ADVANCING PARTNERSHIP & INNOVATION

ANNUAL REPORT 2016/17

SIA ENGINEERING COMPANY

CORPORATE PROFILE

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

SIAEC's one-stop maintenance facility in Singapore offers world-class MRO services to a client base of more than 80 international airlines and aerospace equipment manufacturers. Complementing its full spectrum of MRO services is its growing portfolio of 24 joint ventures in 8 countries, forged with strategic partners and leading original equipment manufacturers. The Company holds certifications from 27 national airworthiness authorities worldwide.

FY2016/17 AT A GLANCE

- Incorporation of SIAEC/Airbus heavy maintenance joint venture company
- SIAEC formed joint venture with Moog Incorporated
- SIAEC and Stratasys signed MOU for Additive Manufacturing Strategic Partnership
- Safran Aircraft Engines appointed SIAEC as On Site Support provider

REVENUE
$1,104.1 MILLION

NET PROFIT
$332.4 MILLION

DIVIDEND PER SHARE
18 CENTS*

* includes final ordinary dividend of 9 cents and special dividend of 5 cents per share, which are subject to shareholders' approval

CHAIRMAN'S STATEMENT

"Over the year, the Company took decisive steps in positioning for the future by investing in several strategic partnerships and advancing innovations."

Dear Shareholders,

The aviation industry continued to face headwinds in FY2016/17, against the backdrop of global economic uncertainties and political developments in some of the major economies. As a result, the operating environment for the maintenance, repair and overhaul (MRO) industry remained challenging.

Facing intense competition and overcapacity, airlines persisted with measures to contain costs, leading to pressures on MRO rates. With advanced technology, new-generation aircraft, engines and components require significantly less frequent maintenance. This has impacted work volumes across the MRO industry. However, as aviation traffic in Asia continues to grow strongly, it will generate demand for the MRO sector.

The Company returned a commendable set of financial results for FY2016/17. Share of profits from associated and joint venture companies improved 2.4% to $96.5 million. Overall, net profit for the Group increased 88.2% to $332.4 million, boosted by divestment gains of $178.0 million. Excluding the divestment, net profit declined 2.6% to $172.0 million. Revenue, at $1,104.1 million, was 0.8% lower than the preceding year.

Over the year, the Company took decisive steps in positioning for the future by investing in several strategic partnerships and advancing innovations. Over time, these initiatives will give access to new markets and lead to increased value creation for our customers and stakeholders.

ADVANCING STRATEGIC PARTNERSHIPS & INNOVATION

You would have read that in October 2015 we formed a fleet management joint venture with Boeing, our first with a world-leading aircraft manufacturer. A year following this significant tie-up, another world-leading aircraft manufacturer was brought into the fold of our strategic partnerships – in October 2016, we incorporated a heavy maintenance joint venture with Airbus. These collaborations leverage on the combined synergy of Original Equipment Manufacturer (OEM) expertise with our MRO experience to create additional value for airline customers, while at the same time enabling us to access the global OEM markets. The Boeing and Airbus joint ventures are poised to contribute strategically to the Group's competitiveness and strength, even though in the near term they are not expected to be accretive.

Apart from accessing the latest aircraft technology through collaborations with leading OEMs, we have been making strategic investments in advancing innovations, which will be the springboard to new business opportunities and growth. These investments are also aimed at developing innovative solutions to enhance productivity in our operations and address rising costs at our Singapore base. One major initiative is the rollout of Project ETask, an IT system which will transform the way we plan, track and execute maintenance operations. This and other innovation initiatives are expected to bring greater efficiencies.

In April this year, we signed a memorandum of understanding with Stratasys Limited to form a joint venture in additive manufacturing. Sited in Singapore, the venture will focus on the design, engineering, certification and production of aerospace parts, leveraging on the cutting-edge technology of additive manufacturing. This will expand the service offerings of our total MRO solutions.

Another strategic move was made in December 2016 when we signed an agreement with Moog Incorporated to establish a joint venture for the repair and overhaul of Moog's products. The Singapore-based joint venture will be the Centre of Excellence in Asia Pacific for Moog's flight control components on the Boeing 787 and Airbus A350 aircraft.

In April 2016, we were appointed by Safran Aircraft Engines as an authorised CFM LEAP On Site Support service provider. In this capacity, we are able to offer on-wing maintenance services to operators of the LEAP-1A and LEAP-1B engines in Asia Pacific. This collaboration adds to our appointment in February 2016 as a Rolls-Royce on-wing services provider for its Trent Service Network. These strategic partnerships will enable us to enhance our service offerings to customers in the region by leveraging on our international line maintenance network, which covers 36 airports in seven countries.

Efforts to optimise the performance of our existing joint ventures and their contributions to shareholder returns continue to receive close attention. During the year, the Group undertook the divestment of a joint venture, Hong Kong Aero Engine Services, and the integration of two others – International Engine Component Overhaul into Singapore Aero Engine Services, and International Aerospace Tubes-Asia into Component Aerospace Singapore. These restructuring initiatives are aimed at generating higher operating efficiencies, economies of scale and synergies from improved allocation of resources and streamlining of business processes.

We will stay the course on forming strategic partnerships with leading players in the MRO space. During gestation, these joint ventures are not expected to contribute to the Group's financial performance. However, these partnerships will strengthen our core competencies and enable us to forge ahead for sustained competitiveness and growth in the long term.

AWARD

The Company was awarded with the "Most Transparent Company (Industrials category)" by the Security Investors Association of Singapore at its Investors' Choice Awards 2016 ceremony. We are encouraged by the recognition from the investor community and will continue to strive for scrupulous adherence to best practices in corporate governance.

DIVIDENDS

The Board of Directors is recommending a final ordinary dividend of 9 cents and a special dividend of 5 cents per share. Together with the interim dividend of 4 cents per share paid at mid-year, the total payout for FY2016/17 will be 18 cents per share.

APPRECIATION

Strategies are in place and work is in progress for the transformation of the Company. That much has been accomplished during the year is a testament of the commitment and diligence of our people.

I wish to express my heartfelt thanks to all staff, management and unions for your dedication and cohesive teamwork. To our customers and business associates, I am grateful for your confidence and valued support. I also thank my fellow Directors for your commitment and contributions to the Company through the course of the year.

As part of the Board renewal process, the Board regularly reviews its composition and skills to enhance the collective strength and expertise of the Board as a whole. We are pleased to welcome three new independent non-executive Directors, namely, Mr Tang Kin Fei, who takes on the role of Deputy Chairman, Dr Raj Thampuran and Mr Wee Siew Kim. Chief Executive Officer Png Kim Chiang also joined the Board, as Executive Director.

I extend my gratitude to our shareholders for your unwavering trust and steadfast support. The investments and initiatives we are making in strategic partnerships and innovation are part of the long-term strategy to bring the Company to the next level. Your support has enabled us to be in a strong position to invest in the future of the Company. Our commitment is firm – we will strive to create sustainable, long-term value for our shareholders. Thank you.

Stephen Lee Ching Yen
Chairman

BOARD OF DIRECTORS

Stephen Lee Ching Yen
Chairman
Chairman Compensation & HR Committee

Tang Kin Fei
Deputy Chairman
From 8 May 2017

Chew Teck Soon
Chairman Audit Committee

Christina Ong
Chairman Nominating Committee

Tong Chong Heong
Chairman Board Safety & Risk Committee

Goh Choon Phong
Director

Ng Chin Hwee
Director

Manohar Khiatani
Director

Dr Raj Thampuran
Director
From 1 September 2016

Png Kim Chiang
Director
From 1 November 2016

Wee Siew Kim
Director
From 8 May 2017

Ron Foo Siang Guan
Director
Until 22 July 2016

Oo Soon Hee
Director
Until 22 July 2016

KEY EXECUTIVES

Png Kim Chiang
Chief Executive Officer

Ivan Neo Seok Kok
Executive Vice President Operations

Anne Ang Lian Choo
SVP Finance / Chief Financial Officer

Zarina Piperdi
SVP Human Resources

Wong Yue Jeen
SVP Partnership Management &
Business Development

Philip Quek Cher Heong
SVP Line Maintenance &
Fleet Management

Foo Kean Shuh
SVP Innovation & Technology
From 1 June 2016

THE YEAR IN REVIEW

SIA Engineering Company recorded a profit attributable to owners of the parent of $332.4 million for the financial year ended 31 March 2017, an increase of 88.2% compared to the preceding year.

FINANCIAL YEAR OPERATING RESULTS

The Group revenue of $1,104.1 million was 0.8% lower than the preceding year. Revenue from Line Maintenance improved, mitigating lower revenues from Repair and Overhaul businesses, comprising Aircraft & Component Services and Fleet Management. Share of profits from associated and joint venture companies at $96.5 million increased 2.4%.

OPERATING PERFORMANCE

During the year in review, the number of flights handled by Line Maintenance at Changi Airport increased by 2.6% to 141,454 flights. The Group's international line maintenance network covers 36 airports in 7 countries.

Under Aircraft & Component Services, the number of maintenance checks performed at the six hangars in Singapore totalled 516 compared to 463 in the preceding year.

As of 31 March 2017, the total fleet of the 9 customers managed under the Company's Fleet Management business stood at 129 aircraft.

OUTLOOK

In spite of global uncertainties and the challenges the Company already faces in the maintenance, repair and overhaul sector from excess capacity and aggressive pricing, there remain growth opportunities. The Company continues to invest in strategic partnerships and advancing innovations, while maintaining vigilance on costs.

During the year, an agreement was signed with Moog Incorporated to establish a joint venture for repair and overhaul services of Moog's products on the new-generation Boeing 787 and Airbus A350 aircraft. This followed earlier strategic tie-ups with Boeing on fleet management and Airbus on heavy maintenance business. We also signed a Memorandum of Understanding with Stratasys Ltd, a leading 3D printing and additive manufacturing solutions company, to offer design, engineering, certification support and parts production to our global network of airline customers. These investments are not expected to be accretive in the near term.

These initiatives will strengthen the Group's core competencies and service offerings at its Singapore main base, and position us well for long-term growth.

DIVIDENDS

The Board of Directors recommends a final ordinary dividend of 9.0 cents and a special dividend of 5.0 cents per share. Together with the interim dividend of 4.0 cents per share paid earlier, the total dividend payment for FY2016/17 will be 18.0 cents per share. Payment of the final ordinary and special dividends, which amount to approximately $156.8 million, is subject to shareholders' approval at the Annual General Meeting on 20 July 2017. The dividends will be paid on 8 August 2017.

BUSINESS SEGMENTS

LINE MAINTENANCE

In the year under review, SIA Engineering Company's licensed aircraft engineers and technicians at Line Maintenance Division serviced a total of 141,454 flights, a 2.6% improvement compared to the previous year. Revenue increased 11.5% to $513.0 million.

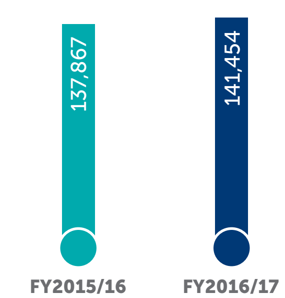
Serving an international client base of more than 50 airlines at Singapore Changi Airport, our engineers and technicians provide aircraft certification and ground handling services, ensuring high despatch reliability for aircraft on transit and night stop at Changi Airport.

With the increasing number of flights operating through Singapore and Changi Airport's continued growth as a hub for full-service and low-cost carriers, SIA Engineering Company relentlessly pursues improvements in its services, to enhance the engineering reliability and operating efficiencies of customer airlines.

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

In FY2016/17, Safran Aircraft Engines appointed SIA Engineering Company as a CFM LEAP On Site Support (OSS) service provider to offer on-wing maintenance services to operators of the CFM LEAP-1A and LEAP-1B engines in the Asia Pacific region. The LEAP-1A is one of two engine options for the Airbus A320neo family, while the LEAP-1B is the exclusive engine for the Boeing 737 MAX.

Line Maintenance - Flights handled at Changi Airport



Revenue increased
11.5% to $513.0 million
compared to the previous year.
The international line maintenance network covers
36 airports in
7 countries.

REPAIR AND OVERHAUL

Aircraft & Component Services

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

Scheduled A, C and D checks are performed by the Company's Heavy Maintenance Division at its six hangars in Changi. The Division also provides airframe structural repair and modification, cabin refurbishment, VIP aircraft modification, aircraft painting and retrofitting of inflight entertainment and avionics systems.

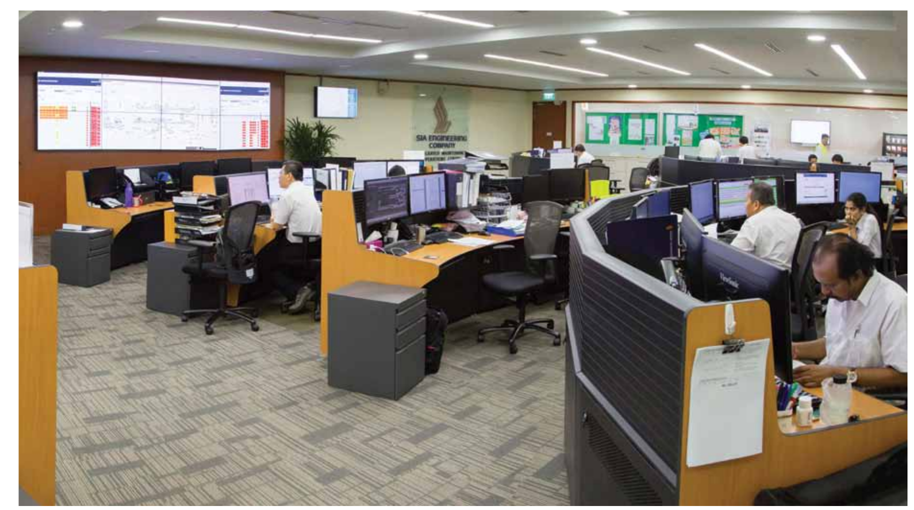
During the year under review, the Company incorporated an airframe maintenance joint venture company with Airbus, which will be established as Airbus' Centre of Excellence for the A380 and A350 heavy maintenance in Asia.

The Workshops and Cabin Services Divisions of SIA Engineering Company comprise a range of workshop facilities, providing inspection, repair, modification and test services for a wide spectrum of aircraft components.

In FY2016/17, the Company entered into an agreement with Moog Incorporated, a leading manufacturer of flight control components, to establish a joint venture for the maintenance, repair and overhaul services of Moog's products on new-generation aircraft, such as the Boeing 787 and the Airbus A350. The agreement is subject to regulatory approvals of the relevant jurisdictions.

SIA Engineering Company signed a Memorandum of Understanding with Stratasys Ltd, a leading 3D printing and additive manufacturing solutions company to establish a joint venture to offer design, engineering, certification support and parts production to the Company's network of partners and customers. This strategic partnership combines Stratasys' deep knowhow and expertise in additive manufacturing with our comprehensive MRO service offerings to provide airline customers across the globe with scheduled maintenance and on-demand parts solutions. All of the foregoing joint ventures will enhance the Company's core services at its Singapore main base.

Typical maintenance check intervals (for A380)				
Check A	Every 1,500 flying hours			
Check C	Every 12,000 flying hours or 1,200 flight cycles or 2 years			
Check D / Heavy Maintenance Visit	Every 6 years			
Number of Checks performed in Singapore				
	A	C	D	Total
FY2016/17	427	75	14	516
FY2015/16	373	74	16	463
Revenue declined 1.6% to $443.6 million year-on-year.				



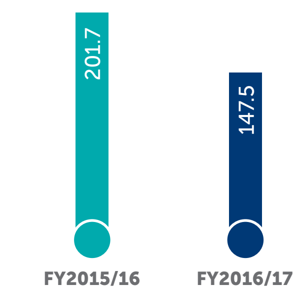
Fleet Management

The Fleet Management business covers engineering, maintenance support activities and inventory management, including formulating and up-keeping of aircraft maintenance programmes, maintenance planning, engineering design, consultation, quality and reliability programmes, 24/7 maintenance control, materials support solutions, logistics and supply chain management.

These services are grouped under Fleet Management Division's two main departments – fleet technical management and inventory technical management.

Through SIA Engineering Company's proven capabilities in inventory and supply chain management, airlines are provided with integrated solutions that encompass component pooling, on-site consignment, component repair and overhaul management, warehousing, logistics and 24/7 aircraft-on-ground (AOG) support services. In addition, Fleet Management Division provides turnkey solutions to assist airlines in aircraft entry-into-service preparations. These include the establishment of infrastructure, such as warehousing, provisioning of onsite spares and all other necessary logistics set-up.

Fleet Management Revenue ($M)



As at 31 March 2017, the fleet management fleet size stood at **129 aircraft.**

BUSINESS SEGMENTS

JOINT VENTURES

Line Maintenance

Apart from the operations at Changi Airport, SIA Engineering Company's international line maintenance network comprises six line maintenance joint ventures overseas, covering 35 airports in six countries. They are Aircraft Maintenance Services Australia in Australia, Aviation Partnership (Philippines) Corporation in the Philippines, PT Jas Aero-Engineering Services in Indonesia, Pan Asia Pacific Aviation Services in Hong Kong, SIA Engineering (USA) in the United States and Southern Airports Aircraft Maintenance Services Company in Vietnam.

