technique
Property, plant and equipment	<i>Market comparison technique and cost technique:</i> The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Goodwill

Goodwill arising from the acquisition, attributable to the capabilities, future growth opportunities as well as the potential synergies expected to arise from the acquisition, has been recognised as follows:

	As at date of acquisition
Fair value of consideration	1,249
Fair value of NCI	5,622
Fair value of previously held equity investment	5,623
Subtotal	12,494
Fair value of identifiable assets	(7,776)
Goodwill	4,718

(b) Disposal of Additive Flight Solutions Pte. Ltd. ("AFS")

On 8 February 2024, the Company disposed off its entire interest of 60% of the shares in AFS for a cash consideration of \$121,000 (equivalent to US\$90,000). AFS ceased to be a subsidiary of the Group from 8 February 2024, upon completion of the divestment.

The value of assets and liabilities of AFS disposed, and the effects of the disposal were:

	As at date of disposal
Right-of-use assets	4
Trade receivables	97
Inventories	32
Prepayment and other receivables	15
Cash and bank balances	30
Total assets	178
Less:	
Trade and other payables	(1,666)
Lease liabilities	(4)
Net liabilities disposed	(1,492)

SIA Engineering Company Limited and its Subsidiaries

19. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (in thousands of \$) (continued)

(b) Disposal of Additive Flight Solutions Pte. Ltd. ("AFS") (continued)

Surplus on disposal:

	As at date of disposal
Cash received	121
Net liabilities disposed	1,492
NCI at disposal	(597)
Surplus on disposal	<u>1,016</u>

The net cash inflow on disposal of subsidiary was as follows:

	As at date of disposal
Sales consideration received	121
Less: Cash and cash equivalents disposed	(30)
Net cash inflow on disposal of subsidiary	<u>91</u>

20. ASSOCIATED COMPANIES (in thousands of \$)

	The Group		The Company	
	2025	2024	2025	2024
Unquoted shares, at cost	178,278	167,670	178,278	167,670
Share of post-acquisition reserves	461,147	419,730	—	—
Share of other comprehensive income	(1,435)	(1,330)	—	—
Goodwill written-off to reserves	(24,398)	(24,398)	—	—
Translation adjustment	(77,364)	(74,242)	—	—
	<u>536,228</u>	<u>487,430</u>	<u>178,278</u>	<u>167,670</u>

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	
			2025	2024	2025	2024
Eagle Services Asia Private Limited ⁺⁺⁺	Repair and overhaul of aircraft engines	Singapore	71,588	71,588	49.0	49.0
Fuel Accessory Service Technologies Pte Ltd ^{##}	Repair and overhaul of engine fuel components and accessories	Singapore	5,071	5,071	49.0	49.0

SIA Engineering Company Limited and its Subsidiaries

20. 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	
			2025	2024	2025	2024
Moog Aircraft Services Asia Pte. Ltd. **	Repair and overhaul services for flight control systems	Singapore	6,561	6,561	49.0	49.0
PT Jas Aero-Engineering Services ^++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	3,675	3,675	49.0	49.0
Southern Airports Aircraft Maintenance Services Company Limited ****+	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	1,117	1,117	49.0	49.0
GE Aviation, Overhaul Services – Singapore Pte. Ltd. ###+	Repair and servicing of aircraft and spacecraft (including aircraft engines and other parts)	Singapore	7	7	49.0	49.0
POS Aviation Engineering Services Sdn. Bhd. ^^++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Malaysia	3,023	3,023	49.0	49.0
Component Aerospace Singapore Pte. Ltd. #+	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	2,853	2,853	46.4	46.4
Panasonic Avionics Services Singapore Pte. Ltd. @	Provide line maintenance and repair services of in-flight entertainment systems	Singapore	2,685	2,685	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	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	40.0	40.0
Safran Electronics & Defense Services Asia Pte. Ltd. *****	Provide avionics maintenance, repair and overhaul services	Singapore	11,004	11,004	40.0	40.0

SIA Engineering Company Limited and its Subsidiaries

20. 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	
			2025	2024	2025	2024
Safran Landing Systems Services Singapore Pte. Ltd. *****	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	13,971	13,971	40.0	40.0
Turbine Coating Services Pte. Ltd. ##	Repair and overhaul of aircraft engine turbine airfoils	Singapore	5,671	5,671	24.5	24.5
Eaton Aerospace Component Services Asia Sdn. Bhd. ^^++	Inspect, test, repair, maintain, modify and overhaul Eaton-manufactured aircraft components installed on airframe and engine fuel systems and hydraulic systems	Malaysia	10,608	—	49.0	—

- @ Audited by KPMG LLP, Singapore
Audited by PriceWaterhouseCoopers, Singapore
Not required to be audited by laws of country of incorporation
* Audited by Chan Li Law CPA Ltd
** Audited by Cypress Singapore Public Accounting Corporation
*** Audited by Deloitte & Touche, Vietnam
**** Audited by Mazars LLP, Singapore
^ Audited by Ernst & Young LLP, Indonesia
^^ Audited by KPMG LLP, Malaysia
^^^ Audited by Grant Thornton Malaysia PLT, Malaysia
+ Financial year end 30 November
++ Financial year end 31 December

During the financial year:

- The Company together with Eaton Corporation plc ("Eaton"), have incorporated Eaton Aerospace Component Services Asia Sdn. Bhd. ("EAS"), in Malaysia on 7 June 2024. The Group holds a 49% equity interest in EAS and Eaton holds the remaining 51%. The Company has made a total capital contribution of approximately \$10,608,000.

In the prior year:

- Boeing Asia Pacific Aviation Services Pte. Ltd. ("BAPAS") has been officially liquidated. The Group and the Company wrote back impairment losses of \$346,000 and \$326,000 respectively. The Group recognised a surplus on disposal of \$219,000, being the total gain after writing back impairment losses previously recognised.
- The Company acquired an additional 10% of the shares and voting interests in JADE Engineering Pte. Ltd. ("JADE") on 20 Oct 2023 (see Note 19). As a result, the Group's equity interest in JADE increased from 45% to 55%, granting it control of JADE.

Movements in allowance for impairment loss

	The Group		The Company	
	2025	2024	2025	2024
At 1 April	—	(346)	—	(37,469)
Impairment loss written off	—	—	—	37,143
Impairment loss reversed	—	346	—	326
At 31 March	—	—	—	—

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20. ASSOCIATED COMPANIES (in thousands of \$) (continued)

The carrying amount of the material investment is as follows:

	The Group 31 March	
	2025	2024
Eagle Services Asia Private Limited ("ESA")	315,723	290,994
Other associated companies	220,505	196,436
	<u>536,228</u>	<u>487,430</u>

The activities of ESA complement the Group's activities.

No dividends were received from ESA in 2024/25 (2023/24: Nil).

Summarised financial information in respect of ESA is as follows:

	31 March	
	2025	2024
Summarised balance sheet		
<u>Funds employed:</u>		
Current assets	1,340,051	925,666
Non-current assets	120,762	117,987
	<u>1,460,813</u>	<u>1,043,653</u>
Current liabilities	(797,927)	(439,700)
Non-current liabilities	(18,553)	(10,086)
	<u>644,333</u>	<u>593,867</u>
 <u>Financed by:</u>		
Shareholders' equity	<u>644,333</u>	<u>593,867</u>

	2024/25	2023/24
Summarised statement of comprehensive income		
Revenue	2,273,408	2,042,932
Profit after taxation from continuing operations	54,373	44,026
Total comprehensive income	<u>54,373</u>	<u>44,026</u>

The summarised financial information presented is extracted from the latest audited financial statements available and unaudited management financial statements of ESA, prepared in conformity with the group accounting policies.

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

	The Group 31 March	
	2025	2024
Group's share of 49% of net assets	<u>315,723</u>	<u>290,994</u>

The remaining financial information about the Group's investment in associated companies that are not individually material.

20. ASSOCIATED COMPANIES (in thousands of \$) (continued)

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

	The Group 31 March	
	2025	2024
Summarised balance sheet		
<u>Funds employed:</u>		
Current assets	237,513	210,778
Non-current assets	76,802	71,665
	314,315	282,443
Current liabilities	(85,394)	(79,342)
Non-current liabilities	(11,429)	(9,676)
	217,492	193,425
 <u>Financed by:</u>		
Shareholders' equity	217,492	193,425

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

	2024/25	2023/24
Summarised statement of comprehensive income		
Profit after tax from continuing operations	54,700	49,083
Other comprehensive income	(105)	(533)
Total comprehensive income	54,595	48,550

21. ACQUISITION OF ASSOCIATED COMPANY (in thousands of \$)

In the prior year, the Group acquired 49% stake in POS Aviation Engineering Services Sdn. Bhd. ("PAES") from POS Aviation Sdn. Bhd., a wholly owned subsidiary of POS Malaysia Berhad at a purchase price consideration of \$1,180,000 (equivalent to MYR 4,000,000).

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset required	Valuation technique
Property, plant and equipment	<i>Market comparison technique and cost technique:</i> The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

The fair value measurement was categorised as Level 1 in the fair value hierarchy based on the inputs in the valuation technique used.

Goodwill arising from the acquisition was approximately \$750,000 and formed part of the carrying value of the associated companies in the consolidated balance sheet.

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22. JOINT VENTURE COMPANY (in thousands of \$)

	The Group 31 March		The Company 31 March	
	2025	2024	2025	2024
Unquoted shares, at cost	61,867	61,867	61,867	61,867
Share of post-acquisition reserves	253,260	216,014	—	—
Share of other comprehensive income	(2,016)	(1,043)	—	—
Translation adjustment	(16,738)	(15,191)	—	—
	<u>296,373</u>	<u>261,647</u>	<u>61,867</u>	<u>61,867</u>

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	
			2025	2024	2025	2024
Singapore Aero Engine Services Private Limited @	Repair and overhaul of aircraft engines	Singapore	61,867	61,867	50.0	50.0

@ Audited by KPMG LLP, Singapore, financial year end of 31 December

The carrying amount of the material investment is as follows:

	The Group 31 March	
	2025	2024
Singapore Aero Engine Services Private Limited ("SAESL")	<u>296,373</u>	<u>261,647</u>

The Group has 50% (2024: 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 partner governed under a contractual agreement that requires unanimous consent for all major decisions over the relevant activities.

No dividends were received from SAESL in 2024/25 (2023/24: Nil).

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22. JOINT VENTURE COMPANY (in thousands of \$) (continued)

Summarised financial information in respect of SAESL is as follows:

	31 March	
	2025	2024
Summarised balance sheet		
<u>Funds employed:</u>		
Cash and short-term deposits	57,794	140,717
Other current assets	2,221,581	1,575,837
Total current assets	2,279,375	1,716,554
Non-current assets	228,844	216,573
Total assets	2,508,219	1,933,127
Current liabilities	(1,915,474)	(1,396,875)
Non-current liabilities	–	(12,957)
Total liabilities	(1,915,474)	(1,409,832)
Net assets	592,745	523,295
<u>Financed by:</u>		
Shareholders' equity	592,745	523,295
Summarised statement of comprehensive income		
	2024/25	2023/24
Revenue	4,574,192	4,032,173
Depreciation and amortisation	(31,036)	(33,012)
Interest income	12,640	11,266
Interest expense	(1,504)	(2,055)
Profit before tax	80,128	64,948
Taxation	(5,636)	(4,271)
Profit after taxation	74,492	60,677
Other comprehensive income	(1,947)	(9,943)
Total comprehensive income	72,545	50,734

The summarised financial information presented is extracted from the latest audited financial statements available and unaudited management financial statements of SAESL, prepared in accordance with IFRS(I).

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

	The Group 31 March	
	2025	2024
Group's share of 50% of net assets	296,373	261,647

23. TRADE RECEIVABLES (in thousands of \$)

	The Group 31 March		The Company 31 March	
	2025	2024	2025	2024
Trade receivables, net	60,954	70,879	42,355	51,825

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

	The Group 31 March		The Company 31 March	
	2025	2024	2025	2024
Not past due and not impaired	43,533	44,143	35,058	31,221
Past due				
Trade receivables – collectively assessed	17,800	29,276	7,626	22,931
Less: Accumulated impairment losses	(379)	(2,540)	(329)	(2,327)
	17,421	26,736	7,297	20,604
Credit-impaired trade receivables – individually assessed	2,150	3,612	1,021	3,402
Less: Accumulated impairment losses	(2,150)	(3,612)	(1,021)	(3,402)
	–	–	–	–
Total trade receivables, net	60,954	70,879	42,355	51,825

Trade receivables are non-interest bearing and are generally on 30 to 75 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The carrying amount of trade receivables 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 receivable is credit-impaired. Individual trade debt is written off when Management deems the amount not to be collectible.

As at 31 March 2025, trade receivables in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 67% (2024: 65%) for the Group and 85% (2024: 85%) for the Company.

24. CONTRACT BALANCES (in thousands of \$)

The following table provides information about contract assets and contract liabilities from contracts with customers.

	The Group 31 March		The Company 31 March	
	2025	2024	2025	2024
Contract assets	108,382	151,132	99,878	142,805
Contract liabilities	(46,019)	(46,237)	(32,903)	(31,255)

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 \$34,379,000 (2024: \$62,823,000) and \$34,135,000 (2024: \$62,658,000) for the Group and Company respectively; and services rendered to fellow subsidiaries of the immediate holding company of approximately \$16,976,000 (2024: \$13,506,000) and \$16,973,000 (2024: \$13,500,000) for the Group and Company respectively. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group and Company invoice the customers.

During the year, the Group made a provision for impairment of \$36,000 (2023/24: write-back of provision for impairment of \$132,000) on contract assets that have been assessed as credit-impaired.

The contract liabilities primarily relate to advance consideration received from customers for fixed price package contracts for which revenue is recognised over time over the periods of service performance.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows.

	Contract assets 31 March		Contract liabilities 31 March	
	2025	2024	2025	2024
The Group				
(a) Revenue recognised that was included in the contract liability balance at the beginning of the year	—	—	38,007	24,902
(b) Increase due to cash received, excluding amounts recognised as revenue during the year	—	—	(39,149)	(35,241)
(c) Contract assets recognised	112,948	164,893	—	—
(d) Transfer from contract assets to trade receivables	(158,126)	(167,288)	—	—
(e) Acquisition of subsidiary	—	3,836	—	(14,311)

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24. CONTRACT BALANCES (in thousands of \$) (continued)

	Contract assets 31 March		Contract liabilities 31 March	
	2025	2024	2025	2024
The Company				
(a) Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	27,338	16,717
(b) Increase due to cash received, excluding amounts recognised as revenue during the year	–	–	(28,986)	(27,212)
(c) Contract assets recognised	104,238	150,967	–	–
(d) Transfer from contract assets to trade receivables	(142,808)	(149,099)	–	–

25. PREPAYMENTS AND OTHER RECEIVABLES (in thousands of \$)

	The Group 31 March		The Company 31 March	
	2025	2024	2025	2024
<u>Current assets</u>				
Prepayments	4,770	5,441	1,035	1,039
Other receivables	10,448	14,991	7,823	12,975
	<u>15,218</u>	<u>20,432</u>	<u>8,858</u>	<u>14,014</u>

As at 31 March 2025, the contract/notional amounts of the forward currency contracts were approximately \$36,292,000 (2024: \$66,804,000) for the Group and Company. These contracts were entered into by the Company's immediate holding company, on behalf of the Group and Company. The fair value gain of \$90,000 (2024: \$NIL) for the Group and Company were recorded in other receivables.