Engine and Component

SIA Engineering Company has forged six joint ventures with the world's leading engine and engine component manufacturers, including Pratt & Whitney and Rolls-Royce, to enhance the breadth and depth of the Group's engine overhaul services.

Out of the six engine overhaul/ component joint ventures, five are located in Singapore, including Singapore Aero Engine Services Limited and Eagle Services Asia, which are the Asia Pacific Centre of Excellence for Rolls-Royce and Pratt & Whitney engines respectively, two of the world's largest engine manufacturers.

The other three Singapore-based facilities are Asian Surface Technologies, Component Aerospace Singapore and Turbine Coating Services. Another engine component joint venture, Asian Compressor Technology Services, is located in Taiwan.

Airframe Maintenance

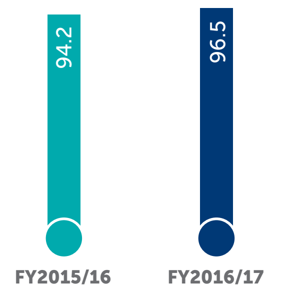
SIA Engineering (Philippines) Corporation currently operates two narrow-body hangars and one wide-body hangar which was operational in FY2016/17 at Clark, Philippines, to provide heavy and light maintenance checks to airlines operating out of the Philippines and in the region.

Aircraft Component and Services

SIA Engineering Company has seven Singapore-based joint ventures specialising in component overhaul – Aerospace Component Engineering Services, Fuel Accessory Service Technologies, JAMCO Singapore, Safran Landing Systems Services Singapore, Goodrich Aerostructures Service Centre - Asia, Panasonic Avionics Services Singapore and Safran Electronics & Defense Services Asia.

Another joint venture, JAMCO Aero Design & Engineering, based in Singapore, provides turnkey solutions for aircraft interior modifications.

Share of Profits from Joint Ventures & Associates (Net of Tax) ($M)



The combined revenue of the joint venture and associated companies totalled **$3,386.1 million**, of which **77%** was derived from non-SIA airline customers.

LINE MAINTENANCE

- Aircraft Maintenance Services Australia
  Australia 100%
- SIA Engineering (USA)
  United States 100%
- Singapore JAMCO Services
  Singapore 80%
- Aviation Partnership (Philippines)
  Philippines 51%
- PT JAS Aero-Engineering Services
  Indonesia 49%
- Southern Airports Aircraft Maintenance Services
  Vietnam 49%
- Pan Asia Pacific Aviation Services
  Hong Kong 47.1%

REPAIR AND OVERHAUL

ENGINE AND COMPONENT

- Singapore Aero Engine Services
  Singapore 50%
- Eagle Services Asia
  Singapore 49%
- Component Aerospace Singapore*
  Singapore 46.4%
- Asian Surface Technologies
  Singapore 39.2%
- Asian Compressor Technology Services
  Taiwan 24.5%
- Turbine Coating Services
  Singapore 24.5%

INVESTMENT HOLDING

- NexGen Network (1) Holding
  Singapore 100%
- NexGen Network (2) Holding
  Singapore 100%

AIRFRAME MAINTENANCE

- Heavy Maintenance Singapore Services
  Singapore 65%
- SIA Engineering (Philippines)
  Philippines 65%

AIRCRAFT COMPONENT AND SERVICES

- Aerospace Component Engineering Services
  Singapore 51%
- Boeing Asia Pacific Aviation Services
  Singapore 49%
- Fuel Accessory Service Technologies
  Singapore 49%
- JAMCO Aero Design & Engineering
  Singapore 45%
- Panasonic Avionics Services Singapore
  Singapore 42.5%
- Goodrich Aerostructures Service Centre-Asia
  Singapore 40%
- Safran Electronics and Defense Asia
  Singapore 40%
- Safran Landing Systems Services Singapore
  Singapore 40%
- JAMCO Singapore
  Singapore 20%

Pratt & Whitney	Rolls-Royce	Cebu Pacific	JAMCO
Safran	UTAS	Wholly-Owned	Others

* Operations of International Aerospace Tubes-Asia have been integrated into Component Aerospace Singapore.

SUSTAINABILITY

SAFETY & HEALTH

Safety is given a high priority in our operations. We are committed to continuously improve safety, and do our utmost to achieve an environment that is safe for our staff, customers and contractors to work in and to perform their best.

With safety as a core value of the Company, we strive at maintaining a safe work environment through three key thrusts – implementing a well-structured Safety Management System, training and communication to enhance safety awareness, and building a sustainable safety culture.

Safety Management System

Through the Company's Safety Management System, an integrated framework is implemented, focusing on effective safety management at the workplace and promoting safety ownership within the workforce. Management, working with operational division heads and the Unions, leads continual efforts to strengthen safety compliance and improve safety performance. Occupational Health and Safety Assessment Series (OHSAS) 18001 accreditation of our safety processes ensure that our safety practices are aligned with internationally recognised standards.

Training & Communication

Staff are kept abreast of the latest developments in safety requirements, in-house rules and best practices through prompt and comprehensive training programmes. In 2016, we reached out to over 5,000 staff and subcontract workers through our safety training courses. Each course participant was provided with the latest edition of our Safety Handbook, which equips our people with up-to-date safety knowledge, so that they are able to perform their work safely.

All staff participate in identifying risks at the workplace. This heightens safety awareness and encourages the workforce to provide feedback and mitigate risks, making it safer to work while maintaining operational performance.

To strengthen staff awareness on hazard identification and risk management, a computer-based workplace safety training module was developed. In FY2016/17, a total of 3,000 staff underwent the training programme.

Building a Sustainable Safety Culture

Leveraging on the expertise of an international safety consultant, the Company embarked on the Safety Excellence Programme in June 2016. This comprehensive three-year safety programme, which involves all staff, aims to inculcate a strong and sustainable safety culture in the Company.

The safety programme involves both training and practical elements that cover all operational areas of our business. Working with the safety consultant, tailored initiatives were developed jointly with the workforce to strengthen safety practices and foster safety ownership.

Staff Health Initiatives

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

We care for the health and well-being of our staff, and provide them with appropriate health screenings and medical checks. The occupational health of our staff are also monitored closely through relevant medical examinations. Regular reviews and surveillance inspections of the work environment are also conducted as part of our ongoing efforts to monitor and improve staff health and safety.

ENVIRONMENT

We are committed to maintaining the highest standards in environmental management in all our operations, and complying with environmental rules and regulations governing our business. In upholding our responsibility to protect the environment, programmes are in place to ensure that sustainable practices are implemented across our operations.

Environmental Management System

The Company's Environmental Management System (EMS) is focused on minimising the impact that our operational activities may have on the environment. We continue to seek opportunities to improve our environmental performance, focusing on issues that are material to our business.

Environmental impacts are assessed in accordance with the EMS, which has been certified to ISO 14001 standards since 1998. We consider proper design, handling, storage and disposal of materials at the planning stage, and regularly review product operation and service performance for improvement in our environmental sustainability performance.

Energy Management

We monitor energy consumption regularly to address significant deviations and implement energy-saving measures. Where possible, we tap the application of innovative technologies as part of our ongoing efforts to reduce energy consumption.

The building air-conditioning chiller system of Hangar 3 was replaced in 2016. This has resulted in reduced energy usage and cost savings. Moving forward, we will be installing variable speed drives for the air-conditioning systems of Hangars 4, 5 and 6. This will improve the energy efficiency of the systems. Energy-saving Light-Emitting Diode technology is being adopted for lighting systems in the offices and hangars.

Water Management

We are focused on reducing water consumption. Measures to achieve this include the collection of rainwater in tanks installed on the rooftops of several hangars. The water is used for general cleaning and the watering of plants.

Water-saving devices, such as constant flow regulators and self-closing delayed action taps, have been installed in our hangars and buildings. Efforts are ongoing to further reduce water consumption with the use of technology on the control, metering and monitoring of water usage.

Waste Management

The Company pays close attention to waste management. We aim to continually reduce waste from our operational processes and office activities.

We actively encourage initiatives from all operational and support divisions to explore ways to reduce paper consumption across the Company. Promotion and facilitation of waste reduction are conducted through new and ongoing efforts aimed at reducing usage, reusing and where possible, recycling. To reduce domestic waste generation, a paper-recycling scheme is in place to recycle all paper waste generated in our offices. A waste sorting and disposal process, as well as a contamination prevention process, are applied in operational activities for the storage, transportation and disposal of aircraft parts, to minimise environmental impact.

Emission & Effluents Management

The Company actively manages emissions produced from its operations. Measures are in place to minimise emissions through the use of state-of-the-art filters. To safeguard the environment, we source for environmentally preferred chemicals and processes.

We are focused on effluents management, particularly the prevention of water pollution, in dealing with the wastewater generated from our operations. Our hangar facility is equipped with wastewater treatment plants, manned by a team of onsite specialist contractors to ensure that the equipment are in optimal operating condition. Water from our wastewater treatment plants is rigorously monitored and controlled to ensure strict compliance with the standards prescribed by the authorities.

PEOPLE DEVELOPMENT

Our staff are our greatest asset. As our people are key to the Company's growth and success, we firmly believe in developing our staff to perform to the best of their ability and potential.

Staff training and development, as well as talent attraction and retention, are integral components of the Company's sustainability strategy. We are committed in developing a skilled and qualified workforce that is ready to meet our customers' needs, for the present and the future. At the same time, we want to develop our staff to their fullest potential and provide them with a fulfilling career.

The Company's employment practices are built on the tenets of staff welfare, diversity and positive partnerships with the Unions. These collectively create a work environment where employees and their contributions are valued, as we work together as a team to deliver MRO services of the highest quality to all our customers.

Talent Attraction & Retention

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

In nurturing our leadership talents, we partner tertiary education institutions in developing programmes for our top executives and future leaders. Senior executives are equipped with the necessary skills and knowledge required to navigate the competitive business environment. We are in partnership with a local university in developing a Leadership and Management Programme for our staff in managerial positions. Our senior management executives also participate in strategy and leadership based programmes of renowned international business schools.

All new staff in executive grades are placed on a Mentorship Programme, which gives them a unique opportunity to engage with and learn from the experience and knowledge of management staff. These engagement sessions with the mentors, who share about the corporate culture, personal experiences and work values, help our new executives assimilate into the workforce.

Training & Development

The Company is fully committed to workforce development and the inculcation of a continuous learning culture. We continually upgrade the skills of our engineers, technicians and support teams, equipping them with the relevant skill sets and knowledge to meet operational needs and be updated with the latest technological advances in the aviation industry.

Our commitment as a people developer is demonstrated through the skills and development training that we customise for all levels of staff. This is achieved through various initiatives, such as learning and developmental programmes, on-the-job training and coaching, overseas postings and job rotations.

We have a full range of learning programmes, which are mapped to the Company's core competencies and core values. These cover structured learning roadmaps which provide our staff with targeted and relevant learning opportunities at the appropriate time in their careers, to functional training programmes that equip our staff with the requisite job knowledge and skills. Learning needs and course syllabi are reviewed on a regular basis to ensure that the courses offered are current and relevant. Vice Presidents and above are provided with additional opportunities to augment their leadership and management competencies through relevant programmes.

For FY2016/17, we invested over $6 million on staff training, covering a total of 26,424 training days. Of these, 19,881 were dedicated to technical training, with the remaining 6,543 training days focused on developmental and soft skills training. On average during the year, each technical staff received 42 hours and each support staff 32 hours of training.

SUPPORTING OUR COMMUNITIES

The Company strives to make a difference to the lives of the underprivileged in the communities where our business operates. We provide food and housing aid to communities in Singapore and Southeast Asia through our partnerships with organisations such as "Food from the Heart", "Community Chest" and "Habitat for Humanity".

In FY2016/17, the Company's Corporate Social Responsibility (CSR) programmes and activities include the following:

1. **Fun Run at the Zoo 2016**
   SIA Engineering Company's annual charity run "Fun Run @ Zoo 2016" was held on 12 November 2016 at the Singapore Zoo. The event drew a participation of 3,439 registrants, the highest participation rate since the start of the annual event in 2012. The charity run raised a total of $72,005 which was donated to our beneficiary 'Food From the Heart'.

2. **Food Goodie Bags Programme**
   Every month, the Company supplies food provisions to 100 underprivileged families from two adopted schools – East Coast Primary School and Wellington Primary School.

3. **Self-Collection Centre Programme**
   In collaboration with 'Food from the Heart', 150 staff volunteers participate in the monthly packing and distribution of food packets to needy families in Macpherson and Marine Terrace.

4. **Housing Construction in Indonesia and Vietnam**
   In partnership with 'Habitat for Humanity', the Company sent 2 teams of staff volunteers for overseas build projects in Yogyakarta, Indonesia and Tien Giang, Vietnam.

5. **Toy Buffet 2016**
   We participated in 'Food from The Heart Toy Buffet' for the fifth year running, on 11 November 2016 at Maris Stella Primary School. Pre-loved and new toys collected from our staff and other organisations were distributed to 2,300 underprivileged students (7-12 years old) from 18 neighbourhood schools.

CORPORATE CALENDAR

2016

1 FEB
Announcement of FY2015/16 third-quarter financial results

10 MAY
Announcement of FY2015/16 full-year financial results

11 MAY
Analyst briefing on FY2015/16 full-year financial results

28 JUN
Despatch of Annual Report to shareholders

22 JUL
34th Annual General Meeting

26 JUL
Announcement of FY2016/17 first-quarter financial results

12 AUG
Payment of FY2015/16 final dividend

1 NOV
Announcement of FY2016/17 second-quarter financial results

2 NOV
Analyst briefing on FY2016/17 second-quarter financial results

2017

3 FEB
Announcement of FY2016/17 third-quarter financial results

12 MAY
Announcement of FY2016/17 full-year financial results

15 MAY
Analyst briefing on FY2016/17 full-year financial results

28 JUN
Despatch of Notice of Annual General Meeting to shareholders and website publication of Annual Report

20 JUL
35th Annual General Meeting

25 JUL
Announcement of FY2017/18 first-quarter financial results

8 AUG
Payment of FY2016/17 final dividend and special dividend

3 NOV
Announcement of FY2017/18 second-quarter financial results

6 NOV
Analyst briefing on FY2017/18 second-quarter financial results

STATISTICAL HIGHLIGHTS

	2016/17	2015/16	% Change
FINANCIAL STATISTICS[R1]			
Financial Results ($ million)			
Revenue	**1,104.1**	1,112.7	– 0.8
Expenditure	**1,032.1**	1,008.3	+ 2.4
Operating profit	**72.0**	104.4	– 31.0
Profit before taxation	**355.1**	202.0	+ 75.8
Profit attributable to owners of the parent	**332.4**	176.6	+ 88.2
Financial Position ($ million)			
Equity attributable to owners of the parent	**1,554.0**	1,485.5	+ 4.6
Total assets	**1,918.3**	1,822.1	+ 5.3
Return on equity holders' funds (%)[R2]	**21.9**	12.6	+ 9.3 pts
Value added ($ million)	**921.0**	709.1	+ 29.9
Per Share Data (cents)			
Earnings after tax – basic[R3]	**29.63**	15.74	+ 88.2
Earnings after tax – diluted[R4]	**29.57**	15.70	+ 88.3
Net asset value[R5]	**138.8**	132.4	+ 4.8
Dividends (cents per share)			
Interim dividend	**4.0**	6.0	– 33.3
Final dividend – ordinary	**9.0**#	8.0	+ 12.5
– special	**5.0**#	–	nm
PRODUCTIVITY AND EMPLOYEE DATA			
Average number of employees	**6,330**	6,188	+ 2.3
Revenue per employee ($)	**174,430**	179,810	– 3.0
Value added per employee ($)	**145,504**	114,589	+ 27.0

proposed

Notes:

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

The Company adheres to the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore (the "Code"). The Company has complied in all material aspects with the principles and guidelines set out in the Code and has taken into account, where relevant, the guidance provided by the Disclosure Guide on corporate governance issued by the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 29 January 2015. Where there are departures from the Code, these are explained under the relevant sections of this Report.

THE ROLE OF THE BOARD AND CONDUCT OF ITS AFFAIRS

(Principle 1)

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

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

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

The Board meets quarterly to review and approve, inter alia, the financial results of the Group. The Chairman meets the Independent Directors twice yearly in the absence of Management, the Chief Executive Officer (“CEO”) and the Non-Independent Directors. In FY2016/17, there were ten Non-Executive Directors (including the two Non-Executive Directors who retired at the close of the Annual General Meeting of the Company ("AGM") held on 22 July 2016), all of whom worked with Management to develop constructive proposals on strategy and reviewed the completion of agreed goals. Board meeting dates for each financial year are fixed in advance and notified to the Directors before the start of the year to facilitate full attendance. Additional meetings are convened as and when circumstances warrant. Records of meetings, including key deliberations and decisions taken, are maintained by the Company Secretary and the minutes of meetings are circulated to Directors for review and approval. Participation by telephone conferencing and approval by circulation also facilitate Board and Board Committee decision-making.

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

Orientation and Training of Directors

A formal letter of appointment is sent to an incoming Director, setting out his/her key duties and responsibilities. New appointees undergo an orientation programme, with comprehensive presentations by Management on the Group’s core businesses, operations, strategic plans and network of joint ventures, and undertake a tour of the Company’s operations and key joint venture facilities in Singapore.

The Company’s internally-developed “Director’s Handbook” provides new and existing Directors with an easy reference on, inter alia, their duties and obligations under prevailing rules and regulations in Singapore, and the Company’s key policies, processes and best practices in corporate governance. The handbook is regularly updated to address new developments in law.

The Nominating Committee identifies relevant training programmes for the consideration of Directors and the Company sponsors courses requested by Directors, as part of their ongoing training. These include programmes organised by the Singapore Institute of Directors (“SID”), the Temasek Management Services (“TMS”) Academy and others. In FY2016/17, some Directors attended the TMS Academy’s Directors-in-Dialogue forums on “The Digital Vortex: Implications for the Boardroom” and “Boards and Innovation: Creating Sustainable Growth Through Business Model Innovation”, the SID's forum on "Courage Under Fire: Embracing Disruption", as well as a conference by the Association of Professional Schools of International Affairs in partnership with the Lee Kuan Yew School of Public Policy and Foreign Affairs on "Has the Game Changed?”. As part of the training and professional development of the Board, the Company arranges for Directors to be briefed from time to time on changes to regulations, guidelines and accounting standards, as well as other relevant issues.

CORPORATE GOVERNANCE

BOARD COMPOSITION, BALANCE AND MEMBERSHIP

(Principles 2 & 4)

The composition of the Board and Board Committees (including current), and attendance at meetings held in FY2016/17 are as shown below:

	Main Board			Audit Committee		Nominating Committee		Compensation & HR Committee		Board Safety & Risk Committee		Board Committee[ii]
Name	**Status**	**Position**	**Att.[i]**	**Position**	**Att.[i]**	**Position**	**Att.[i]**	**Position**	**Att.[i]**	**Position**	**Att.[i]**	**Position**
Stephen Lee Ching Yen (last re-appointed on 24 Jul 2015, first appointed on 1 Dec 2005)	Non-Executive / Non-Independent	Chairman	5/5					Chairman	4/4			Member (wef 22 Jul 2016)
Tang Kin Fei (first appointed on 8 May 2017)	Non-Executive / Independent	Deputy Chairman	-	Member (wef 1 Jun 2017)	-					Member (wef 1 Jun 2017)	-	
Goh Choon Phong (last re-appointed on 24 Jul 2015, first appointed on 1 Jan 2011)	Non-Executive / Non-Independent	Member	5/5					Member	4/4			Member
Ng Chin Hwee (last re-appointed on 24 Jul 2015, first appointed on 18 Jul 2008)	Non-Executive / Non-Independent	Member	4/5			Member	4/4			Member	4/4	
Manohar Khiatani (last re-appointed on 22 Jul 2016, first appointed on 1 Apr 2013)	Non-Executive / Independent	Member	5/5	Member	4/4					Member	4/4	
Chew Teck Soon (last re-appointed on 22 Jul 2016, first appointed on 1 May 2013)	Non-Executive / Independent	Member	5/5	Chairman (wef 21 Jul 2016)	4/4	Member	4/4			Member (stepped down wef 1 Jun 2017)	4/4	
Christina Hon Kwee Fong (Christina Ong) (last re-appointed on 21 Jul 2014, first appointed on 1 Jan 2014)	Non-Executive / Independent	Member	5/5	Member	4/4	Member (wef 1 Jun 2016) Chairman (wef 21 Jul 2016)	3/3	Member (stepped down wef 1 Jun 2017)	4/4			
Tong Chong Heong (last re-appointed on 21 Jul 2014, first appointed on 1 Jun 2014)	Non-Executive / Independent	Member	5/5			Member (stepped down wef 1 Jun 2017)	4/4	Member	4/4	Chairman (wef 21 Jul 2016)	4/4	
Raj Thampuran (first appointed on 1 Sep 2016)	Non-Executive / Independent	Member	2/2	Member (wef 1 Nov 2016)	1/1							
Wee Siew Kim (first appointed on 8 May 2017)	Non-Executive / Independent	Member	-					Member (wef 1 Jun 2017)	-	Member (wef 1 Jun 2017)	-	
Png Kim Chiang[iii] (first appointed on 1 Nov 2016)	Executive / Non-Independent	Member	2/2									
Ron Foo Siang Guan (relinquished all Committee appointments on 21 Jul 2016 and retired on 22 Jul 2016)	Non-Executive / Independent	Member	1/1	Chairman	2/2							Member
Oo Soon Hee (relinquished all Committee appointments on 21 Jul 2016 and retired on 22 Jul 2016)	Non-Executive / Independent	Member	1/1			Chairman	2/2			Chairman	2/2	
Total Number of Meetings Held In FY2016/17			5		4		4		4		4	

Notes:

(i) "Att." refers to the number of Board and Board Committee meetings attended by the respective Directors for the period served in FY2016/17.

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

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

Of the ten Non-Executive Directors on the current Board, seven are Independent Directors. The Company has thus satisfied the requirement under the Code that Independent Directors comprise at least half the Board where the Chairman is not an Independent Director. The high representation of Independent Directors serves the Company well. The Board has, at all times, exercised independent judgment in decision-making, using its collective expertise and experience to act in the best interests of the Company. A Director who has an interest in a matter under discussion will declare his interest and abstain from the decision-making process. There are no alternate Directors.

The Board, through the Nominating Committee, reviews the size and composition of the Board, taking into consideration the need to balance the diversity of skill sets and experience with the independence element. The Board considers the present Board size and the number of Board Committees to be sufficient, taking into account the scope and nature of the Company's operations. The Board has the requisite balance of expertise, skills and attributes to oversee the Company's growing businesses. Collectively, the Board has competencies in areas such as airline operations, accounting, finance, law, engineering, information technology, logistics management, business space solutions, human resource development, innovation and advancing technologies as well as experience in key markets.

The Company is committed to having diversity on the Board, taking initiatives designed to attract the most talented individuals as Directors, regardless of their gender, race, ethnicity, religion, age, disability status or any other dimension of diversity. The Company views diversity as an important element to ensure that Board members provide the necessary range of perspectives, insights, experience and expertise for effective stewardship and management of the Company's business. In relation to gender diversity, the Company is of the view that gender is but one aspect of diversity and the Company's Directors will continue to be selected on the basis of their experience, skills, knowledge and insights. From time to time, the Company has had suitably qualified female Directors on the Board, including the current Director, Mrs Christina Ong. The Chairman (who was a director of Singapore Airlines Limited ("SIA") up till 31 December 2016) and the two SIA-appointed Directors also bring to the Company a wealth of airline industry experience. Directors' profiles appear on pages 49 to 61.

Directors are subject to retirement and re-election at least once every three years. One-third of the longest serving Directors will retire by rotation at every AGM. For information on Directors who are proposed for re-election at the AGM, please refer to page 41.

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

The Board has examined the different relationships identified by the Code that might impair Directors' independence and objectivity, and is satisfied that none of them apply in relation to the Independent Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

(Principle 3)

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

The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board. At meetings, the Chairman encourages constructive engagement within the Board and between Directors and Management, and ensures effective decision-making. The Chairman also encourages the Board's interaction with, and independent access to Key Executives. The Chairman sets the agenda and dedicates sufficient time for discussions, especially on material developments and strategic matters. The Chairman also ensures that Management provides complete, adequate and timely information to Directors, and that there is effective communication with shareholders.

At AGMs and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management of the Company. The CEO (who is an Executive Director) manages the business of the Company. He chairs the weekly Management Committee ("MC") meetings, attended by Management. The CEO and MC deliberate on, inter alia, policy and operational issues, and implement Board decisions. The Senior Management Committee ("SMC"), which decides on matters delegated to it by the Board and the Board Committees, is chaired by the CEO, and members include the Executive Vice President Operations as well as the Senior Vice Presidents ("SVP").

By virtue of his position as the Chairman of SIA up till 31 December 2016, the Chairman is considered to be Non-Independent. However, the Chairman and the CEO are separate persons, are not related to each other and the Chairman is not involved in the day-to-day running of the Company's business and operations. The Chairman is therefore considered to be independent of Management. Moreover, a majority of the members of the Board and the Board Committees, including the Chairman of each of the Board Committees, are Independent Directors or deemed to be independent (as in the case of the Compensation & HR Committee Chairman, where the Chairman is deemed to be able to exercise independent judgement and take an objective view from Management in deciding on remuneration matters, notwithstanding that he is not considered independent under the Code). Accordingly, the Nominating Committee and the Board are of the view that the appointment of a Lead Independent Director is not necessary for the time being. The Board will review the need for the appointment of a Lead Independent Director as part of its continuous assessment of best corporate governance practices, and will appoint a Lead Independent Director if and when it determines that such an appointment is warranted.

BOARD PERFORMANCE

(Principle 5)

The Board has a formal process, which is overseen by the Nominating Committee, for assessing the effectiveness of the Board as a whole and the Board Committees, as well as the contributions of the Chairman and individual Directors. For impartiality, the process is managed by an external firm of human resource consultants, who have no other connection with the Company or any of its Directors. The process, comprising an assessment of both qualitative and quantitative criteria, enables the Nominating Committee and the Board to enhance the effectiveness of the Board and its Board Committees. This is the Company's fifteenth year of evaluating Board performance. For FY2016/17, the external consultants concluded that, overall, the Board had met its performance objectives.

The qualitative assessment includes a questionnaire designed to measure the overall performance of the Board and the Board Committees based on evaluation factors such as Board composition and succession planning, information and risk management, Board processes and Director development, corporate integrity and social responsibility management, and also incorporates a peer assessment of individual performance, including each Director's engagement in decision-making, devotion of time to the affairs of the Company and his/her contributions to the Board and relevant Board Committees. The quantitative assessment measures the Board's performance against key financial indicators. The overall performance is also benchmarked against the best practices of the Code. The Nominating Committee, in consultation with the Chairman, takes appropriate actions to address the consultant's findings of the performance assessment.

ACCESS TO INFORMATION AND ACCOUNTABILITY
(Principles 6 and 10)

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

Directors are provided with papers and related materials, including background or explanatory information relating to matters brought before the Board, well in advance of the meetings of the Board and the Board Committees, or deadlines for decisions, to enable them to make well-considered decisions in a timely manner. In line with the Company's commitment to limit paper wastage and reduce its carbon footprint, the Company provides Directors with tablet devices to enable them to access and read Board and Board Committee papers prior to and at meetings. This initiative also enhances information security as the papers are downloaded to tablet devices through an encrypted channel. Among other documents, budgets and forecasts are also provided to Directors, and in respect of budgets, any material variance between the projections and actual results are explained and monitored. The Board has a process for Directors, either individually or collectively, to seek independent external advice at the Company's expense in furtherance of their duties.

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

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

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

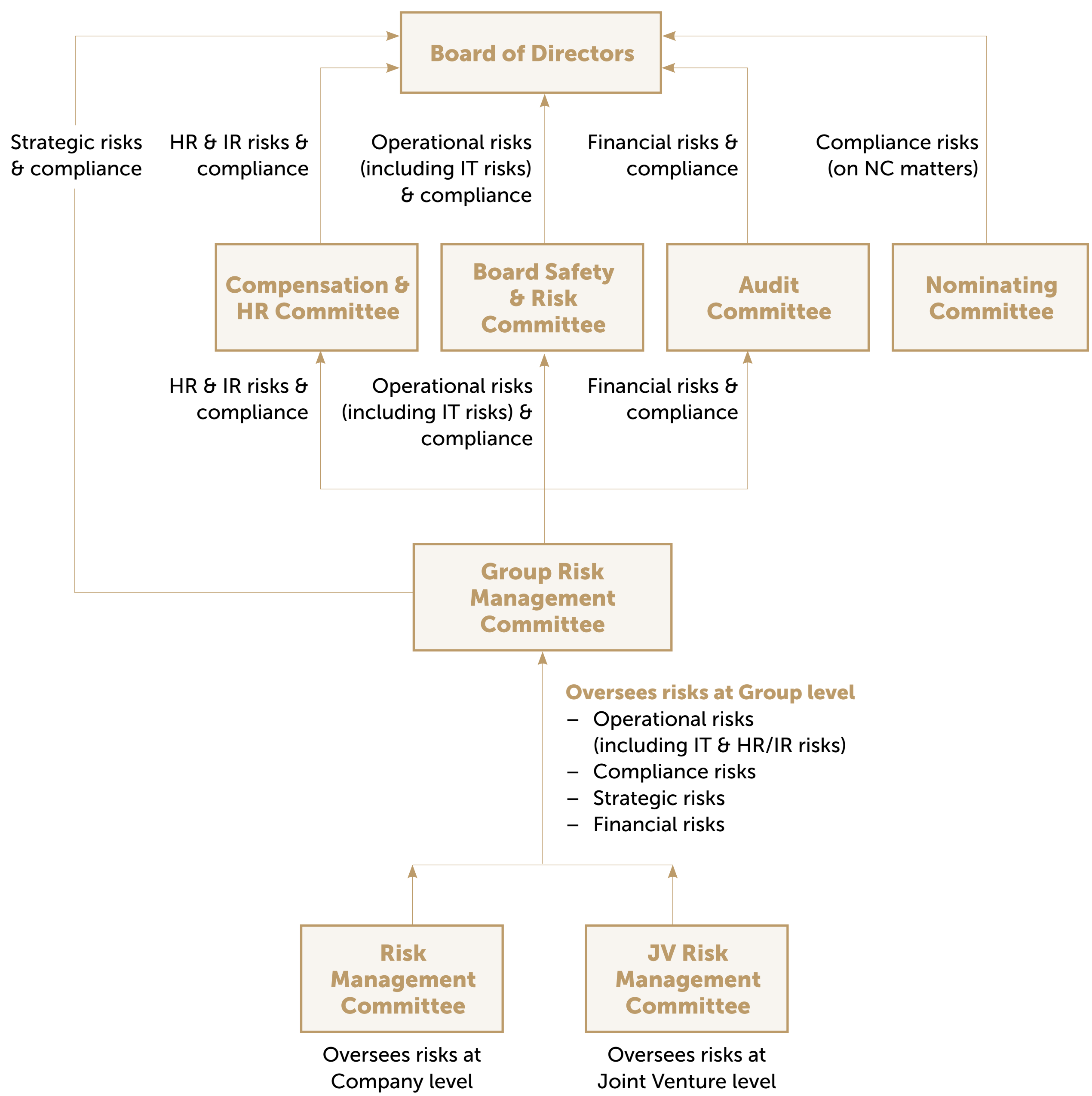
CORPORATE GOVERNANCE

RISK MANAGEMENT

(Principle 11)

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

SIAEC GROUP RISK MANAGEMENT FRAMEWORK



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

Management is responsible for the implementation of the risk management strategy, policies and processes to facilitate the achievement of the Group's business and strategic objectives. Key risks are proactively identified, addressed and reviewed on an ongoing basis. The Company advocates a continuous and iterative risk management process, which was developed with reference to the principles and guidelines of the ISO 31000:2009 risk management standards and the Code.

The Risk Management Committee oversees the management of key risks at the Company level, while the Joint Ventures Risk Management Committee oversees the management of the key risks of subsidiary, joint venture and associated companies. Both Committees report to the Group Risk Management Committee (chaired by the CEO), which has oversight of the risks faced by the Group.

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

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

BOARD SAFETY & RISK COMMITTEE

During FY2016/17, the Committee comprised four Non-Executive Directors, the majority of whom, including the Chairman, are independent. The members of the Board Safety & Risk Committee in FY2016/17 were:

Chairman:	Mr Oo Soon Hee *(relinquished appointment as Chairman on 21 July 2016)*
	Mr Tong Chong Heong *(appointed as Chairman on 21 July 2016)*
Members:	Mr Ng Chin Hwee
	Mr Chew Teck Soon
	Mr Manohar Khiatani

Mr Tang Kin Fei and Mr Wee Siew Kim were appointed to the Board Safety & Risk Committee on 1 June 2017. Mr Chew Teck Soon stepped down from the Board Safety & Risk Committee on 1 June 2017.

The Board Safety & Risk Committee held four meetings in FY2016/17.

The risk management framework sets out the policies, processes and procedures for identifying, evaluating and managing risks. The risks identified are wide-ranging, covering strategic, financial, operational, information technology, compliance and human resources/industrial relations risks.

Strategic risks pertaining to the Group's business are overseen directly by the Board. The Board Safety & Risk Committee maintains oversight of the operational and information technology risks. The Audit Committee has oversight of the financial risks, while the Compensation & HR Committee oversees the human resources/industrial relations risks. The Nominating Committee maintains oversight of compliance risks on matters relating to nominations to, and membership of, the Board and Board Committees.