26. AMOUNTS OWING BY 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 subject to offsetting arrangement are as follows:

	The Group 31 March 2025			The Company 31 March 2025		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Receivables	229,251	(193,469)	35,782	228,557	(193,469)	35,088
Payables	(193,469)	193,469	—	(193,469)	193,469	—

	31 March 2024			31 March 2024		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Receivables	102,717	(71,797)	30,920	102,291	(71,797)	30,494
Payables	(71,797)	71,797	—	(71,797)	71,797	—

27. 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 terms.

The Group has an arrangement with its related parties to settle the net amounts due to or from each other in cash, based on the agreed terms.

	The Group 31 March		The Company 31 March	
	2025	2024	2025	2024
Amounts owing by related parties				
- Fellow subsidiaries	10,527	17,713	10,477	17,644
- Subsidiaries	—	—	8,490	8,695
- Joint venture/associated companies	12,164	1,646	10,564	599
- Others	61	56	61	61
	<u>22,752</u>	<u>19,415</u>	<u>29,592</u>	<u>26,999</u>
Amounts owing to related parties				
- Subsidiaries	—	—	(24,165)	(10,130)
- Joint venture/associated companies	(570)	(334)	(569)	(334)
	<u>(570)</u>	<u>(334)</u>	<u>(24,734)</u>	<u>(10,464)</u>

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

The Group's receivables and payables from/(to) related parties that are subject to offsetting arrangement are as follows:

	The Group 31 March 2025			The Company 31 March 2025		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Amounts owing by related parties						
- Fellow subsidiaries	10,527	—	10,527	10,477	—	10,477
- Subsidiaries	—	—	—	8,490	—	8,490
- Joint venture/ associated companies	12,164	—	12,164	10,564	—	10,564
- Others	61	—	61	61	—	61
	<u>22,752</u>	<u>—</u>	<u>22,752</u>	<u>29,592</u>	<u>—</u>	<u>29,592</u>
Amounts owing to related parties						
- Subsidiaries	—	—	—	(24,165)	—	(24,165)
- Joint venture/ associated companies	(570)	—	(570)	(569)	—	(569)
	<u>(570)</u>	<u>—</u>	<u>(570)</u>	<u>(24,734)</u>	<u>—</u>	<u>(24,734)</u>
	The Group 31 March 2024			The Company 31 March 2024		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Amounts owing by related parties						
- Fellow subsidiaries	17,713	—	17,713	17,644	—	17,644
- Subsidiaries	—	—	—	8,703	(8)	8,695
- Joint venture/ associated companies	1,646	—	1,646	599	—	599
- Others	56	—	56	61	—	61
	<u>19,415</u>	<u>—</u>	<u>19,415</u>	<u>27,007</u>	<u>(8)</u>	<u>26,999</u>
Amounts owing to related parties						
- Subsidiaries	—	—	—	(10,726)	596	(10,130)
- Joint venture/ associated companies	(334)	—	(334)	(334)	—	(334)
	<u>(334)</u>	<u>—</u>	<u>(334)</u>	<u>(11,060)</u>	<u>596</u>	<u>(10,464)</u>

Amounts owing by related parties are stated after deducting impairment losses, where the Group and the Company has made a provision of \$206,000 (2024: Nil).

28. INVENTORIES (in thousands of \$)

	The Group 31 March		The Company 31 March	
	2025	2024	2025	2024
Aircraft and component spares	48,336	47,972	27,259	28,202
Consumable stores and stocks	15,421	13,730	283	113
Total inventories at lower of cost and net realisable value	63,757	61,702	27,542	28,315

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

	The Group 31 March		The Company 31 March	
	2025	2024	2025	2024
Balance at 1 April	27,020	27,799	24,767	26,680
Charged to profit or loss, net	1,600	1,049	780	517
Provision utilised during the year	(1,856)	(1,828)	(1,521)	(2,430)
Balance at 31 March	26,764	27,020	24,026	24,767

29. SHORT-TERM DEPOSITS (in thousands of \$)

	The Group 31 March		The Company 31 March	
	2025	2024	2025	2024
Deposits placed with the immediate holding company	576,021	578,178	576,021	578,178
Fixed deposits placed with banks	29,038	26,691	1,628	1,592
	605,059	604,869	577,649	579,770

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 2.05% to 5.68% (2023/24: 1.00% to 5.91%) per annum and can be withdrawn on demand. The interest rates are repriced at varying periods ranging from 1 to 12 months (2024: 1 to 12 months).

As at 31 March 2025, short-term deposits in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 3% (2024: 13%) for the Group and 3% (2024: 14%) for the Company.

30. CASH AND BANK BALANCES

These balances are placed in current accounts earning interest at floating rates based on daily bank deposit rates ranging from 0.00% to 1.50% (2023/24: 0.00% to 1.50%) per annum.

As at 31 March 2025, cash and bank balances in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 27% (2024: 29%) for the Group and 65% (2024: 61%) for the Company.

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31. TRADE AND OTHER PAYABLES (in thousands of \$)

	The Group 31 March		The Company 31 March	
	2025	2024	2025	2024
Trade*	47,555	80,044	34,122	73,462
Accruals	207,889	137,338	176,643	120,063
Contingent consideration	—	967	—	967
Provision for warranty claims	3,459	1,755	3,110	1,494
	<u>258,903</u>	<u>220,104</u>	<u>213,875</u>	<u>195,986</u>

*These amounts are non-interest bearing.

As at 31 March 2025, trade and other payables in currencies other than the Group's functional currencies which were mainly denominated in United States Dollars amounted to 7% (2024: 7%) for the Group and 7% (2024: 7%) for the Company.

As at 31 March 2025, included in trade and other payables are fair value losses arising from forward currency contracts (Note 36) of approximately \$380,000 (2024: \$437,000) for the Group and Company.

Contingent consideration

In the prior year, the Group and the Company had approximately \$967,000 as contingent consideration related to the sales and acquisition of its subsidiary companies in October 2020 whereby the selling shareholder would be compensated for any recovery of bad debts and insurance claims after the acquisition. .

The fair value of contingent consideration falls under level 3 of fair value hierarchy.

During the financial year, contingent consideration of \$967,000 was paid to the selling shareholder. The settlement had no further impact on the income statement.

Provision for warranty claims

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

	The Group 31 March		The Company 31 March	
	2025	2024	2025	2024
Balance at 1 April	1,755	1,789	1,494	1,514
Charged/(Reversed) to profit or loss, net	1,836	1,233	1,616	(20)
Provision utilised during the year	(132)	(1,267)	—	—
Balance at 31 March	<u>3,459</u>	<u>1,755</u>	<u>3,110</u>	<u>1,494</u>

32. LEASES (in thousands of \$)

(a) As lessee

The Group and the Company have entered into lease agreements for certain plant and equipment, office furniture and computer equipment and land and buildings. These non-cancellable leases have lease terms of between 1 and 50 years (2024: 1 and 48 years). There are no restrictions placed upon the Group or the Company under these arrangements.