The Board and the Board Committees oversee compliance with the Code's requirements under their respective purview, and explain deviations as required by the Code, taking into account relevant obligations under the Listing Manual.

Management is guided by the Board and the Board Safety & Risk Committee in formulating the risk management framework, policies and guidelines. Key risk issues are surfaced by Management to the Board and Board Committees for discussion and decision. Management is responsible for the identification and management of risks. A holistic approach to identifying and managing risks aims to instill effective risk ownership across the organisation. To ensure the continuing relevance and adequacy of identified risks and the effectiveness of preventive and mitigating measures, the Group's risk registers are reviewed by the three Risk Management Committees and the divisions in the organisation every six months. During these half-yearly reviews, close attention is also directed at identifying new and emerging risks.

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

As part of our continuing efforts to enhance the robustness of our crisis management plans, a Company-wide crisis management exercise is conducted yearly. Crisis management and communication plans and procedures are regularly reviewed and refined, to ensure that responses in a crisis are coordinated and effective. Incidents that had taken place in the aviation and related industries are reviewed and learning points applied to strengthen the Company's crisis management processes. On an ongoing basis, business units and support divisions conduct tests of business continuity plans to ensure their preparedness and the effectiveness of responses to disruptions of critical business functions.

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

On a yearly basis, the risk management system is audited by the Internal Audit Department of SIA, the Company's parent ("SIA Internal Audit"), to ensure the adequacy and effectiveness of risk controls, and compliance of risk management framework and procedures by the divisions in the organisation. Additionally, the Group has in place a formal programme of control self-assessments, whereby Management and line personnel are involved in the ongoing assessment and improvement of risk management and controls. Annually, the CEO, the Chief Financial Officer ("CFO") and the Chairman of each Risk Committee provide the Board Safety & Risk Committee a written assurance on the effectiveness of the risk management system. Periodically, an external consulting firm is engaged to conduct an independent assessment of the Group's risk management system, framework and processes, and to benchmark against best practices in the industry.

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

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

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

The Company holds certifications from 27 national airworthiness authorities, including Singapore and major aviation jurisdictions worldwide. Operating in a highly regulated industry, the Group is subject to regular audits conducted by airworthiness authorities and customer airlines on its adherence to mandated standards of safety and quality.

Safety and Pursuit of Excellence are core values of the Company. Through ongoing and new training programmes and campaigns, staff are regularly engaged on the priority of maintaining high standards of safety and quality at the workplace. Leveraging the expertise of an international safety consultant, the Company embarked on a Safety Excellence Programme in 2016. A comprehensive three-year safety programme was developed, involving the participation of all staff, to inculcate a strong and sustainable safety culture within the Company.

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

Based on the review of the Group's risk management framework, policies and practices, and reviews performed by the Board, Board Committees and Management, the Board is of the opinion that the Group's risk management system in respect of the risks (including financial, operational, compliance and information technology risks) which the Group considers relevant and material to its operations, was adequate and effective as at 31 March 2017. The Board has found no significant evidence to suggest that these risks are not being satisfactorily managed.

AUDIT COMMITTEE

(Principle 12)

During FY2016/17, the Audit Committee comprised four Non-Executive Directors, all of whom are Independent Directors. The members of the Audit Committee during FY2016/17 were:

Chairman:	Mr Ron Foo Siang Guan *(relinquished appointment as Chairman on 21 July 2016)*
	Mr Chew Teck Soon *(appointed as Chairman on 21 July 2016)*
Members:	Mr Manohar Khiatani
	Mrs Christina Ong
	Dr Raj Thampuran *(appointed on 1 November 2016)*

Mr Tang Kin Fei was appointed to the Audit Committee on 1 June 2017.

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

The appointment of Mr Tang Kin Fei to the Audit Committee with effect from 1 June 2017 will add to the collective experience of the Audit Committee.

The Audit Committee met four times during the financial year with Management and the internal and external auditors of the Company. The attendance of individual Directors at these meetings is shown on page 20 of the Annual Report.

In the course of the financial year, the Audit Committee performed the following key duties in accordance with the terms of reference under its Charter as delegated by the Board.

(a) Financial Reporting

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

(b) External Audit

The Audit Committee discussed with the external auditors the audit plan, and the report on the audit of the year-end financial statements; and reviewed the external auditors' management letter and Management's responses thereto. The Audit Committee discussed with Management and the external auditors the key areas of Management's estimates and judgment applied in the preparation of the financial statements, the most significant of which have been highlighted as Key Audit Matters ("KAMs") in the Independent Auditors' Report for the year ended 31 March 2017. Please refer to pages 75 to 82 for the Independent Auditors' Report. The Audit Committee's commentary on the KAMs is as follows:

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

The Audit Committee reviewed the external auditors' objectivity and independence from Management and the Company, as well as the fees paid to the auditors. Fees of $322,141 were paid to the external auditors of the Group during the year for audit and non-audit services. Of this, fees for non-audit services amounted to $45,900. The Audit Committee is of the opinion that the amount of fees paid for non-audit services did not compromise the external auditors' independence.

The Audit Committee considered and recommended to the Board the re-appointment of the external auditors, and the audit fee for the year ended 31 March 2017.

The Company has complied with Rules 712 and 715 of the Listing Manual in relation to its engagement of auditors for the year ended 31 March 2017.

(c) Internal Audit

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

(d) Internal Controls and Risk Management

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

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

(e) Interested Person Transactions

The Audit Committee reviewed interested person transactions in compliance with the Listing Manual and the Shareholders' Mandate obtained at the last Annual General Meeting. The Audit Committee was assisted by the internal auditors in its review of interested person transactions and the Shareholders' Mandate.

(f) Whistle-Blowing

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

(g) Others

The Audit Committee has explicit authority to investigate any matter within its terms of reference, and has full access to and co-operation of Management. The Audit Committee also has full discretion to invite any Director or executive officer to attend its meetings, and has been given adequate resources to discharge its functions. The Audit Committee met with the internal and external auditors without the presence of Management every quarter.

INTERNAL AUDIT

(Principle 13)

The Company has an internal audit function. The Audit Committee approves the hiring, removal, evaluation and compensation of the internal audit function. The internal audit function is designed to provide reasonable assurance about the adequacy, effectiveness and efficiency of operations controls; the reliability of financial information processes; compliance with applicable laws and regulations; and compliance with policies and procedures of the Company, its subsidiary and joint venture and associated companies.

The Company's internal audit function is undertaken by SIA Internal Audit, pursuant to an agreement between the Company and SIA. The internal auditors report directly to the Chairman of the Audit Committee. Annually, the Audit Committee evaluates the adequacy and effectiveness of the internal audit function, the continuation of the engagement of SIA Internal Audit for performance of the internal audit function as well as the fee payable to them. In situations where the audit work to be carried out by SIA Internal Audit could give rise to potential conflicts of interest, such as audit work relating to transactions between the Company and SIA, the Audit Committee may authorise such audit work to be carried out by an independent third party as it deems appropriate. The Audit Committee is satisfied that SIA Internal Audit has adequate resources to perform its functions, and has appropriate standing within the Company.

SIA Internal Audit has unfettered access to all of the Company's documents, records, properties and personnel, including access to the Audit Committee. All significant audit findings and recommendations made by SIA Internal Audit are reported to the Audit Committee. Significant issues are discussed at the Audit Committee meetings. SIA Internal Audit follows up on all recommendations to ensure that Management has implemented the recommendations in a timely manner, and reports the results to the Audit Committee every quarter.

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

INTERNAL CONTROLS AND RISK MANAGEMENT

(Principle 11)

The Company has in place a risk management framework (outlined in pages 24 to 27) to oversee the management of the Group's risks, which include strategic, operational, safety, compliance, financial and information technology risks. As can be seen from the outline on page 24, the Board and the Board Committees have responsibility for the management of key risks under their respective purview.

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

A control self assessment ("CSA") programme, established since FY2003/04, provides a tangible control framework that establishes control ownership among functional managers and staff in their areas of responsibilities. The self assessments made by functional managers provide the assurance that key controls to address the financial, operational, compliance and information technology risks identified to be relevant and material to the Company's operations are working. Internal audits complement the CSA programme by providing an independent and objective assessment of the processes and controls which may have a material financial impact on the Company. Internal Audit and CSA results are reviewed by the Audit Committee.

Additionally, as the Group operates in a regulated industry, the Company is also subject to regular audits by airworthiness authorities and customers. The Company holds certifications from 27 airworthiness authorities worldwide, including the Civil Aviation Authority of Singapore, the Federal Aviation Administration and the European Aviation Safety Agency. These authorities, as well as the Company's customers, conduct regular audits of the operations of the Company to ensure adherence to operational and safety procedures. In FY2016/17, the Company underwent 56 audits by the authorities and 124 audits by customers. All of the certifications and approvals under the audits have been renewed.

The Board has received assurance from the CEO and the CFO that the Group's framework of internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 March 2017 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations, and that the financial records have been properly maintained and the consolidated financial statements give a true and fair view of the Group's operations and finances.

Based on the framework of internal controls established and maintained by the Company, work performed by the internal and external auditors and the airworthiness authorities, and the reviews performed by Management and the relevant Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations, were adequate and effective as at 31 March 2017.

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

COMPENSATION & HR COMMITTEE

(Principle 7)

The Compensation & HR Committee comprises four Non-Executive Directors. Mr Stephen Lee Ching Yen, the Chairman of the Compensation & HR Committee, is not considered independent under the Code by virtue of his position as the Chairman of SIA up till 31 December 2016 and by virtue of the fact that he has served more than 10 years on the SIAEC Board. Nonetheless, the Board and the Nominating Committee are of the view that Mr Lee, being a Non-Executive Chairman, is able to exercise independent judgment and take an objective view from Management in deciding on remuneration matters under the purview of the Compensation & HR Committee. Two other members of the Compensation & HR Committee are Independent Directors.

The members of the Compensation & HR Committee during FY2016/17 were:

Chairman:	Mr Stephen Lee Ching Yen
Members:	Mr Goh Choon Phong
	Mrs Christina Ong
	Mr Tong Chong Heong

Mr Wee Siew Kim was appointed to the Compensation & HR Committee on 1 June 2017. Mrs Christina Ong stepped down from the Compensation & HR Committee on 1 June 2017.

The Compensation & HR Committee, guided by the principles of the Code, and in accordance with the terms of reference under its Charter as delegated by the Board:

(a) reviews and recommends the general framework of remuneration and the specific remuneration of the Non-Executive Directors, the CEO and the relevant Key Executives who hold the rank of SVP and above, for the endorsement of the Board;
(b) covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits in kind; and
(c) reviews and recommends to the Board the key terms and conditions of appointment of the CEO and Key Executives, scope of duties, and compensation, and decides on the compensation packages to recruit, retain and motivate senior management staff who hold the rank of Vice President ("VP"), which are fair and performance related, with reference to market data provided by recognised surveys of comparative groups in the aerospace and general sectors.

An independent consultant is engaged to provide advice to the Compensation & HR Committee on market practices and benchmark data and recommendations on senior executive remuneration, including incentive and share plans. For FY2016/17, Carrots Consulting Pte Ltd was engaged to provide such services, the principal adviser being Mr Johan Grundlingh. Carrots Consulting Pte Ltd only provides remuneration consulting services to the Company, and has no other relationship with the Company which could affect its independence and objectivity.

The Compensation & HR Committee is also responsible for reviewing the eligibility, guidelines, allotment, awards and payouts under the Company's Restricted Share Plan ("RSP"), Performance Share Plan ("PSP"), Profit-Sharing Bonus ("PSB"), Strategic Transformational Incentive Plan ("STIP") and Economic Value Added ("EVA")-Based Incentive Plan ("EBIP").

During FY2016/17, the Compensation & HR Committee held four meetings and performed, inter alia, the following main functions:

(a) conducted a review of the FY2014/15 and FY2015/16 RSP performance to-date;
(b) conducted a review of the FY2013/14, FY2014/15 and FY2015/16 PSP performance to-date;
(c) determined the allotment for the 11th RSP and PSP grants for FY2016/17;
(d) reviewed the payouts under the EBIP;
(e) reviewed and recommended the total compensation framework for Key Executives for the Board's approval;
(f) conducted the annual performance and compensation review for Key Executives;
(g) reviewed the fees payable to Directors for FY2016/17;
(h) reviewed the updates to the Compensation & HR Committee's terms of reference;
(i) reviewed and endorsed the 2017 Succession Development Plan for the Company, including the CEO/SVP Succession Plan;
(j) reviewed the HR Strategy for 2017;
(k) reviewed the mandate for share buy back ("SBB");
(l) reviewed the Company's compliance with guidelines under the Code, the ASEAN Corporate Governance Scorecard and the SGX-ST Disclosure Guide on Remuneration Matters;
(m) reviewed the Company's obligations in the event of termination of any Executive Directors' or Key Executives' contracts of service to ensure fair and reasonable terms are accorded;
(n) reviewed Human Capital matters arising from Board Strategy; and
(o) reviewed all HR Risk Management activities and the measures that are put in place to mitigate the human resource and industrial relations risks.

REMUNERATION REPORT

(Principles 8 & 9)

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

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

Non-Executive Directors' remuneration for FY2016/17 was derived using the same rates as FY2015/16. Information on the rates and the actual fees paid are shown in the tables below:

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

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

The remuneration in respect of each Director for FY2016/17 is as shown:

	Fee ($)	Salary ($)	Bonuses(v) ($)	Benefits ($)	Shares(vi) ($)	Total ($)
Stephen Lee Ching Yen	156,932	–	–	–	–	156,932
Goh Choon Phong(i)	90,000	–	–	–	–	90,000
Ng Chin Hwee(i)	89,000	–	–	–	–	89,000
Manohar Khiatani	100,000	–	–	–	–	100,000
Chew Teck Soon	116,959	–	–	–	–	116,959
Christina Ong	115,288	–	–	–	–	115,288
Tong Chong Heong	106,959	–	–	–	–	106,959
Raj Thampuran(ii)	48,027	–	–	–	–	48,027
Ron Foo Siang Guan(iii)	33,314	–	–	–	–	33,314
Oo Soon Hee(iii)	33,287	–	–	–	–	33,287
Png Kim Chiang(iv)	–	633,360	707,206	65,208	456,908	1,862,682

Notes:

(i) Directors' fees in respect of Mr Goh Choon Phong and Mr Ng Chin Hwee were paid to and retained by SIA.

(ii) Dr Raj Thampuran was appointed Director with effect from 1 September 2016, and the fees due to him were paid to the Directorship & Consultancy Appointments Council.

(iii) Both Mr Ron Foo and Mr Oo Soo Hee retired as Directors on 22 July 2016.

(iv) Mr Png Kim Chiang was appointed Director with effect from 1 November 2016. As Chief Executive Officer, Mr Png Kim Chiang does not receive any Director's fees.

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

(vi) Comprises shares awarded under the RSP and PSP during FY2016/17; the value of awards is based on the fair value of the shares awarded under the RSP ($3.42) and PSP ($3.41). Shares awarded under the RSP and PSP are subject to performance targets and other terms and conditions being met under the respective share plans.

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

There were no employees who were immediate family members of a Director or the CEO, and whose remuneration exceeded $50,000 for the financial year ended 31 March 2017.

CORPORATE GOVERNANCE

KEY EXECUTIVES' REMUNERATION

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

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

The remuneration of the Company's Key Executives for FY2016/17 is shown in the table on page 33 (for the CEO) and in the table below, in bands of $250,000 (for other Key Executives):

Remuneration Bands & Key Executives	Salary (%)	Bonuses(i) (%)	Benefits (%)	Shares(ii) (%)	Total (%)
$1,000,000 – $1,250,000					
Ivan Neo Seok Kok Executive Vice President Operations	35	50	2	13	100
$750,000 – $1,000,000					
Zarina Piperdi SVP Human Resources	35	49	2	14	100
Anne Ang Lian Choo SVP Finance/CFO	36	48	2	14	100
Wong Yue Jeen SVP Partnership Management & Business Development	31	53	1	15	100
$500,000 – $750,000					
Philip Quek(iii) SVP Line Maintenance & Fleet Management	38	49	2	11	100
$250,000 – $500,000					
Foo Kean Shuh(iv) SVP Innovation & Technology	59	38	3	–	100

Notes:

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

(ii) Comprises shares awarded under the RSP and PSP during FY2016/17; the value of awards is based on the fair value of the shares awarded under the RSP ($3.42) and PSP ($3.41). Shares awarded under the RSP and PSP are subject to performance targets and other terms and conditions being met under the respective share plans.

(iii) Mr Philip Quek was appointed SVP Line Maintenance and Fleet Management with effect from 1 October 2016. His remuneration includes the amount paid during his appointment as a Vice President before 1 October 2016.

(iv) Mr Foo Kean Shuh was seconded to the Company from SIA on 1 June 2016. His remuneration reflects only his salary, STIP and PSB; his RSP was granted by SIA.

For FY2016/17, other than the in-service and post-retirement travel benefits for Key Executives and the previous CEO, there were no termination, retirement and post-employment benefits granted to Directors, the current CEO[1] and the Key Executives.

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

For FY2016/17, the aggregate total remuneration for the six Key Executives listed above amounted to $4,610,425.

Economic Value Added-Based Incentive Plan

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

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

For FY2016/17, the actual performance of the Group had outperformed the pre-determined targets, and the resulting annual incentive declared under the EBIP reflects the performance level achieved.

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

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

Strategic Transformational Incentive Plan

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

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

Profit-Sharing Bonus

Payment of an annual PSB in respect of each Key Executive is based on the achievement of financial and operating objectives of the Group and the Company and taking into account individual performance.

The PSB is based on Group and Company performance and is capped at two times of the monthly base salary for each Key Executive, or a higher level approved by the Compensation & HR Committee. After the assessment of the Individual Performance Scorecards, an Individual Performance Rating is determined and is subsequently used to modify the PSB payout within the range of 0% – 150%.

Share Incentive Plans

The RSP and PSP are share-based incentive plans approved by the shareholders of the Company. The details of the two plans are described below:

	Restricted Share Plan	Performance Share Plan
Plan Description	Award of fully-paid ordinary shares of the Company, dependent on position level and individual performance targets 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.
Performance Conditions	• Group and Company EBITDA# Margin • Group and Company Value Added per $ Employment Cost The above performance conditions are selected as they are the key operational drivers of shareholder value and are aligned to the Group and Company's business objectives.	• Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE) • Return on Equity (ROE) The above performance measures are selected as key measurement of value-creation for shareholders.
Vesting Condition	<u>Awards granted prior to FY2016/17</u> Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements. <u>Awards granted in FY2016/17</u> Based on meeting stated performance conditions over a one-year performance period, 1/3 of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over the three-year performance period.
Payout	0%–150% depending on the achievement of pre-set performance targets over the performance period.	0%–200% depending on the achievement of pre-set performance targets over the performance period.

Note:

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

The achievement factor for the RSP award granted in FY2015/16, which commences vesting in July 2017, reflects the extent to which the pre-determined target performance levels were outperformed for the two-year performance period of FY2015/16 and FY2016/17. The achievement factor for the RSP award granted in FY2016/17, which commences vesting in July 2017, reflects the extent to which the pre-determined target performance levels were partially met for the one-year performance period of FY2016/17.

The achievement factor for the PSP award granted in FY2014/15 results in nil vesting, and reflects the extent to which the pre-determined target performance levels were not met for the three-year performance period from FY2014/15 to FY2016/17.

The achievement factors in respect of the FY2016/17 RSP and the FY2014/15 PSP reflect the challenging operating environment which led to revenue and profit declines for the Group.

The RSP and PSP were originally adopted by shareholders on 25 July 2005, and were replaced by the SIAEC RSP 2014 and SIAEC PSP 2014 which were approved by shareholders at the Extraordinary General Meeting of the Company held on 21 July 2014. The new share plans have substantially the same terms as the previous plans, except that the total number of shares which may be delivered under the new share plans (whether in the form of shares or cash in lieu of shares) will be subject to a reduced maximum limit of 5%. In addition, the total number of shares under awards to be granted annually under the new share plans shall not exceed 0.5% of the total number of issued shares (excluding treasury shares) from time to time (the "Annual Grant Sub-Limit"). However, if the Annual Grant Sub-Limit is not fully utilised in any given year, the balance of the unutilised Annual Grant Sub-Limit may be used by the Company to make grants of awards in subsequent years.

Details of the RSP and PSP (previous and current), and the awards granted thereunder, can be found on pages 72 to 73 and pages 171 to 172 in this Annual Report.

Pay for Performance Alignment

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

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

- Financial and Business
- Operations and Investments
- People and Organisational Development
- Strategic and Transformational Projects

Compensation Risk Assessment

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

CORPORATE GOVERNANCE

PROFILE OF SENIOR EXECUTIVES

Mr Png Kim Chiang
Director and Chief Executive Officer

Mr Png is a Director and the Chief Executive Officer of SIAEC. He joined SIA in 1975 and has had 42 years of experience in the aerospace industry.

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

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

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

Mr Ivan Neo Seok Kok
Executive Vice President Operations

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

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

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

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

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

Ms Ang is the Deputy Chairperson of Eagle Services Asia Pte Ltd and a Director of Aviation Partnership (Philippines) Corporation and Pan Asia Pacific Aviation Services Ltd.

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

Ms Zarina Piperdi
Senior Vice President Human Resources

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

Ms Piperdi is the Chairperson of Fuel Accessory Service Technologies Pte Ltd and a Director of Component Aerospace Singapore Pte Ltd and International Aerospace Tubes-Asia Pte Ltd.

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

Mr Wong Yue Jeen
Senior Vice President Partnership Management & Business Development

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

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

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

Mr Philip Quek Cher Heong
Senior Vice President Line Maintenance and Fleet Management

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

Mr Quek is the Chairman of Aircraft Maintenance Services Australia and a Director of Boeing Asia Pacific Aviation Services Pte Ltd and Southern Airports Aircraft Maintenance Services Co. Ltd (Vietnam).

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

Mr Foo Kean Shuh
Senior Vice President Innovation & Technology

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

On 1 June 2016, Mr Foo was appointed as Senior Vice President Innovation & Technology in SIAEC. He currently oversees the Engineering and IT Divisions. He is also a Director of Pan Asia Pacific Aviation Services Ltd.

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

NOMINATING COMMITTEE

(Principle 4)

During FY2016/17, the Nominating Committee comprised four Non-Executive Directors, three of whom, including the Chairman, are independent. The key responsibilities of the Nominating Committee, in accordance with the terms of its Charter, are set out in the subsequent paragraphs. The members of the Nominating Committee during FY2016/17 were:

Chairman	Mr Oo Soon Hee *(relinquished appointment as Chairman on 21 July 2016)*
	Mrs Christina Ong *(appointed as member on 1 June 2016 and as Chairman on 21 July 2016)*
Members	Mr Ng Chin Hwee
	Mr Chew Teck Soon
	Mr Tong Chong Heong

Mr Tong Chong Heong stepped down from the Nominating Committee on 1 June 2017.

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

Annually, the Nominating Committee reviews the process for the nomination and selection of Directors, in terms of whether it meets the Company's commitment on Board diversity and other criteria prescribed by the Board, as well as each Director's independence, taking into consideration the relevant guidelines of the Code.

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

In FY2016/17, the Nominating Committee recommended the appointments of Dr Raj Thampuran and the CEO, Mr Png Kim Chiang, as Directors with effect from 1 September 2016 and 1 November 2016, respectively. In April 2017, the Nominating Committee recommended the appointments of Mr Tang Kin Fei and Mr Wee Siew Kim as Directors with effect from 8 May 2017. All these appointments were approved by the Board, and Mr Tang Kin Fei was elected as Deputy Chairman of the Board. Dr Raj Thampuran, Mr Tang Kin Fei and Mr Wee Siew Kim are considered independent Directors, while Mr Png Kim Chiang is non-independent.

Annually and from time to time, the Nominating Committee evaluates the need to appoint a Lead Independent Director and, after considering the reasons cited in the final paragraph of the write-up under Principle 3, the Nominating Committee and the Board agreed that the appointment of a Lead Independent Director was not necessary for the time being. The Nominating Committee also reviews compliance with the Code requirements under its purview, and deviations are explained.

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

Having reviewed the contributions of each Director and his/her attention to the affairs of the Company, taking into account his/her executive appointments, listed company board representations, other principal commitments, and the record of each Director's attendance at Board and Board Committee meetings for FY2016/17, the Nominating Committee was of the view that each Director had carried out his/her duties adequately. Accordingly, the Board has determined that there is no necessity, for the time being, to set a maximum limit on a Director's other listed board representations. The Company will continue to disclose each Director's listed company board directorships and principal commitments in the Company's Annual Report.

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

At the 35th AGM to be held on 20 July 2017, Mr Ng Chin Hwee, Mrs Christina Ong and Mr Tong Chong Heong will retire under Article 90 of the Company's Constitution. Mr Tang Kin Fei, Dr Raj Thampuran, Mr Wee Siew Kim and Mr Png Kim Chiang will retire under Article 96 of the Company's Constitution.

After assessing their respective contributions, including their attendance, preparedness, participation and candour at Board and Board Committee meetings, the Nominating Committee recommends the re-election of Mr Ng Chin Hwee, Mrs Christina Ong, Mr Tong Chong Heong, Mr Tang Kin Fei, Dr Raj Thampuran, Mr Wee Siew Kim and Mr Png Kim Chiang, all of whom are willing to serve.

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

(a) reviewed the composition of the Board and Board Committees, Board size and the Skills Matrix, which was updated to reflect the skills and expertise of new appointees;
(b) recommended the following appointments: Mrs Christina Ong as a member of the Nominating Committee with effect from 1 June 2016 and subsequently (with Mrs Ong abstaining), as the Chairman of the Nominating Committee with effect from 21 July 2016, Mr Stephen Lee as a member of the Board Committee with effect from 22 July 2016, and Dr Raj Thampuran as a member of the Audit Committee with effect from 1 November 2016;
(c) recommended the appointments of Dr Raj Thampuran and Mr Png Kim Chiang as Directors, with effect from 1 September 2016 and 1 November 2016 respectively;
(d) reviewed and affirmed the independence/non-independence of each Director based on his/her declaration;
(e) considered and agreed that, given the prevailing circumstances (as explained on page 22), the appointment of a Lead Independent Director was not necessary for the time being;
(f) considered and recommended Directors to retire by rotation and seek re-election at the AGM;
(g) considered ongoing training of Directors, and recommended suitable training programmes;
(h) assessed if a Director was able to and had carried out his/her duties as Director of the Company considering his/her other Board appointments;
(i) reviewed the report and findings of the consultant on Board performance evaluation; and
(j) reviewed the compliance of the Nominating Committee with the relevant requirements of the Code.

The Company has no alternate Directors on its Board.

BOARD COMMITTEE

The Board Committee deputises for the Board on routine matters to facilitate day-to-day administration and to expedite decisions thereon, including the opening of bank accounts, affixing the Company's seal on documents requiring the Company's seal, authorising specific officers to sign pertinent documents on behalf of the Company and approving nominations to the boards of key Group companies and appointments of the Company's corporate representatives. The Board Committee also approves capital expenditures from $1.5 million to $5.0 million. Approvals of values below the base level of $1.5 million are referred to the Senior Management Committee. The members of the Board Committee during FY2016/17 were:

Members
Mr Stephen Lee Ching Yen *(appointed as member on 22 July 2016)*
Mr Goh Choon Phong
Mr Ron Foo Siang Guan *(relinquished appointment as member on 21 July 2016)*

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

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

MANAGEMENT COMMITTEES

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

SHAREHOLDER RIGHTS, COMMUNICATION WITH SHAREHOLDERS AND CONDUCT OF SHAREHOLDER MEETINGS

(Principles 14, 15 and 16)

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

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

Shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Under the multiple proxies regime introduced pursuant to the Companies (Amendment) Act 2014, "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund ("CPF") Board are allowed to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at shareholders' meetings.

At shareholders' meetings, every proposal requiring approval is tabled as a separate resolution. For details on resolutions proposed for the 2017 AGM, please refer to the 'Notice of AGM' in this Annual Report, which is also found on the Company's website. With effect from the 2012 AGM, the Company adopted electronic poll voting by shareholders for greater transparency in the voting process. The number of votes cast for or against each resolution is displayed immediately after the voting of each resolution. After the meeting, the results are posted on the SGXNET website. Currently, shareholders can vote by proxy but not in absentia. The Company will consider amending its Constitution if the Board is of the view that there is justifiable demand for absentia voting, and after the Company has evaluated and put in place the necessary measures to facilitate such voting.

The AGM and/or extraordinary general meetings are principal forums for dialogue with shareholders. At each AGM, the CEO updates shareholders on key developments in the MRO industry and measures being taken by the Company to address these developments as well its strategic directions. Shareholders are encouraged to participate in such meetings by raising relevant questions or seeking clarification on the motions tabled at these meetings. The Chairman, Directors, Management and external auditors will be in attendance at these meetings to address questions from shareholders. Minutes of shareholders' meetings are made available to shareholders on request.

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

(a) Board of Directors and Key Executives' profiles;
(b) Notices of shareholder meetings;
(c) Annual Reports;
(d) Letters and circulars to shareholders;
(e) Company announcements;
(f) Press releases; and
(g) Financial results.

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

SECURITIES TRANSACTIONS

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

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

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

CORPORATE GOVERNANCE

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

The following table summarises the Company's compliance with the Code principles (and takes into account, where relevant, the guidance provided by the Disclosure Guide on corporate governance issued by the SGX-ST on 29 January 2015). The table also sets out specific disclosures stated in the Annual Report, including key departures from the Code.

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Principle 1: The Board's Conduct of Affairs **Every Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.**	✓	18
Guideline 1.3 Delegation of authority, by the Board to any Board Committee, to make decisions on certain Board matters.	✓	18
Guideline 1.4 The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every Board member at these meetings.	✓	20
Guideline 1.5 Disclosure in the Annual Report of the types of material transactions that require Board approval.	✓	18
Guideline 1.6 Information on induction, orientation and training provided to new and existing Directors.	✓	19
Principle 2: Board Composition and Guidance **There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and the Company's substantial shareholders (those who own 10% or more of the Company's shares). No individual or small group of individuals should be allowed to dominate the Board's decision-making.**	✓	21
Guideline 2.1 There should be a strong and independent element on the Board, with Independent Directors making up at least one-third of the Board.	✓	21
Guideline 2.3 • Each Director considered to be independent by the Board • A Director considered to be Independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a Director not to be independent, the nature of the Director's relationship and the reasons for considering him as independent to be disclosed.	✓	20-21
Guideline 2.4 If an Independent Director, who has served on the Board for more than 9 years from the date of his first appointment, is considered to be independent, the reasons for considering him as independent should be disclosed.	✓	21

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Guideline 2.6 The Board and its Board Committees should comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer- based experience or knowledge.	✓	21
Principle 3: Chairman and Chief Executive Officer **There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.**	✓	21
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members.	✓	22
Guideline 3.3 Every Company should appoint a Lead Independent Director where the Chairman is not an Independent Director.	–	22
Principle 4: Board Membership **There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.**	✓	40
Guideline 4.1 Names of the members of the Nominating Committee ("NC") and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board.	✓	40-41
Guideline 4.4 The maximum number of listed company Board representations which Directors may hold.	–	41
Guideline 4.6 Process for the selection, appointment and re-appointment of new Directors to the Board, including the search and nomination process.	✓	40-41
Guideline 4.7 Key information regarding Directors, including which Directors are Executive, Non-Executive or considered by the NC to be Independent.	✓	20, 49-61
Principle 5: Board Performance **There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.**	✓	22
Guideline 5.1 Assessment of the contributions of the Board, Board Committees and individual Directors to the effectiveness of the Board; and if such assessment is by an external facilitator.	✓	22
Principle 6: Access to Information **In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**	✓	23

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Guideline 6.1 Management has an obligation to supply the Board with complete, adequate information in a timely manner. Relying purely on what is volunteered by Management is unlikely to be enough in all circumstances and further enquiries may be required if the particular Director is to fulfil his duties properly. Hence, the Board should have separate and independent access to Management. Directors are entitled to request from Management and should be provided with such additional information as needed to make informed decisions. Management shall provide the same in a timely manner.	✓	23
Principle 7: Procedures for Developing Remuneration Policies **There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.**	✓	31-32
Guideline 7.1 Names of the members of the Remuneration Committee ("RC") and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board.	✓	31-32
Guideline 7.3 Names and firms of the remuneration consultants (if any), including a statement on whether the remuneration consultants have any relationships with the Company.	✓	32
Principle 8: Level and Mix of Remuneration **The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. Companies should avoid paying more than is necessary for this purpose.**	✓	32-37
Principle 9: Disclosure of Remuneration **Every Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.**	✓	32-37
Guideline 9.1 • Remuneration of Directors, the CEO and at least the top 5 key management personnel of the Company. • The aggregate amount of any termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top 5 key management personnel.	✓	32-37
Guideline 9.2 Fully disclose the remuneration of each individual Director and the CEO on a named basis with a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives • Directors' remuneration; • CEO's remuneration.	 ✓ ✓	 33 33

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Guideline 9.3 • Name and disclose the remuneration of at least the top 5 key management personnel in bands of S$250,000 with a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives. • In addition, the Company should disclose in aggregate the total remuneration paid to the top 5 key management personnel.	✓	34
Guideline 9.4 Details of the remuneration of named employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during the year with clear indication of the employee's relationship with the relevant Director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000.	✓	33
Guideline 9.5 Details and important terms of employee share schemes.	✓	36-37
Guideline 9.6 More information on the link between remuneration paid to the Executive Directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.	✓	37
Principle 10: Accountability **The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.**	✓	23
Principle 11: Risk Management and Internal Controls **The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.**	✓	24-27, 29-31
Guideline 11.3 • The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. • The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems.	✓ ✓	31 31
Principle 12: Audit Committee ("AC") **The Board should establish an AC with written terms of reference which clearly set out its authority and duties.**	✓	27-29
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board.	✓	27-29

CORPORATE GOVERNANCE

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Guideline 12.6 Aggregate amount of fees paid to the external auditor for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement.	✓	28
Guideline 12.7 The existence of a whistle-blowing policy.	✓	29
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.	✓	27-29
Principle 13: Internal Audit **The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.**	✓	29-30
Principle 14: Shareholder Rights **Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.**	✓	42-43
Guideline 14.3 Allow corporations which provide nominee or custodial services to appoint more than 2 proxies.	✓	43
Principle 15: Communication with Shareholders **Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**	✓	42-43
Guideline 15.4 Steps taken to solicit and understand shareholders' views, eg through analyst briefings, investor road shows or Investors' Day briefings.	✓	42-43
Guideline 15.5 • Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders. • Where dividends are not paid, the Company must disclose its reasons.	– ✓	42 42
Principle 16: Conduct Of Shareholder Meetings **Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.**	✓	43
Guideline 16.1 Companies should allow for absentia voting at general meetings of shareholders.	–	43

FURTHER INFORMATION ON BOARD OF DIRECTORS

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

Mr Lee was appointed Director on 1 December 2005 and Chairman on 1 January 2006. He was the Chairman of Singapore Airlines Ltd until 31 December 2016. He is currently Chairman of Shanghai Commercial Bank Ltd (Hong Kong), NTUC Income Insurance Co-operative Ltd and Tripartite Alliance Limited. He is also the Managing Director of Shanghai Commercial & Savings Bank Ltd (Taiwan) and Great Malaysia Textile Investments Pte Ltd, a Director of CapitaLand Ltd and Temasek Holdings (Private) Limited (with effect from 1 July 2017), and a Member of the Council of Presidential Advisers.