32. LEASES (in thousands of \$) (continued)

(a) As lessee (continued)

Amounts recognised in consolidated income statement

	The Group	
	2024/25	2023/24
Leases under IFRS 16		
Finance charges	3,362	3,837
Income from sub-leasing right-of-use assets	53	34
Expenses relating to variable lease payments not included in the measurement of lease liabilities	807	873
Expenses relating to short-term leases	1,293	1,423
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	143	83

Amounts recognised in statement of cash flows

	The Group	
	2024/25	2023/24
Total cash outflow for leases	33,605	33,327

Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options, and if so, these extension options are included in the measurement of lease liabilities. The Group also reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension options, would not be material.

SIA Engineering Company Limited and its Subsidiaries

32. LEASES (in thousands of \$) (continued)

(b) As lessor

Operating lease

As at 31 March 2025, the Company leased its properties to another subsidiary for a lease term of 2 years (2024: 3 years). Another subsidiary also leased out its property to a third party for a period of 1 year and 3 months (2024: 2 years and 3 months).

The future minimum lease receivables under non-cancellable operating leases are as follows:

	The Group 31 March		The Company 31 March	
	2025	2024	2025	2024
Within one year	55	55	170	170
After one year but less than 5 years	14	69	170	340
	<u>69</u>	<u>124</u>	<u>340</u>	<u>510</u>

33. BANK LOANS (in thousands of \$)

	The Group 31 March	
	2025	2024
<u>Current liabilities</u>		
Revolving credit facility	670	2,699
Term loan	<u>804</u>	<u>—</u>
	<u>1,474</u>	<u>2,699</u>
<u>Non-current liability</u>		
Term loan	<u>3,217</u>	<u>2,439</u>

The revolving credit facility denominated in United States dollars taken by a subsidiary company is unsecured and bear interest at a floating rate of 5.81% (2024: 6.71%) per annum. The current revolving credit facility shall be repayable within 12 months after the reporting date.

The term loan denominated in United States dollars drawn down by a subsidiary company is unsecured and bears interest at a floating rate of 6.39% (2024: 7.42%) per annum, to be re-priced after half a year. This drawdown will be repayable by March 2028 with 12 quarterly instalments from June 2025.

34. 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.

	Long-term lease liabilities	Lease liabilities	Long-term bank loan	Bank loans	Total
Balance at 1 April 2023	90,134	22,570	462	2,029	115,195
Changes from financing cash flows					
Finance charges paid	—	—	(183)	(366)	(549)
Proceeds from borrowings	—	—	1,986	669	2,655
Repayment of lease liabilities	—	(30,948)	—	—	(30,948)
Total changes from financing cash flows	—	(30,948)	1,803	303	(28,842)
Non-cash changes					
Interest expense	—	3,837	183	366	4,386
Additions	12,916	6,629	—	—	19,545
Acquisition of subsidiary	299	181	—	—	480
Disposal	—	(155)	—	—	(155)
Disposal of subsidiary	(2)	(2)	—	—	(4)
Reclassification	(23,168)	23,168	—	—	—
Foreign exchange movement	(102)	(58)	(9)	1	(168)
	(10,057)	33,600	174	367	24,084
Balance at 31 March and 1 April 2024	80,077	25,222	2,439	2,699	110,437
Changes from financing cash flows					
Finance charges paid	—	—	(287)	(209)	(496)
Proceeds from borrowings	—	—	1,619	—	1,619
Repayment of borrowings	—	—	—	(1,986)	(1,986)
Repayment of lease liabilities	—	(31,362)	—	—	(31,362)
Total changes from financing cash flows	—	(31,362)	1,332	(2,195)	(32,225)
Non-cash changes					
Interest expense	—	3,362	287	210	3,859
Additions	1,440	1,731	—	—	3,171
Reclassification	(23,153)	23,153	(804)	804	—
Foreign exchange movement	1	37	(37)	(44)	(43)
	(21,712)	28,283	(554)	970	6,987
Balance at 31 March 2025	58,365	22,143	3,217	1,474	85,199

35. CAPITAL EXPENDITURE COMMITMENTS (in thousands of \$)

The Group and the Company have commitments for capital expenditure, with an aggregate value of approximately \$56,848,000 (2024: \$91,101,000) and \$43,295,000 (2024: \$91,098,000) respectively.

In addition, the Group's share of a joint venture company's commitments for capital expenditure is approximately \$20,949,000 (2024: \$6,207,000).

36. FINANCIAL INSTRUMENTS (in thousands of \$)

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and 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	Mandatorily at FVTPL – others	Total
The Group					
31 March 2025					
<u>Assets</u>					
Trade receivables	60,954	–	–	–	60,954
Other receivables	10,358	–	–	90	10,448
Amount due from immediate holding company	35,782	–	–	–	35,782
Amounts owing by related parties	22,752	–	–	–	22,752
Short-term deposits	605,059	–	–	–	605,059
Cash and bank balances	58,301	–	–	–	58,301
Total financial assets	793,206	–	–	90	793,296
Total non-financial assets					1,348,097
Total assets					<u>2,141,393</u>
<u>Liabilities</u>					
Trade and other payables	–	–	258,523	380	258,903
Amounts owing to related parties	–	–	570	–	570
Bank loans	–	–	1,474	–	1,474
Long-term bank loans	–	–	3,217	–	3,217
Total financial liabilities	–	–	263,784	380	264,164
Total non-financial liabilities					135,618
Total liabilities					<u>399,782</u>

36. 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	Mandatorily at FVTPL – others	Total
The Group					
31 March 2024					
<u>Assets</u>					
Trade receivables	70,879	–	–	–	70,879
Other receivables	14,991	–	–	–	14,991
Amounts owing by immediate holding company	30,920	–	–	–	30,920
Amounts owing by related parties	19,415	–	–	–	19,415
Short-term deposits	604,869	–	–	–	604,869
Cash and bank balances	41,081	–	–	–	41,081
Total financial assets	782,155	–	–	–	782,155
Assets held for sale					467
Total non-financial assets					1,305,727
Total assets					2,088,349
<u>Liabilities</u>					
Trade and other payables*	–	437	218,700	–	219,137
Contingent consideration	–	–	–	967	967
Amounts owing to related parties	–	–	334	–	334
Bank loans	–	–	2,699	–	2,699
Long-term bank loans	–	–	2,439	–	2,439
Total financial liabilities	–	437	224,172	967	225,576
Total non-financial liabilities					159,534
Total liabilities					385,110
	Financial assets at amortised cost	Derivatives used for hedging at fair value	Financial liabilities at amortised cost	Mandatorily at FVTPL – others	Total
The Company					
31 March 2025					
<u>Assets</u>					
Trade receivables	42,355	–	–	–	42,355
Other receivables	7,733	–	–	90	7,823
Amounts owing by immediate holding company	35,088	–	–	–	35,088
Loans to subsidiary companies	22,115	–	–	–	22,115
Amounts owing by related parties	29,592	–	–	–	29,592
Short-term deposits	577,649	–	–	–	577,649
Cash and bank balances	21,483	–	–	–	21,483
Total financial assets	736,015	–	–	90	736,105
Total non-financial assets					743,674
Total assets					1,479,779
<u>Liabilities</u>					
Trade and other payables	–	–	213,495	380	213,875
Amounts owing to related parties	–	–	24,734	–	24,734
Total financial liabilities	–	–	238,229	380	238,609
Total non-financial liabilities					111,490
Total liabilities					350,099

* Excluding contingent consideration

36. 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	Mandatorily at FVTPL – others	Total
The Company					
31 March 2024					
<u>Assets</u>					
Trade receivables	51,825	–	–	–	51,825
Other receivables	12,975	–	–	–	12,975
Amounts owing by immediate holding company	30,494	–	–	–	30,494
Loans to subsidiary companies	23,346	–	–	–	23,346
Amounts owing by related parties	26,999	–	–	–	26,999
Short-term deposits	579,770	–	–	–	579,770
Cash and bank balances	12,909	–	–	–	12,909
Total financial assets	738,318	–	–	–	738,318
Assets held for sale					467
Total non-financial assets					770,564
Total assets					<u>1,509,349</u>
<u>Liabilities</u>					
Trade and other payables*	–	437	194,582	–	195,019
Contingent consideration	–	–	–	967	967
Amounts owing to related parties	–	–	10,464	–	10,464
Total financial liabilities	–	437	205,046	967	206,450
Total non-financial liabilities					134,818
Total liabilities					<u>341,268</u>

* Excluding contingent consideration

(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.

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).

36. FINANCIAL INSTRUMENTS (in thousands of \$) (continued)**(b) Fair values (continued)****Financial instruments carried at fair value**

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

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

The Group and Company 31 March 2025				
	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				
<u>Financial assets</u>				
Currency hedging contracts	–	90	–	90
<u>Financial liabilities</u>				
Currency hedging contracts	–	(380)	–	(380)
The Group and Company 31 March 2024				
	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				
<u>Financial liabilities</u>				
Contingent consideration	–	–	(967)	(967)
Currency hedging contracts	–	(437)	–	(437)
	–	(437)	(967)	(1,404)

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.

36. FINANCIAL INSTRUMENTS (in thousands of \$) (continued)

(b) Fair values (continued)

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, amounts owing by immediate holding company, bank loans, trade and other receivables and payables.

The carrying amount of the loans to subsidiary companies is reasonable approximation of fair value as the loan is a floating rate loan that re-price to market interest rate quarterly.

Level 3 fair value measurements

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

37. 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 subsidiaries, associated and joint venture companies that operate in various 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.

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

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

(a) Foreign currency risk

The Group has transactional currency exposures arising from operating revenues and expenses that are denominated in a currency other than the respective functional currencies of Group entities, primarily, Singapore dollars ("SGD"), Philippine Pesos ("PHP"), Japanese Yen ("JPY"), Malaysian Ringgit ("MYR") 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 2025, these accounted for 19% of total revenue (2023/24: 18%) and 14% of total operating expenses (2023/24: 7%). 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 \$83,028,000 (2024: \$87,708,000) and \$30,612,000 (2024: \$86,636,000) 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, determined based on forecast foreign currency receipts using projections approved by Management covering a 12-month period. 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

In the prior year, the Company entered 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. As at 31 March 2025, all such contracts have matured.

The Company also set aside USD in short-term deposits (non-derivative instrument) to hedge against foreign currency risk on highly probable forecast transactions. These transactions pertain to USD capital injections in an associated company.

During the year, the Company injected capital into an associated company, utilising USD funds asset set aside in short-term deposits. The unrealised exchange gain of \$187,000 in fair value reserve is reversed and recognised as realised exchange gain in profit or loss.

In the prior year, the Company re-designated certain USD set aside in short-term deposits for one of the forecast transactions for working capital, following assessment that the transaction is no longer highly probable. Accordingly, the unrealised exchange gain of \$473,000 in fair value reserve was reversed and recognised as realised exchange gain in profit or loss.

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.

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

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	
	2025	2024	2025	2024
<u>Effect of weakening of SGD against USD</u>				
Profit before taxation ^{R1}	159	923	151	972
Equity ^{R2}	–	(672)	–	(672)
<u>Effect of strengthening of SGD against USD</u>				
Profit before taxation ^{R1}	(159)	(923)	(151)	(972)
Equity ^{R2}	–	672	–	672

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 2025, other than those short-term deposits and borrowings, the Group has a floating rate long-term bank loan.

Interest rate sensitivity analysis

At the end of the reporting period, if the floating rates had been 100 basis points (2023/24: 100 basis points) lower/higher with all other variables held constant, the Group's profit before tax would have been approximately \$51,000 (2023/24: \$46,000) higher/lower, arising mainly as a result of lower/higher interest expense on the floating rate loan.

(c) Credit and counterparty risk

The Group's and Company's maximum exposure to credit risk in the event that counterparties fail to perform their contractual obligations as at 31 March 2025 in relation to each class of recognised financial assets are as follows:

	The Group 31 March		The Company 31 March	
	2025	2024	2025	2024
Loans to subsidiary companies	–	–	22,115	23,346
Trade receivables	60,954	70,879	42,355	51,825
Contract assets	108,382	151,132	99,878	142,805
Other receivables	10,448	14,991	7,823	12,975
Amounts owing by immediate holding company	35,782	30,920	35,088	30,494
Amounts owing by related parties	22,752	19,415	29,592	26,999
Short-term deposits	605,059	604,869	577,649	579,770
Cash and bank balances	58,301	41,081	21,483	12,909
	<u>901,678</u>	<u>933,287</u>	<u>835,983</u>	<u>881,123</u>

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of \$) (continued)**(c) Credit and counterparty risk (continued)**

Surplus funds are invested in interest-bearing bank deposits and deposits with immediate holding company. The 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 receivables 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.

The Group's credit risk assessment is based on circumstances and information available as of the reporting date. The Group has provided for the necessary impairments on the recoverability of receivables and amounts owing by related parties from these airline customers. Such assessment extends to airline customers that are credit-impaired. For non-credit impaired customers, Management applied its best estimate on the expected credit loss allowances.

Expected credit loss assessment for trade receivables, contract assets and amounts owing by related parties

The Group and Company use an allowance matrix by age bracket to measure the ECLs of trade receivables, contract assets and amounts owing by related parties.

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 the common credit risk characteristics.

The following table provides information about the exposure to credit risk and ECLs for trade receivables, contract assets and amounts owing by related parties as at 31 March 2025 and 31 March 2024:

		The Group 31 March 2025	
	Weighted average loss rate	Gross carrying amount	Impairment loss allowance
Less than 30 days	0.16%	172,508	(269)
30 days to 60 days	0.80%	5,721	(46)
61 days to 90 days	1.69%	1,890	(32)
More than 90 days	16.68%	14,781	(2,465)
		<u>194,900</u>	<u>(2,812)</u>
		The Group 31 March 2024	
	Weighted average loss rate	Gross carrying amount	Impairment loss allowance
Less than 30 days	0.49%	212,865	(1,053)
30 days to 60 days	1.02%	9,790	(100)
61 days to 90 days	4.38%	5,273	(231)
More than 90 days	24.42%	19,690	(4,808)
		<u>247,618</u>	<u>(6,192)</u>

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

(c) Credit and counterparty risk (continued)

Expected credit loss assessment for trade receivables, contract assets and amounts owing by related parties (continued)

	Weighted average loss rate	The Company 31 March 2025 Gross carrying amount	Impairment loss allowance
Less than 30 days	0.17%	152,170	(257)
30 days to 60 days	0.87%	2,988	(26)
61 days to 90 days	2.22%	1,442	(32)
More than 90 days	7.40%	16,781	(1,241)
		<u>173,381</u>	<u>(1,556)</u>

	Weighted average loss rate	The Company 31 March 2024 Gross carrying amount	Impairment loss allowance
Less than 30 days	0.49%	190,285	(928)
30 days to 60 days	0.65%	8,591	(56)
61 days to 90 days	5.36%	4,306	(231)
More than 90 days	18.67%	24,176	(4,514)
		<u>227,358</u>	<u>(5,729)</u>

The table below shows the movement in lifetime ECL that has been recognised for trade receivables, contract assets and amounts owing by related parties in accordance with the simplified life-time approach set out in IFRS 9:

Lifetime ECL	Not credit- impaired Collectively assessed	The Group Credit- impaired Individually assessed	Total
Balance at 1 April 2023	1,566	704	2,270
Charged during the year	782	3,010	3,792
Acquisition of subsidiary	101	–	101
Provision utilised during the year	(18)	–	(18)
Exchange difference	149	(102)	47
Balance at 31 March 2024	<u>2,580</u>	<u>3,612</u>	<u>6,192</u>
(Writeback)/charged during the year	(1,919)	1,461	(458)
Provision utilised during the year	–	(2,921)	(2,921)
Exchange difference	1	(2)	(1)
Balance at 31 March 2025	<u>662</u>	<u>2,150</u>	<u>2,812</u>

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of \$) (continued)**(c) Credit and counterparty risk (continued)**

Expected credit loss assessment for trade receivables, contract assets and amounts owing by related parties (continued)

Lifetime ECL	Not credit-impaired Collectively assessed	The Company Credit-impaired Individually assessed	Total
Balance at 1 April 2023	1,151	427	1,578
Charged during the year	1,176	2,975	4,151
Balance at 31 March 2024	2,327	3,402	5,729
Charged during the year	(1,792)	540	(1,252)
Provision utilised during the year	–	(2,921)	(2,921)
Balance at 31 March 2025	535	1,021	1,556

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 2025 and 31 March 2024.

Immediate holding company

The Group and Company performed an individual assessment of the expected credit risk on the outstanding amounts and contract assets owing by the immediate holding company. The liquidity of the immediate holding company was evaluated by the Company, considering its financial position and other external credit-default risk factors appraised by credit-rating agencies. Through such assessments, the ECL for immediate holding company has been assessed to be insignificant.

Other financial assets

Other financial assets comprise other receivables, loans to subsidiary companies, amounts owing by related parties, short-term deposits and cash and bank balances. The Group and Company considers its other financial assets to have low credit risk and the amount of allowance is insignificant.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (in thousands of \$) (continued)**(c) Credit and counterparty risk (continued)****Exposures to credit 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		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Counterparty profiles								
By industry:								
Airlines	607,986	628,310	76%	80%	591,036	610,992	80%	82%
Financial institutions	87,339	75,224	11%	10%	1,628	1,592	1%	1%
Others	28,989	19,309	4%	2%	27,340	19,011	3%	2%
	724,314	722,843	91%	92%	620,004	631,595	84%	85%
By region:								
East Asia	656,566	669,255	82%	85%	581,320	598,296	79%	80%
Europe	27,254	15,843	3%	2%	23,686	13,837	2%	2%
South West Pacific	2,409	5,802	1%	1%	58	4,088	1%	1%
Americas	24,382	22,652	3%	3%	3,430	6,967	1%	1%
West Asia and Africa	13,703	9,291	2%	1%	11,510	8,407	1%	1%
	724,314	722,843	91%	92%	620,004	631,595	84%	85%
By Moody's credit ratings:								
Investment grade (A to Aaa)	74,114	68,053	9%	9%	1,629	1,592	1%	1%
Investment grade (Baa)	6,609	5,733	1%	1%	—	—	—	—
Non-rated	643,591	649,057	81%	82%	618,375	630,003	83%	84%
	724,314	722,843	91%	92%	620,004	631,595	84%	85%

(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 2025, the Group had at its disposal, cash and short-term deposits amounting to approximately \$663,360,000 (2024: \$645,950,000).

In response to possible future liquidity constraints arising from the uncertain recovery trajectory, the Group also maintains available undrawn short-term credit facilities amounting to \$10,257,000 (2024: \$10,257,000) that are unsecured and can be drawn down to meet short-term financing needs.

In October 2021, the Group has also established a Euro Medium Term Note Programme under which it may issue notes up to \$1.0 billion. As of 31 March 2025, the programme remained unutilised.

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.

37. 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							
2025							
<u>Financial liabilities</u>							
Trade and other payables	258,903	—	—	—	—	—	258,903
Amounts owing to related parties	570	—	—	—	—	—	570
Lease liabilities	27,025	23,540	6,041	5,674	4,949	24,591	91,820
Revolving credit facility	675	—	—	—	—	—	675
Term loan	1,042	990	2,509	—	—	—	4,541
Total undiscounted financial and lease liabilities	288,215	24,530	8,550	5,674	4,949	24,591	356,509
2024							
<u>Financial liabilities</u>							
Trade and other payables	220,104	—	—	—	—	—	220,104
Amounts owing to related parties	334	—	—	—	—	—	334
Lease liabilities	30,063	25,667	22,739	5,555	5,492	29,032	118,548
Revolving credit facility	2,753	—	—	—	—	—	2,753
Term loan	181	1,733	882	—	—	—	2,796
Total undiscounted financial and lease liabilities	253,435	27,400	23,621	5,555	5,492	29,032	344,535
The Company							
2025							
<u>Financial liabilities</u>							
Trade and other payables	213,875	—	—	—	—	—	213,875
Amounts owing to related parties	24,734	—	—	—	—	—	24,734
Lease liabilities	24,503	22,265	5,130	5,171	4,576	18,333	79,978
Total undiscounted financial and lease liabilities	263,112	22,265	5,130	5,171	4,576	18,333	318,587
2024							
<u>Financial liabilities</u>							
Trade and other payables	195,986	—	—	—	—	—	195,986
Amounts owing to related parties	10,464	—	—	—	—	—	10,464
Lease liabilities	28,011	24,212	22,168	5,130	5,171	22,909	107,601
Total undiscounted financial and lease liabilities	234,461	24,212	22,168	5,130	5,171	22,909	314,051

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

(e) Climate risk

The Group has identified climate risk as an emerging risk and has taken steps to obtain a deeper understanding of how climate change is likely to impact the Company through a climate scenario analysis. From qualitative assessment conducted to better understand the potential financial impacts of selected material physical and transition risks on our operations and business, the following physical and transition risks were identified.

- Physical Risk: Impact of rising temperatures on our business activities;
- Physical Risk: Impact of precipitation stress on our assets; and
- Transition Risk: Impact of increasing carbon taxes and pricing on our operating costs.

The Company notes that the quantitative scenario analysis is based on various assumptions and that there are limitations to existing modelling approaches and data availability. The Company will continue to monitor our material climate-related risks and opportunities closely and work towards improving the robustness of our climate risk analysis approach, to increase the Group's resilience against potential climate-related financial impacts.

The Company will also continue to decarbonise operations, take steps to mitigate the risks from climate change and adapt to the transition to a low carbon economy, while at the same time capitalise on new business opportunities. The Company is also collaborating with key stakeholders in the aviation and public sectors to ensure that the local aviation and aerospace sectors can develop a holistic response to mitigating climate impacts.

38. 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 inventory technical management. These services include scheduled routine maintenance and overhaul, specialised and non-routine maintenance, modification and refurbishment programmes. 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. Inventory technical management 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.

Associated and joint venture companies contribute significantly to the performance of the Group. Management has organised the presentation of the segment results and revenue to better reflect the contribution of the associated and joint venture companies towards the Group's performance. The businesses operated by these equity-accounted investees form part of the Group's reportable 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.

Segment liabilities are not available as the information is not used by Management to make operating decisions.

SIA Engineering Company Limited and its Subsidiaries

38. SEGMENT INFORMATION (in thousands of \$) (continued)

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 2025 and 31 March 2024 and certain assets information of the operating segments as at those dates.