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

Age: 70

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

Current Directorships In Other Listed Companies

	Company	Title
1.	CapitaLand Ltd	Director

Other Principal Commitments

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

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Singapore Airlines Ltd	Chairman
2.	Temasek International Advisors Pte Ltd	Senior International Advisor
3.	Singapore National Employers Federation	President
4.	COFCO Corporation, China	Director
5.	SLF Strategic Advisers Pte Ltd	Director
6.	National Wages Council	Council Member
7.	China National Petroleum Corporation, Beijing	Director

MR TANG KIN FEI
DEPUTY CHAIRMAN (from 8 May 2017)

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

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

Age: 66

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

Other Principal Commitments

	Company	Title
1.	Nanyang Technological University	Chairman, College Advisory Board
2.	Ngee Ann Polytechnic Council	Chairman
3.	Kwong Wai Shiu Hospital	Vice Chairman
4.	Singapore Chinese Chamber of Commerce and Industry	Council Member
5.	Defence Science and Technology Agency	Board Member
6.	National Research Foundation	Member
7.	Climate Change Network	Member
8.	Shenzhen Chiwan Sembawang Engineering Company Limited	Chairman
9.	Penglai Jutal Offshore Engineering Heavy Industry Co. Ltd	Vice Chairman

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Sembcorp Industries Ltd	Director
2.	Sembcorp Marine Ltd	Director
3.	Baker Marine Pte Ltd	Director
4.	Sembcorp Development Ltd	Director
5.	Singapore-Sinchuan Investment Holdings Pte Ltd	Director
6.	Sembcorp Properties Pte Ltd	Director
7.	Sembcorp Utilities Pte Ltd	Chairman
8.	Sembcorp Environment Pte Ltd	Chairman
9.	Sembcorp Gas Pte Ltd	Chairman
10.	Sembcorp Cogen Pte Ltd	Chairman
11.	Sembcorp Renewables Pte Ltd	Director
12.	Sembcorp (China) Holding Co., Ltd	Chairman
13.	P.T. Adhya Tirta Batam	Commissioner
14.	Sembcorp Salalah Power and Water Company SAOG	Chairman
15.	Sembcorp Utilities (UK) Limited	Chairman
16.	The China Water Company Limited	Director
17.	Thermal Powertech Corporation India Limited	Chairman
18.	Sembcorp Gayatri Power Limited	Chairman
19.	Sembcorp Green Infra Limited	Chairman

CORPORATE GOVERNANCE

MR CHEW TECK SOON
CHAIRMAN, AUDIT COMMITTEE

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

Age: 65

Academic and Professional Qualifications:

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

Other Principal Commitments

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

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Nee Soon Town Council	Town Councillor and Chairman, Audit Committee
2.	IL&FS Wind Power Management Ptd Ltd	Director and Chairman, Audit Committee
3.	JW Marriott Phuket Beach Club	Chairman, Advisory Committee

CORPORATE GOVERNANCE

MRS CHRISTINA ONG
CHAIRPERSON, NOMINATING COMMITTEE

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

Mrs Ong is currently a Director of Oversea-Chinese Banking Corporation Ltd, Singapore Telecommunications Ltd, Eastern Development Pte Ltd, Eastern Development Holdings Pte Ltd, Trailblazer Foundation Ltd, the Singapore Tourism Board and Epimetheus Ltd. She is also a Trustee of the Stephen A. Schwarzman Scholars Trust.

Age: 65

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

Current Directorships In Other Listed Companies

	Company	Title
1.	Oversea-Chinese Banking Corporation Ltd	Director
2.	Singapore Telecommunications Ltd	Director

Other Principal Commitments

	Organisation/Company	Title
1.	Allen & Gledhill LLP	Co-Chairman and Senior Partner
2.	Eastern Development Pte Ltd	Director
3.	Eastern Development Holdings Pte. Ltd.	Director
4.	Trailblazer Foundation Ltd	Director
5.	Singapore Tourism Board	Board Member
6.	Epimetheus Ltd	Director
7.	The Stephen A. Schwarzman Scholars Trust	Trustee

Directorships/Appointments in the past 3 years

Nil

MR TONG CHONG HEONG

CHAIRMAN, BOARD SAFETY & RISK COMMITTEE

Mr Tong was appointed Director on 1 June 2014. He was Chief Executive Officer of Keppel Offshore & Marine Ltd from 1 January 2009 to 1 February 2014 and was responsible for the overall management and operations of Keppel Offshore & Marine. He was also an Executive Director of Keppel Corporation Ltd from 2009 to 2011 and Senior Executive Director from 2011 to 2014. Upon his retirement on 1 February 2014, he was appointed Senior Advisor of Keppel Offshore & Marine Ltd until 31 January 2016.

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

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

Age: 70

Academic and Professional Qualifications:

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

Other Principal Commitments

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

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Keppel FELS Ltd	Chief Executive Officer / Director
2.	Keppel Shipyard Ltd	Chief Executive Officer / Director
3.	Keppel Seghers Holdings	Director
4.	Keppel Integrated Engineering Ltd	Director
5.	Keppel Infrastructure Holdings Pte Ltd	Director
6.	KOM Alumni	Chairman
7.	Singapore Maritime Institute	Member, Governing Council
8.	Institute of Technical Education	Member, Board of Governors

CORPORATE GOVERNANCE

MR GOH CHOON PHONG
DIRECTOR

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

Mr Goh is the Chairman of Budget Aviation Holdings Pte Ltd, which owns and manages Scoot and Tigerair. He is also a Member of the Board of Trustees of the National University of Singapore and the Chairman of the Board of Governors of the International Air Transport Association, of which he is a Member of the Strategy and Policy Committee and the Chair Committee.

Mr Goh was the 2015 recipient of the Centre for Aviation's 'Asia-Pacific Airline CEO of the Year Award'. In 2016, he received the 'CEO Lifetime Achievement Award' from the Airline Passenger Experience Association as well as the 'Eisenhower Global Innovation Award' from the Business Council for International Understanding. He was also named the 'Outstanding Chief Executive Officer of the Year' in the Singapore Business Awards 2017.

Age: 53

Academic and Professional Qualifications:

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

Current Directorships In Other Listed Companies

	Company	Title
1.	Singapore Airlines Ltd	Director and Chief Executive Officer

Other Principal Commitments

	Organisation/Company	Title
1.	Budget Aviation Holdings Pte Ltd	Chairman
2.	International Air Transport Association	Chairman, Board of Governors
3.	National University of Singapore	Member, Board of Trustees

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Mount Alvernia Hospital	Director
2.	Virgin Australia Holdings Ltd	Director
3.	National Council of Social Service	Member, Care & Share @ SG50 Steering Committee

MR NG CHIN HWEE
DIRECTOR

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

In 2004, he returned to Singapore to take up the position of President & Chief Executive Officer of Singapore Airport Terminal Services Ltd (SATS). He left SATS to rejoin SIA as Executive Vice President for Human Resources and Planning on 1 January 2008. He was appointed Executive Vice-President Human Resources and Operations on 1 February 2011 and took charge of the divisions of Cabin Crew, Engineering, Flight Operations and Human Resources.

Mr Ng is presently the Chairman of Singapore Airlines Cargo Pte Ltd and a Director of Budget Aviation Holdings Pte Ltd and NokScoot Airlines Co., Ltd. He is also a member of the Advisory Council on Community Relations in Defence (Employer and Business) and the Trade and Connectivity Council for Skills, Innovation and Productivity (CSIP) Sub-Committee.

Age: 56

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

Other Principal Commitments

	Organisation/Company	Title
1.	Singapore Airlines Cargo Pte Ltd	Chairman
2.	Budget Aviation Holdings Pte Ltd	Director
3.	NokScoot Airlines Co., Ltd	Director
4.	Advisory Council on Community Relations in Defence (Employer and Business)	Member
5.	Trade and Connectivity Council for Skills, Innovation and Productivity (CSIP) Sub-Committee	Member

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	SIA Properties (Pte) Ltd	Chairman
2.	Scoot Pte Ltd	Chairman
3.	Tiger Airways Holdings Ltd	Director

MR MANOHAR KHIATANI
DIRECTOR

Mr Manohar Khiatani was appointed Director on 1 April 2013. He is the Deputy Group Chief Executive Officer of Ascendas-Singbridge Pte Ltd, a leading provider of integrated urban development and business space solutions with a wide presence across Asia and assets under management exceeding S$20 billion. He was previously the Chief Executive Officer of Jurong Town Corporation (JTC), where he spearheaded the development of infrastructure solutions for various industrial sectors in Singapore. Prior to JTC, Mr Khiatani was the Deputy Managing Director of the Singapore Economic Development Board (EDB). During his tenure in EDB, he played an instrumental role in the development and transformation of important sectors including aerospace, electronics, offshore and marine, logistics, infocomms and media, and clean technology. He was also in charge of the EDB's operations in the Americas and Europe. Mr Khiatani also served several years as the Managing Director of Preussag SEA, a diversified German conglomerate.

Age: 57

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

Other Principal Commitments

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

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Ascendas Property Fund (India) Pte Ltd	Director
2.	Ascendas Nanjing-Jiangning Investment Holding Pte Ltd	Director
3.	Ascendas (Malaysia) Pte Ltd	Director
4.	Ascendas Philippines Properties Pte Ltd	Director
5.	Ascendas Japan Pte Ltd	Director
6.	Carmelray-JTCI Corporation	Director
7.	ASB Flex Pte Ltd	Director
8.	Ascendas Holdings (Manila) Pte Ltd	Director

DR RAJ THAMPURAN
DIRECTOR

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

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

Age: 53

Academic and Professional Qualifications:

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

Other Principal Commitments

	Organisation/Company	Title
1.	Exploit Technologies Pte Ltd	Chairman
2.	Agency for Science, Technology & Research	Board Member
3.	Defence Science and Technology Agency	Board Member
4.	D3 Steering Committee	Chairman
5.	ASEAN Committee on Science & Technology	Chairman
6.	Nanyang Technological University	Adjunct Professor
7.	National University of Singapore (Faculty of Engineering)	Adjunct Professor
8.	Tropical Marine Science Institute	Member of Management Board
9.	Smart Nation Joint Technology Committee	Member
10.	Committee on Autonomous Road Transport for Singapore	Member
11.	Land & Liveability National Innovation Challenge Executive Committee	Member
12.	College Advisory Board for the College of Engineering (NTU)	Member
13.	Advisory Committee for Bioengineering Education (NTU)	Member

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Singapore Maritime Institute	Director

MR WEE SIEW KIM

DIRECTOR (from 8 May 2017)

Mr Wee Siew Kim was appointed Director on 8 May 2017. He is currently the Group Chief Executive Officer of NIPSEA Group, a paints and coatings company with 68 manufacturing facilities and operations spanning 16 countries and regions in Asia.

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

Mr Wee is also the Chairman of ES Group (Holdings) Limited and a Director of Mapletree Logistics Trust Management Ltd and SBS Transit Limited.

Age: 56

Academic and Professional Qualifications:

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

Current Directorships In Other Listed Companies

	Company	Title
1.	ES Group (Holdings) Limited	Chairman
2.	Mapletree Logistics Trust Management Ltd	Director
3.	SBS Transit Ltd	Director

Other Principal Commitments

	Organisation/Company	Title
1.	1988 JV Pte Ltd (In Members' Voluntary Winding Up)	Director
2.	Asia Industries Ltd	Director
3.	Nippon Paint (Singapore) Company Private Limited	Director
4.	Nippon Paint (Vietnam) Company Ltd	Director
5.	Nippon Paint Vietnam (Hanoi) Pte Ltd	Director
6.	Nippon Paint (Malaysia) Sendirian Berhad	Director
7.	Paint Marketing Company (M) Sdn Bhd	Director
8.	Nippon Paint (Thailand) Company Ltd	Director
9.	Nipsea Chemical Korea	Director
10.	Nippon Paint (HK) Co Ltd	Director
11.	Nippon Paint (China) Co Ltd	Director
12.	Nippon Paint (India) Pte Ltd	Director
13.	Nippon Paint And Surface Chemicals Pvt. Ltd	Director
14.	Nippon Paint (Foshan) Co Ltd	Director
15.	Guangzhou Nippon Paint Co Ltd	Director
16.	Nippon Paint (Chengdu) Co Ltd	Director
17.	Nippon Paint (HK.) Co Ltd Taiwan Branch	Director
18.	Langfang Nippon Paint Lidong Co., Ltd	Director
19.	Nippon Paint (Tianjin) Co Ltd	Director
20.	Yashili Paint (Suzhou) Co.,Ltd	Director
21.	Langfang Nippon Paint Co Ltd	Director
22.	BK & NP Automotive Coatings (Shanghai) Co Ltd	Director
23.	Nippon Paint (Shanghai) Research & Development Co., Ltd.	
24.	Nippon Paint (Pakistan) Limited	Director
25.	Nippon Paint Industrial Coatings (Shanghai) Co., Ltd.	Director
26.	Nippon Paint China Holdings Co Ltd.	Director
27.	Nippon Paint (Zhengzhou) Co., Ltd.	Director
28.	Nippon Paint (Hebei) Co., Ltd.	Director
29.	Nippon Paint Decorative Coatings (Thailand) Co Ltd	Director
30.	NP Auto Refinishes Co Ltd	Director
31.	Nippon Paint (Shenyang) Co., Ltd	Director
32.	Nippon Paint Lanka (Private) Ltd	Director
33.	Nippon Paint Bangladesh Pte Ltd	Director
34.	Nippon Paint (Kunming) Co., Ltd	Director
35.	Nippon Paint New Materials (Wuhan) Co., Ltd.	Director
36.	Nippon Paint (HuBei) Co., Ltd.	Director
37.	Nippon Paint New Materials (Shanghai) Co., Ltd.	Director
38.	Nippon Paint Malaysia (S) Pte Ltd	Director
39.	HSJ Pte Ltd	Director

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Changi Airports International Pte. Ltd.	Director

CORPORATE GOVERNANCE

MR PNG KIM CHIANG
DIRECTOR & CHIEF EXECUTIVE OFFICER

Mr Png was appointed Director on 1 November 2016. He is the Chief Executive Officer of SIA Engineering Company. He joined Singapore Airlines in 1975 and has had 42 years of experience in the aerospace industry.

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

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

Age: 58

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

Other Principal Commitments

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

Directorships/Appointments in the past 3 years

	Organisation/Company	Title
1.	Aviation Partnership (Philippines) Corporation	Chairman
2.	NexGen Network (1) Holding Pte Ltd	Chairman
3.	NexGen Network (2) Holding Pte Ltd	Chairman
4.	Hong Kong Aero Engine Services Ltd	Director
5.	Jamco Singapore Pte Ltd	Director

CORPORATE GOVERNANCE

MR RON FOO SIANG GUAN

CHAIRMAN, AUDIT COMMITTEE (until 20 July 2016)
DIRECTOR (until 22 July 2016)

Mr Foo was appointed Director on 1 August 2007. He relinquished all his Committee appointments on 21 July 2016 and retired as Director on 22 July 2016. He has more than 35 years of extensive auditing, accounting and financial experience in Singapore and overseas. He had been a partner in PricewaterhouseCoopers, Singapore for 22 years before retiring in December 2005.