Operating Segments

	Notes	Airframe and line maintenance	Engine and component	Total segments	Elimination and adjustments	Per consolidated financial statements
2024/25						
SEGMENT REVENUE						
External revenue						
Company and subsidiaries		912,276	332,873	1,245,149	–	1,245,149
Associated companies	(a)	71,828	3,107,980	3,179,808	(3,179,808)	–
Joint venture company	(a)	–	4,574,192	4,574,192	(4,574,192)	–
Inter-segment revenue	(b)	27,935	–	27,935	(27,935)	–
		<u>1,012,039</u>	<u>8,015,045</u>	<u>9,027,084</u>	<u>(7,781,935)</u>	<u>1,245,149</u>
SEGMENT RESULTS						
Segment results						
Company and subsidiaries		27,193	(12,545)	14,648	–	14,648
Associated companies	(a)	14,183	190,087	204,270	(204,270)	–
Joint venture company	(a)	–	67,308	67,308	(67,308)	–
		<u>41,376</u>	<u>244,850</u>	<u>286,226</u>	<u>(271,578)</u>	<u>14,648</u>
Interest income						18,577
Share of profits of associated companies, net of tax					81,343	81,343
Share of profits of a joint venture company, net of tax					37,246	37,246
Other unallocated amounts						<u>(4,493)</u>
Profit before taxation	(c)					147,321
Taxation						<u>(5,687)</u>
Profit for the financial year						<u>141,634</u>
<u>Other segment items</u>						
Depreciation		38,512	18,691	57,203	–	57,203
Amortisation of intangible assets		5,230	1,268	6,498	–	6,498
<u>Segment assets</u>						
Property, plant and equipment		90,159	119,289	209,448	–	209,448
Right-of-use assets		64,621	12,975	77,596	–	77,596
Intangible assets		32,258	4,476	36,734	–	36,734
Investment in associated/joint venture companies		15,558	817,043	832,601	–	832,601
Other unallocated assets	(d)	–	–	–	–	985,014
Total assets		<u>202,596</u>	<u>953,783</u>	<u>1,156,379</u>	<u>–</u>	<u>2,141,393</u>

SIA Engineering Company Limited and its Subsidiaries

38. SEGMENT INFORMATION (in thousands of \$) (continued)

Operating Segments

	Notes	Airframe and line maintenance	Engine and component	Total segments	Elimination and adjustments	Per consolidated financial statements
2023/24						
SEGMENT REVENUE						
External revenue						
Company and subsidiaries		836,250	257,967	1,094,217	–	1,094,217
Associated companies	(a)	53,390	2,737,201	2,790,591	(2,790,591)	–
Joint venture company	(a)	–	4,032,173	4,032,173	(4,032,173)	–
Inter-segment revenue	(b)	2,398	1,707	4,105	(4,105)	–
		<u>892,038</u>	<u>7,029,048</u>	<u>7,921,086</u>	<u>(6,826,869)</u>	<u>1,094,217</u>
SEGMENT RESULTS						
Segment results						
Company and subsidiaries		32,965	(30,609)	2,356	–	2,356
Associated companies	(a)	8,359	168,912	177,271	(177,271)	–
Joint venture company	(a)	–	55,566	55,566	(55,566)	–
		<u>41,324</u>	<u>193,869</u>	<u>235,193</u>	<u>(232,837)</u>	<u>2,356</u>
Interest income						24,433
Impairment loss allowance of financial and non-financial assets						(26,844)
Surplus on disposal of associated companies						2,307
Surplus on disposal of subsidiaries						390
Share of profits of associated companies, net of tax					70,656	70,656
Share of profits of a joint venture company, net of tax					30,338	30,338
Other unallocated amounts						(4,291)
Profit before taxation	(c)					99,345
Taxation						(2,216)
Profit for the financial year						<u>97,129</u>
Other segment items						
Depreciation		41,194	16,411	57,605	–	57,605
Amortisation of intangible assets		3,163	2,311	5,474	–	5,474
Segment assets						
Property, plant and equipment		92,874	92,341	185,215	–	185,215
Right-of-use assets		95,815	7,570	103,385	–	103,385
Intangible assets		29,702	2,292	31,994	–	31,994
Investment in associated/joint venture companies		12,850	736,227	749,077	–	749,077
Other unallocated assets	(d)					1,018,678
Total assets		<u>231,241</u>	<u>838,430</u>	<u>1,069,671</u>	<u>–</u>	<u>2,088,349</u>

Notes:

(a) Full information of the associated and joint venture companies (total revenue, total profit or loss) are reported in Operating Segments Revenue and Results, but eliminated to reconcile to the Group consolidated results with these equity-accounted investees included under the equity method.

(b) Inter-segment revenues are eliminated on consolidation.

38. SEGMENT INFORMATION (in thousands of \$) (continued)

Notes: (continued)

- (c) The following items are deducted from segment results to arrive at "profit before taxation" presented in the consolidated income statement:

	31 March	
	2025	2024
Finance charges	(3,859)	(4,386)
(Loss)/Surplus on disposal of property, plant and equipment and intangible assets	(634)	95
	<u>(4,493)</u>	<u>(4,291)</u>

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

	31 March	
	2025	2024
Deferred tax assets	14,809	17,781
Current assets	970,205	1,000,897
	<u>985,014</u>	<u>1,018,678</u>

Geographical segments

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

	Revenue*		Non-current assets	
	2024/25	2023/24	31 March	
			2025	2024
East Asia	877,003	813,540	1,168,789	1,085,227
Europe	208,403	156,189	—	—
South West Pacific	14,884	31,879	—	—
Americas	58,125	64,246	2,399	2,225
West Asia and Africa	86,734	28,363	—	—
Total	<u>1,245,149</u>	<u>1,094,217</u>	<u>1,171,188</u>	<u>1,087,452</u>

*Revenue from Company and subsidiaries.

For the year ended 31 March 2025, revenue of approximately \$744,152,000 (2023/24: \$718,261,000) and \$181,997,000 (2023/24: \$139,206,000) were from customers located in Singapore and France respectively. The remaining revenue from customers in other countries were individually insignificant.

As at 31 March 2025, non-current assets of approximately \$1,101,684,000 (2024: \$1,033,407,000) were located in Singapore. The remaining non-current assets located in other countries were individually insignificant.

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

Major customers

Revenue from one major customer amounted to approximately \$639,028,000 (2023/24: \$569,566,000), arising from services mainly provided by airframe and line maintenance segment.

39. 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.

No significant changes were made in the objectives, policies or processes relating to the Management of the Company's capital structure. The Company continues to maintain the need to conserve cash to sustain the business through the uncertain recovery path and retain financial flexibility to pursue business opportunities.

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 31 March		The Company 31 March	
	2025	2024	2025	2024
Total debt:				
Lease liabilities	80,508	105,299	72,498	97,206
Bank loans	4,691	5,138	—	—
	<u>85,199</u>	<u>110,437</u>	<u>72,498</u>	<u>97,206</u>
Total capital:				
Share capital	420,044	420,044	420,044	420,044
Reserves	1,300,396	1,266,990	709,636	748,037
	<u>1,720,440</u>	<u>1,687,034</u>	<u>1,129,680</u>	<u>1,168,081</u>
Capital and total debt	<u>1,805,639</u>	<u>1,797,471</u>	<u>1,202,178</u>	<u>1,265,287</u>

40. 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, Chief Financial Officer, Executive Vice President and Senior Vice Presidents of the Company to be key management personnel of the Company.