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

Age: 69

Academic and Professional Qualifications:

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

Current Directorships In Other Listed Companies

	Company	Title
1.	SembCorp Marine Ltd	Director

Other Principal Commitments

	Organisation/Company	Title
1.	Alliance Consultancy Corporation	Director

Directorships/Appointments in the past 3 years

Nil

MR OO SOON HEE

CHAIRMAN, NOMINATING COMMITTEE (until 20 July 2016)
CHAIRMAN, BOARD SAFETY & RISK COMMITTEE (until 20 July 2016)
DIRECTOR (until 22 July 2016)

Mr Oo was appointed Director on 1 August 2007. He relinquished all his Committee appointments on 21 July 2016 and retired as Director on 22 July 2016. He was previously the President of NatSteel Asia Pte Ltd and was appointed as Director, South East Asia of Tata Steel Ltd on 1 January 2008. Upon his retirement on 31 May 2009, he was appointed as Adviser to the Managing Director of Tata Steel on 1 June 2009. Mr Oo has more than 30 years of extensive experience in businesses operating locally and in Asia.

Mr Oo is a Director on the Boards of ComfortDelGro Corporation Ltd and NatSteel Holdings Pte Ltd.

Age: 73

Academic and Professional Qualifications:

- Bachelor of Science (Honours) in Applied Chemistry, University of Singapore
- Diploma in Business Administration, University of Singapore

Current Directorships In Other Listed Companies

	Company	Title
1.	ComfortDelGro Corporation Ltd	Director

Other Principal Commitments

	Organisation/Company	Title
1.	NatSteel Holdings Pte Ltd	Director

Directorships/Appointments in the past 3 years

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

FINANCIALS

FINANCIAL REVIEW

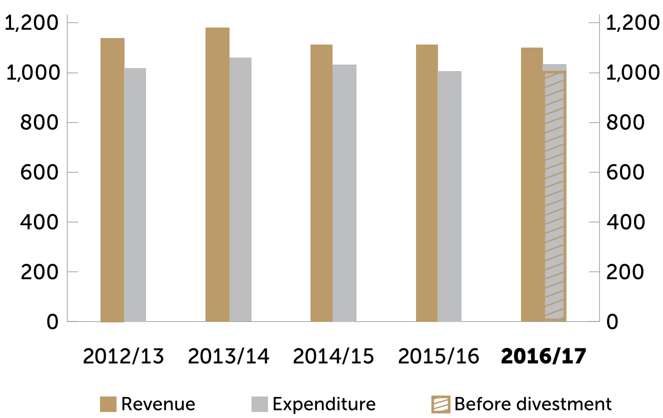
EARNINGS

The Group posted a profit attributable to owners of the parent of $332.4 million, $155.8 million higher than that in 2015/16. In the year, the Group made a $141.6 million gain from the divestment of its 10% stake in Hong Kong Aero Engine Services Ltd ("HAESL") to Rolls-Royce Overseas Holdings Limited ("RROH") and Hong Kong Aircraft Engineering Company Limited ("HAECO"). In addition, the Group received a special dividend of $36.4 million from HAESL following the divestment of its 20% stake in Singapore Aero Engine Services Pte Ltd ("SAESL") to Rolls-Royce Singapore Pte Ltd ("RRS"), bringing the overall gain from divestment to $178.0 million.

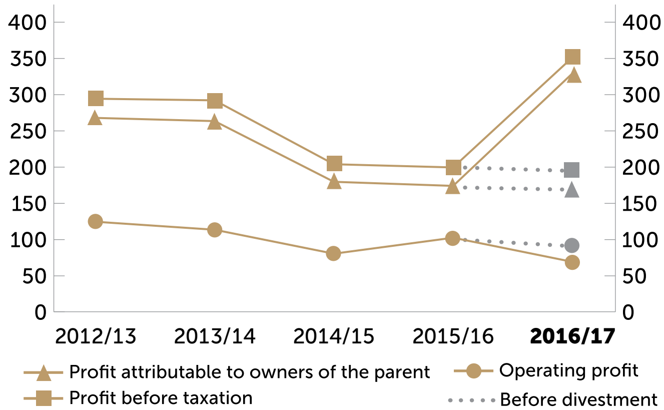
Group revenue decreased $8.6 million (-0.8%) to $1,104.1 million while expenditure increased $23.8 million (+2.4%). The increase in expenditure was mainly due to higher staff costs, with a provision made for the increase in the profit-linked component of staff remuneration arising from the gain on divestment of HAESL, salary increments, and higher overtime. The higher staff costs were partially offset by lower subcontract costs. Operating profit before the additional profit-linked remuneration provision was $93.3 million, a decrease of $11.1 million (-10.6%). Operating profit after taking into account the one-time impact on staff costs arising from divestment was $72.0 million.

Basic earnings per share for the Group increased by 13.89 cents (+88.2%) to 29.63 cents.

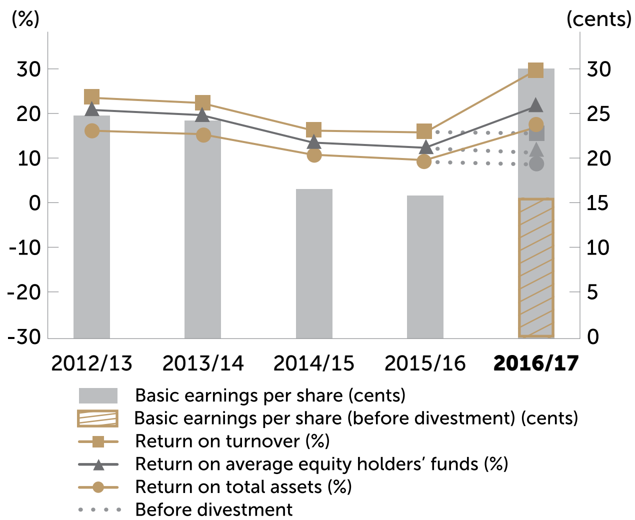
GROUP REVENUE AND EXPENDITURE
($ million)



GROUP OPERATING PROFIT, PROFIT BEFORE TAXATION AND PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT
($ million)



GROUP PROFITABILITY RATIOS



Profitability ratios of the Group are as follows:

	Before divestment 2016/17 %	2015/16 %	Change % points
Return on turnover	**15.6**	15.9	– 0.3
Return on average equity holders' funds	**11.4**	12.6	– 1.2
Return on total assets	**9.1**	9.7	– 0.6

	After divestment 2016/17 %	2015/16 %	Change % points
Return on turnover	**30.1**	15.9	+ 14.2
Return on average equity holders' funds	**21.9**	12.6	+ 9.3
Return on total assets	**17.3**	9.7	+ 7.6

FINANCIAL REVIEW

REVENUE

The Group's revenue composition is as follows:

	2016/17 $ million	2015/16 $ million	Change $ million	%
Repair and overhaul				
– Airframe maintenance and component overhaul services	**443.6**	450.9	– 7.3	– 1.6
– Fleet management programme	**147.5**	201.7	– 54.2	– 26.9
	591.1	652.6	– 61.5	– 9.4
Line maintenance	**513.0**	460.1	+ 52.9	+ 11.5
Total	**1,104.1**	1,112.7	– 8.6	– 0.8

Revenue decreased $8.6 million (-0.8%) to $1,104.1 million. The decrease was primarily attributable to lower fleet management revenue. During the year, certain business units in airframe maintenance and component overhaul services were integrated into line maintenance as part of a restructuring exercise. Line maintenance also performed more rectification and technical handling work in 2016/17. As a result, line maintenance's revenue increased 11.5% to $513.0 million.

EXPENDITURE

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

	2016/17 $ million	2015/16 $ million	Change $ million	%
Staff costs	**512.5**	462.9	+ 49.6	+ 10.7
Material costs	**187.6**	188.8	– 1.2	– 0.6
Subcontract costs	**138.4**	161.3	– 22.9	– 14.2
Overheads	**193.6**	195.3	– 1.7	– 0.9
Total	**1,032.1**	1,008.3	+ 23.8	+ 2.4

Staff costs increased $49.6 million (+10.7%) to $512.5 million, mainly due to the provision made for the increase in the profit-linked component of staff remuneration arising from the gain on divestment of HAESL. Salary increments and an increase in overtime as more staff were released for training also contributed to the increase in staff costs. Material costs decreased $1.2 million (-0.6%) to $187.6 million with lower material usage. Subcontract costs fell $22.9 million (-14.2%), in line with lower fleet management revenue. Overheads were lower by $1.7 million (-0.9%), largely due to a $5.5 million exchange gain earned in 2016/17 compared to a $12.7 million loss incurred in 2015/16, offset by increases in other expenses.

OPERATING PROFIT

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

	2016/17 $ million	2015/16 $ million	Change $ million	%
Repair and overhaul	**(22.4)**	(3.4)	– 19.0	nm
Line maintenance	**94.4**	107.8	– 13.4	– 12.4
Total	**72.0**	104.4	– 32.4	– 31.0

The repair and overhaul segment incurred an operating loss of $22.4 million, with weaker performance from fleet management. Line maintenance's operating profit was $94.4 million, with expenditure increasing at a higher rate than revenue.

SHARE OF PROFITS OF ASSOCIATED AND JOINT VENTURE COMPANIES

International Engine Component Overhaul Pte Ltd ("IECO") became a subsidiary of SAESL in July 2016 and the amalgamation of the two companies was completed in October 2016. In addition, the operations of International Aerospace Tubes-Asia Pte Ltd ("IAT-A") were integrated into that of Component Aerospace Singapore Pte Ltd ("CAS") in November 2016.

Share of profits of associated and joint venture companies increased by $2.3 million (+2.4%) to $96.5 million. Contributions from the repair and overhaul segment increased $1.9 million (+2.1%), while contributions from the line maintenance segment increased $0.4 million (+13.8%).

The improvement in the repair and overhaul segment was mainly contributed by higher share of profits from Eagle Services Asia Private Limited ("ESA"), with a higher number and work content of engines shipped, partially offset by lower contributions from SAESL as the work content of engines shipped for the current year was lower.

SAESL's engine shipments were 185 in 2016/17, compared with 167 in 2015/16. ESA's engine shipments were 139 in 2016/17, compared with 121 in 2015/16.

TAXATION

The Group's tax provision was $17.9 million for the financial year 2016/17, a decrease of $2.9 million (-13.9%) compared to last year.

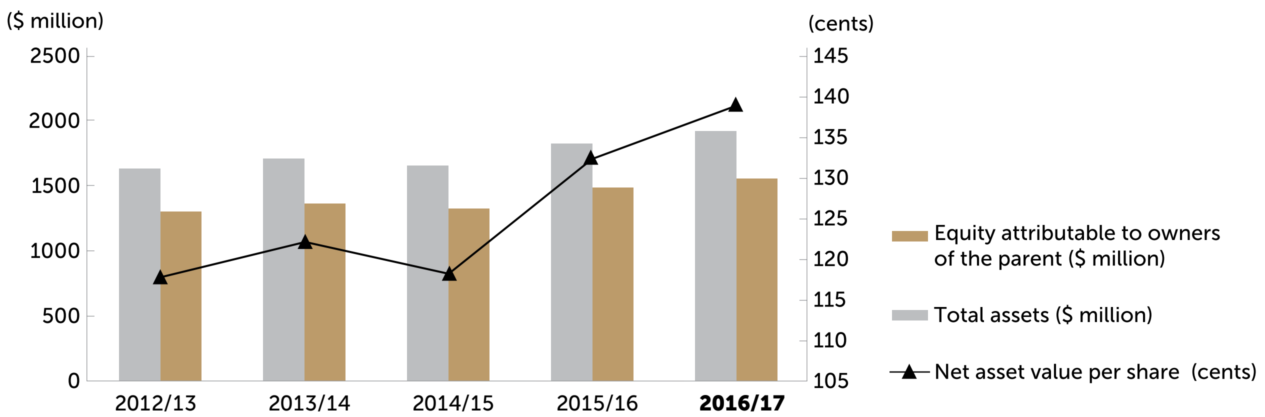
FINANCIAL POSITION

Equity attributable to owners of the parent increased $68.5 million (+4.6%) to $1,554.0 million as at 31 March 2017, mainly due to profits earned for the period which included the gain on divestment of HAESL. The increase was partially offset by a decrease in fair value reserves upon the divestment of the Group's interest in HAESL, and the payment of the final and interim dividends for 2015/16 and 2016/17 respectively.

As of 31 March 2017, total Group assets amounted to $1,918.3 million, $96.2 million or 5.3% higher than a year ago. The cash balance of the Group was $601.7 million, an increase of $207.8 million (+52.8%), mainly from the cash received from the divestment of HAESL and cash flows generated from operations, partially offset by dividends paid.

Net asset value per share of the Group at 138.8 cents was 6.4 cents (+4.8%) higher compared to 31 March 2016.

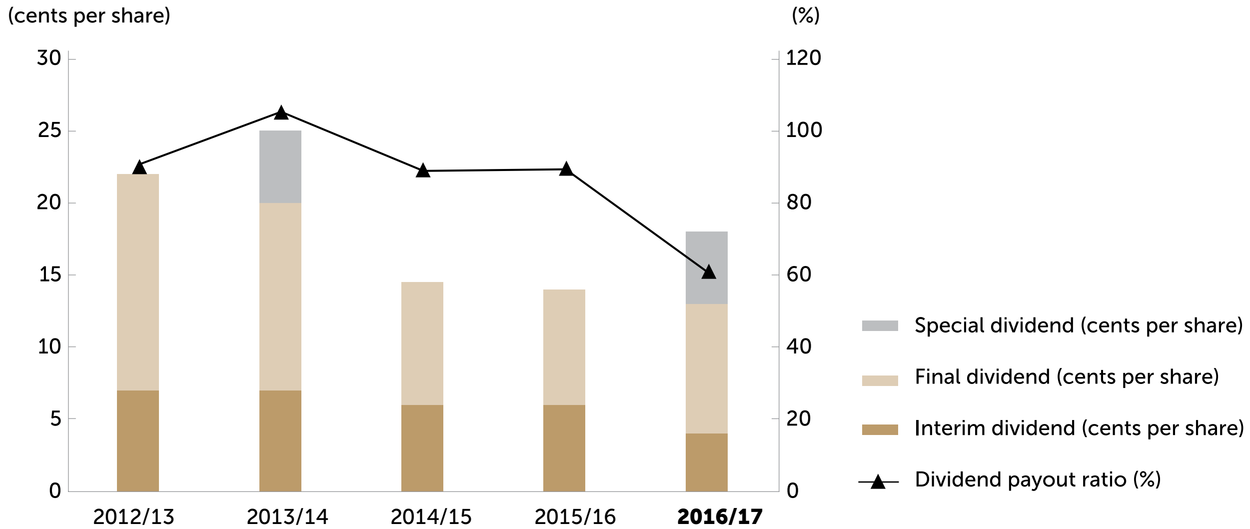
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT, TOTAL ASSETS AND NET ASSET VALUE PER SHARE



FINANCIAL REVIEW

DIVIDENDS

An interim dividend of 4.0 cents per share, amounting to $44.9 million, was paid on 23 November 2016. The Board recommends a final ordinary dividend of 9.0 cents and a special dividend of 5.0 cents per share for 2016/17. The final ordinary and special dividend (amounting to approximately $156.8 million), if approved by shareholders during the Annual General Meeting to be held on 20 July 2017, will be paid on 8 August 2017. This translates to a payout of approximately 60.7 percent.

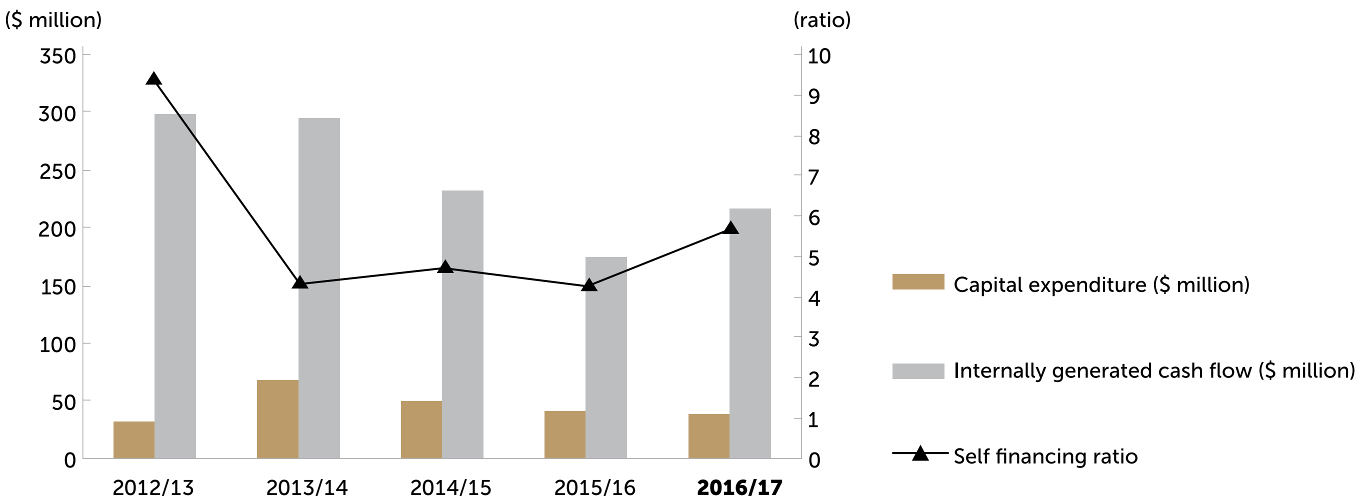


CAPITAL EXPENDITURE AND CASH FLOW

Capital expenditure by the Group fell by $2.6 million (-6.4%) to $38.3 million in 2016/17. Approximately 53% of the expenditure was spent on plant, equipment and tooling projects, while 8% was on aircraft rotable spares.