40. RELATED PARTY TRANSACTIONS (in thousands of \$) (continued)

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:

Sale and purchase of goods and services

	The Group	
	2024/25	2023/24
<u>Income</u>		
Sales of services and related materials to:		
- the immediate holding company and related corporations	723,539	645,145
- associated companies	5,068	3,749
- a joint venture company	2,087	353
- others	34,911	1,475
Interest income from the immediate holding company	16,818	22,905
Equipment fee charged to the immediate holding company	127	128
<u>Expense</u>		
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases	16,866	15,273
Rental of hangars, workshops and office space charged by the immediate holding company	18,236	18,157
Purchases of materials from the immediate holding company and fellow subsidiaries	103,460	88,807
Purchases of goods from:		
- associated companies	10,617	7,007
- a joint venture company	—	98
- others	12,562	11,782
Services rendered by:		
- the immediate holding company	7,478	9,445

Compensation of key management personnel

Directors' and key executives' remuneration of the Company

	The Company	
	2024/25	2023/24
<u>Directors</u>		
Directors' fees	1,367	1,371
<u>Key executives</u>		
Salary, bonuses and other costs	8,261	8,786
CPF and other defined contributions	173	166
Share-based compensation expense	2,986	4,688

40. RELATED PARTY TRANSACTIONS (in thousands of \$) (continued)

Compensation of key management personnel (continued)

Directors' and key executives' remuneration of the Company (continued)

The details of RSP, PSP and DSA granted to key executives of the Company are as follows:

(a) RSP Base Awards

Name of participant	Balance as at 1 April 2024 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2025/ cessation of employment = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Wong Yue Jeen	27,900	22,500	27,900	22,500	299,605
Philip Quek Cher Heong	30,500	23,100	30,500	23,100	470,995
Foo Kean Shuh	57,600	46,300	57,600	46,300	263,650
Schmuck Stefan	26,700	20,000	26,700	20,000	79,900
Ng Lay Pheng	25,900	20,100	25,900	20,100	158,500
Ng Jan Lin Wilin	25,000	20,400	25,000	20,400	286,190
Chua Hock Hai	21,400	20,600	21,400	20,600	98,200
So Man Fung	28,000	22,000	28,000	22,000	223,393
Bernd Riggers	21,400	20,500	21,400	20,500	46,600
Chin Yau Seng	74,600	75,400	74,600	75,400	150,000
Jeremy Yew	—	24,800	—	24,800	24,800

(b) RSP Final Awards (Pending Release)

Name of participant	Balance as at 1 April 2024 (a)	Final Awards granted during the financial year [^] (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2025/ cessation of employment = (a)+(b)-(c)	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
Wong Yue Jeen	25,360	19,530	23,860	21,030	215,389
Philip Quek Cher Heong	183,100	21,350	63,600	140,850	288,620
Foo Kean Shuh	40,490	40,320	38,890	41,920	168,710
Schmuck Stefan	18,900	18,690	17,700	19,890	33,100
Ng Lay Pheng	26,200	18,130	24,100	20,230	109,639
Ng Jan Lin Wilin	24,090	17,500	22,390	19,200	219,660
Chua Hock Hai	24,310	14,980	21,910	17,380	56,015
So Man Fung	26,620	19,600	24,620	21,600	157,269
Bernd Riggers	3,100	14,980	6,600	11,480	8,200
Chin Yau Seng	—	52,220	17,400	34,820	17,400
Jeremy Yew	—	—	—	—	—

[^] 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.

40. RELATED PARTY TRANSACTIONS (in thousands of \$) (continued)

Compensation of key management personnel (continued)

Directors' and key executives' remuneration of the Company (continued)

(c) PSP Base Awards

Name of participant	Balance as at 1 April 2024 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2025/ cessation of employment = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
Wong Yue Jeen	67,500	19,600	22,300	64,800	178,138	27,249
Philip Quek Cher Heong	68,400*	20,100	21,000	67,500	163,594	11,319
Foo Kean Shuh	113,800	40,100	25,100	128,800	231,419	19,037
Schmuck Stefan	52,200	17,400	9,700	59,900	69,600	—
Ng Lay Pheng	67,400	17,500	23,500	61,400	129,800	6,864
Ng Jan Lin Wilin	62,900	17,800	21,700	59,000	121,400	5,511
Chua Hock Hai	60,600 [#]	18,000	22,700	55,900	85,700	—
So Man Fung	69,300	19,200	22,800	65,700	88,500	—
Bernd Riggers	22,600	17,900	—	40,500	40,500	—
Chin Yau Seng	91,600	92,100	—	183,700	183,700	—
Jeremy Yew	—	21,500	—	21,500	—	—

(d) DSA Base Awards

Name of participant	Balance as at 1 April 2024 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2025/ cessation of employment = (a)+(b)-(c)	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Wong Yue Jeen	87,772	58,248	84,127	61,893	202,981
Philip Quek Cher Heong	91,562	61,493	87,062	65,993	205,963
Foo Kean Shuh	92,346	66,821	88,491	70,676	207,854
Schmuck Stefan	50,546	51,245	45,988	55,803	86,326
Ng Lay Pheng	86,196	56,814	82,930	60,080	195,192
Ng Jan Lin Wilin	90,230	52,030	83,266	58,994	183,397
Chua Hock Hai	61,075	51,413	59,147	53,341	123,655
So Man Fung	69,057	61,493	67,168	63,382	139,523
Bernd Riggers	8,564	56,950	23,300	42,214	27,600
Chin Yau Seng	—	113,491	37,800	75,691	37,800

*Balance PSP Award for Mr Philip Quek Cher Heong as at 1 April 2024 has been amended to 68,400 (31 March 2024: 62,900)

[#]Balance PSP Award for Mr Chua Hock Hai as at 1 April 2024 has been amended to 60,600 (31 March 2024: 67,700)

SIA Engineering Company Limited and its Subsidiaries

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 2024/25 are as follows:

		FY2024/25	
Name of interested person	Nature of relationship	Aggregate value of all IPTs (excluding all mandated transactions pursuant to Rule 920 of the SGX Listing Manual and transactions less than \$100,000)	Aggregate value of all IPTs conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
<u>Singapore Airlines Group</u>			
Singapore Airlines Limited	Controlling shareholder of SIAEC	–	918,199*
Scoot TigerAir Pte Ltd	Wholly-owned subsidiaries of SIAEC's controlling shareholder	–	516
Singapore Aviation and General Insurance Company (Pte) Ltd		–	537
Tata SIA Airlines Limited	Associates of SIAEC's controlling shareholder	–	718
Airbus Asia Training Centre Pte Ltd		–	237
<u>Singtel Group</u>			
Singapore Telecommunications Limited	Subsidiary of Temasek Holdings (Private) Limited	–	115
<u>Starhub Group</u>			
Starhub Limited	Subsidiary of Temasek Holdings (Private) Limited	–	534
<u>Non-listed Subsidiaries of Temasek Holdings (Private) Limited ("Temasek")</u>			
Aicadium Singapore Pte. Ltd.	Subsidiaries of Temasek Holdings (Private) Limited	–	190
Element Testing Service (S) Pte Ltd		–	132
<u>SATS Group</u>			
SATS Airport Services Pte. Ltd.	Associate of Temasek Holdings (Private) Limited	–	1,417
<u>ST Engineering Group</u>			
ST Engineering Aerospace Services Company Pte Ltd	Associates of Temasek Holdings (Private) Limited	–	709
ST Engineering Aerospace Systems Pte Ltd		–	1,588
ST Engineering Aerospace Engines Pte Ltd		–	379
<u>Non-listed Associates of Temasek Holdings Private Limited ("Temasek")</u>			
AJI International Pte. Ltd.	Associate of Temasek Holdings (Private) Limited	–	26,800
Total		–	952,071

* Includes principal, interest and service fees, in respect of treasury transactions with SIA.
This page does not form part of the audited financial statements

SIA Engineering Company Limited and its Subsidiaries

Additional Information

Required By The Singapore Exchange Securities Trading Limited

1. INTERESTED PERSON TRANSACTIONS (in thousands of \$) (continued)

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 2025, 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.

This page does not form part of the audited financial statements