Internally generated cash flow increased $41.8 million (+24.0%) to $216.2 million. The self-financing ratio of cash flow to capital expenditure was 5.6 times, compared to 4.3 times in the year before.

CAPITAL EXPENDITURE, INTERNALLY GENERATED CASH FLOW AND SELF – FINANCING RATIO



FINANCIAL REVIEW

STAFF STRENGTH AND INDICES

The Group's average staff strength and staff productivity are as follows:

	2016/17	2015/16	% change
Revenue per employee ($)	**174,430**	179,810	– 3.0
Value added per employee ($)	**145,504**	114,589	+ 27.0
Staff costs per employee ($)	**80,965**	74,808	+ 8.2
Average number of employees	**6,330**	6,188	+ 2.3

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

	2016/17	2015/16
Revenue	**1,104.1**	1,112.7
Less:		
Purchase of goods and services	**(466.9)**	(501.6)
Value added on operations	**637.2**	611.1
Add:		
Dividend income from non-current asset held for sale	**39.5**	6.1
Interest income	**4.0**	2.1
Surplus on partial disposal of an associated company	**2.3**	2.8
Loss on liquidation of an associated company	**–**	(4.3)
Provision for impairment in an associated company	**–**	(2.5)
Surplus on disposal of non-current asset held for sale	**141.6**	–
Loss on disposal of property, plant and equipment	**(0.1)**	(0.4)
Share of profits of associated and joint venture companies, net of tax	**96.5**	94.2
Total value added available for distribution	**921.0**	709.1
Applied as follows:		
To employees		
– Salaries and other staff costs	**512.5**	462.9
To government		
– Corporate taxes	**17.9**	20.8
To suppliers of capital		
– Interest charges	**0.7**	0.3
– Interim and proposed dividends	**201.7**	157.7
– Non-controlling interests	**4.8**	4.6
Retained for future capital requirements		
– Depreciation	**47.6**	42.2
– Amortisation of intangibles	**5.2**	1.7
– Retained profit	**130.6**	18.9
Total value added	**921.0**	709.1
Value added per $ revenue ($)	**0.83**	0.64
Value added per $ employment cost ($)	**1.80**	1.53
Value added per $ investment in property, plant and equipment ($)	**1.10**	0.88

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 2017.

In our opinion:

(a) the financial statements set out on pages 83 to 172 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 2017, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting 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 report are as follows:

Stephen Lee Ching Yen	Chairman (Non-independent)
Tang Kin Fei	Deputy Chairman (Independent, appointed on 8 May 2017)
Goh Choon Phong	(Non-independent)
Ng Chin Hwee	(Non-independent)
Manohar Khiatani	(Independent)
Chew Teck Soon	(Independent)
Christina Hon Kwee Fong (Christina Ong)	(Independent)
Tong Chong Heong	(Independent)
Raj Thampuran	(Independent, appointed on 1 September 2016)
Png Kim Chiang	Chief Executive Officer (appointed on 1 November 2016)
Wee Siew Kim	(Independent, appointed on 8 May 2017)

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 is a party, whereby Directors of the Company might acquire benefits by means of the acquisition of shares or share options in, or debentures of, the Company or any other body corporate, other than pursuant to the SIA Engineering Company Limited ("SIAEC") Employee Share Option Plan, the SIAEC Restricted Share Plan, the SIAEC Performance Share Plan, the SIAEC Restricted Share Plan 2014 and the SIAEC Performance Share Plan 2014, as disclosed in this report. Directors of the Company who are employees of the Company's immediate holding company, Singapore Airlines Limited ("SIA"), or its subsidiaries, also participate in the SIA Restricted Share Plan, SIA Performance Share Plan, SIA Restricted Share Plan 2014 and SIA Performance Share Plan 2014 implemented by SIA, as disclosed in this report.

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

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

	Direct interest		Deemed interest	
Name of Director	1.4.2016/ date of appointment	31.3.2017	1.4.2016/ date of appointment	31.3.2017
Interest in Singapore Airlines Limited ("SIA")				
Ordinary shares				
Stephen Lee Ching Yen	9,400	9,400	–	–
Goh Choon Phong	617,224	764,182	–	–
Ng Chin Hwee	237,009	301,758	–	–
Manohar Khiatani	4,000	4,000	–	–
Png Kim Chiang	1,000	1,000	2,000	2,000
Conditional award of Restricted Share Plan (RSP) shares[1]				
Goh Choon Phong				
– Base Awards	121,488	120,000	–	–
– Final Awards (Pending Release)	29,118	50,117	–	–
Ng Chin Hwee				
– Base Awards	60,744	60,000	–	–
– Final Awards (Pending Release)	14,561	25,060	–	–
Conditional award of Performance Share Plan (PSP) shares[2]				
Goh Choon Phong				
– Base Awards	251,592	249,546	–	–
Ng Chin Hwee				
– Base Awards	100,636	99,818	–	–
Conditional award of deferred restricted shares[3]				
Goh Choon Phong				
– Base Awards	74,777	45,600	–	–
Ng Chin Hwee				
– Base Awards	35,728	26,260	–	–

Notes:

1. The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the achievements against targets over the one-year performance period relating to the awards granted from year 2016 onwards. For awards granted prior to 2016, the awards are contingent on the achievements against targets over the two-year performance period relating to the relevant awards.
2. The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the achievements against targets over the three-year performance periods relating to the relevant awards.
3. The Deferred Share Award of fully-paid ordinary shares will vest at the end of three years from the date of the grant of the award. At the end of the vesting period, an additional final award will be vested equal to the Base Award multiplied by the accumulated dividend yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period).

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

Name of Director	Direct interest 1.4.2016/ date of appointment	Direct interest 31.3.2017	Deemed interest 1.4.2016/ date of appointment	Deemed interest 31.3.2017
Interest in SIA Engineering Company Limited				
Ordinary shares				
Tang Kin Fei	–	–	20,000	20,000
Ng Chin Hwee	10,000	10,000[4]	–	–
Png Kim Chiang	687,022	687,022[5]	–	–
Options to subscribe for ordinary shares				
Png Kim Chiang	28,700	28,700	–	–
Conditional award of Restricted Share Plan (RSP) shares[6]				
Png Kim Chiang				
– Base Awards	101,820	101,820	–	–
– Final Awards (Pending Release)	3,798	3,798	–	–
Conditional award of Performance Share Plan (PSP) shares[7]				
Png Kim Chiang				
– Base Awards	96,477	96,477	–	–
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Stephen Lee Ching Yen	190	190	190	190
Tang Kin Fei	190	190	190	190
Goh Choon Phong	1,610	1,610	–	–
Ng Chin Hwee	2,840	2,840	1,360	1,360
Chew Teck Soon	190	190	–	–
Raj Thampuran	600	600	–	–
Png Kim Chiang	1,610	1,610	1,360	1,360
Interest in Singapore Technologies Engineering Limited				
Ordinary shares				
Tang Kin Fei	–	–	50,000	50,000
Goh Choon Phong	6,000	6,000	–	–
Christina Ong	1	1	–	–
Interest in Neptune Orient Lines Limited[8]				
Ordinary shares				
Stephen Lee Ching Yen	30,000	–	–	–
Manohar Khiatani	14,000	–	–	–
Tong Chong Heong	80,000	–	–	–
Interest in Mapletree Commercial Trust				
Units				
Chew Teck Soon	–	20,000	–	–

Notes:

4. 10,000 ordinary shares held in the name of DBS Nominees (Private) Limited
5. 600,000 ordinary shares held in the name of DBS Nominees (Private) Limited.
6. The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the achievements against targets over the one-year performance period relating to the awards granted from year 2016 onwards. For awards granted prior to 2016, the awards are contingent on the achievements against targets over the two-year performance period relating to the relevant awards.
7. The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the achievements against targets over the three-year performance periods relating to the relevant awards.
8. Neptune Orient Lines Limited ceased to be a related corporation with effect from 9 June 2016.

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

	Direct interest		Deemed interest	
Name of Director	1.4.2016/ date of appointment	31.3.2017	1.4.2016/ date of appointment	31.3.2017
Interest in Mapletree Greater China Commercial Trust				
Units				
Png Kim Chiang	–	260,000	–	–
Interest in Mapletree Global Student Accommodation Private Trust				
Units				
Class A (USD)				
Goh Choon Phong	–	4,823	–	–
Ng Chin Hwee	–	1,600	–	–
Class B (GBP)				
Goh Choon Phong	–	4,823	–	–
Ng Chin Hwee	–	1,600	–	–
Interest in Mapletree Logistics Trust				
Units				
Ng Chin Hwee	2,000	2,000	–	–
Interest in Olam International Limited				
Ordinary shares				
Ng Chin Hwee	2,000	2,000	–	–
$250 million 6% Bonds due 2018				
Ng Chin Hwee	$1,000,000	$1,000,000	–	–
$350 million 5.8% Fixed Rate Notes due 2019				
Tang Kin Fei	$250,000	$250,000	–	–
Interest in Ascendas Hospitality Trust				
Units				
Manohar Khiatani	52,000	52,000	–	–
Interest in Ascendas Real Estate Investment Trust				
Units				
Chew Teck Soon	–	40,000	–	–
Png Kim Chiang	–	108,000	–	–
Interest in StarHub Limited				
Ordinary shares				
Chew Teck Soon	–	10,000	–	–

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

There were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2017.

4. EQUITY COMPENSATION PLANS OF THE COMPANY

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

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

Stephen Lee Ching Yen – Chairman
Goh Choon Phong
Christina Ong
Tong Chong Heong

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

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

At the end of the financial year, options to take up 12,805,040 unissued shares in the Company were outstanding:

Number of options to subscribe for unissued ordinary shares

Date of grant	Balance at 1.4.2016	Cancelled	Exercised	Balance at 31.3.2017	Exercise price*	Exercisable period
03.07.2006	3,613,648	(266,400)	(3,347,248)	–	$3.29	03.07.2007 – 02.07.2016
02.07.2007	8,567,344	(227,900)	–	8,339,444	$4.52	02.07.2008 – 01.07.2017
01.07.2008	4,689,596	(48,400)	(175,600)	4,465,596	$3.59	01.07.2010 – 30.06.2018
	16,870,588	(542,700)	(3,522,848)	12,805,040		

* At the Extraordinary General Meeting of the Company held on 26 July 2004, the Company's shareholders approved an amendment to the Plan to allow for adjustment to the exercise prices of the existing options by the Committee administering the Plan, in the event of the declaration of a special dividend. Following approval by the Company's shareholders of the declaration of a special dividend of $0.20 on 21 July 2006, $0.10 on 22 July 2011 and $0.05 on 21 July 2014, the said Committee approved a reduction of $0.20 in the exercise prices of all share options outstanding on 25 July 2006, $0.10 on the outstanding share options on 29 July 2011 and a further $0.05 on the outstanding share options on 7 August 2014. The exercise prices reflected here are the exercise prices after such adjustments.

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

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

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

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

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

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

4. EQUITY COMPENSATION PLANS OF THE COMPANY (continued)

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

Under the RSP and PSP, a base number of conditional share awards ("**Base Award**") is granted to eligible participants annually. Depending on the achievement of pre-determined targets over a 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 and performance conditions. All the PSP Final Awards of fully paid ordinary shares will be released to the participants at the end of the three-year performance period.

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

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

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

5. AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises the following four independent non-executive directors:

Chew Teck Soon – Chairman
Manohar Khiatani
Christina Ong
Raj Thampuran

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

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

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

5. AUDIT COMMITTEE (continued)

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

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

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

6. AUDITORS

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

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

PNG KIM CHIANG
Chief Executive Officer

12 May 2017

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
SIA Engineering Company Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of SIA Engineering Company Limited (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2017, the consolidated income statement and consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 83 to 172.

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

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

Classification of investments in subsidiaries, joint ventures and associates

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

Risk	Our response
The Group has a number of strategic alliances with original equipment manufacturers and strategic partners through the joint formation of subsidiaries, joint ventures and associates. The classification of an investment as a subsidiary, joint venture or associate is based on whether the Group is determined to have control, joint control or significant influence and this can be judgemental. The risks of inappropriate classification can have a material effect on the financial statements of the Group.	For the new investments during the year, we examined the legal documents associated with the investments, to determine the key terms relating to the extent of control, including rights of the investors, terms of shareholders' agreement, dispute resolution provisions, termination provisions, governance structures and profit-sharing arrangements. We assessed management's conclusion on the classification of these investments by comparing the key terms against the requirements in the applicable financial reporting standards.

Findings

We found the Group's classification of investments as at 31 March 2017 to be appropriate.

Impairment risk on property, plant and equipment

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

Risk	Our response
There is a risk of impairment on the Group's property, plant and equipment ("PPE") due to the challenging maintenance, repair and overhaul business environment surrounding the nature of the PPE. The Group uses the discounted cash flow technique to determine the recoverable amounts of the cash generating unit ("CGU") to which the specific property, plant and equipment relate. The process of identifying indicators of impairment and assessing the recoverable amount of the PPE by management requires significant judgement and estimation. There is a risk that the recoverable amount of the PPE may not be accurate if the key assumptions applied by management are inappropriate.	We evaluated management's assessment of impairment indications for property, plant and equipment. We assessed the appropriateness of identification of CGUs and the allocation of assets to the CGUs. We assessed the key assumptions used in the cash flow projections, namely revenue growth rates, operating costs, discount rates, terminal growth rates by comparing the assumptions to externally derived data (where available) and check for consistency to our knowledge of the business and the aviation maintenance, repair and overhaul industry. We assessed the historical accuracy of the Group's estimates, in previous periods and performed an analysis of changes in the assumptions from prior periods. We stress-tested the assumptions made by management, including reducing the growth estimates over revenue and operating profits. We assessed the accuracy of the discounted cash flow models by re-performing the mathematical calculations.

Findings

The assumptions and resulting estimates used in the discounted cash flow projections were within acceptable range. We agree with management's assessment that no impairment charge is required.

Impairment risk on deferred engine development costs

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

Risk	Our response
The Group participates in the Pratt & Whitney's PW1000G Risk-Revenue Sharing Program. The PW1000G engine is selected as the sole source engine for the Bombardier CSeries and Mitsubishi Regional Jet aircrafts. The two risk-revenue sharing programmes are assessed as one cash-generating unit. The payments made under the program are used to fund the development costs of the PW1000G engines. The Group performs an annual impairment testing for the development costs using value in use calculations which are based on a discounted cash flow model. There are significant judgements and estimates made in relation to the timing of cash flows, the expected number of engines to be sold and the discount rates used.	We evaluated the appropriateness of the identification of the cash generating unit against the requirements of the accounting standards. We assessed the appropriateness of key assumptions, including estimated engine sales and the timing of sales used in the value in use calculations to determine the recoverable amount by comparing the data to the order book provided by Pratt & Whitney and checked for consistency of assumptions with publicly available data where possible, as well as our understanding of the commercial prospects of the engine development projects. We assessed the historical accuracy of the Group's estimates in previous periods and performed an analysis of changes in the assumptions from prior periods. We re-computed a range of acceptable discount rates for the valuation of the intangible assets based on our view of various economic indicators. We assessed the accuracy of the discounted cash flow models by re-performing the mathematical calculations.

Findings

We found that the expected revenue from engine sales used in the cash flow projections is consistent with order book data and publicly available information. The estimates used in the cash flow projections were overall within acceptable range. We agree with management's assessment that no impairment charge is required.

Recognition of revenue and profits on long-term contracts

Refer to Note 2(t) 'Revenue' and Note 3 'Significant accounting estimates and critical judgements' for the relevant accounting policy and a discussion of significant accounting estimates.

Risk	Our response
A significant proportion of the Group's revenues and profits are derived from long-term aircraft maintenance and component overhaul contracts and fleet management contracts. Revenue and profits recognised for services rendered is dependent on an assessment of the percentage of completion of the long term contract, and the forecast cost profile, including expected man-hours required to complete the contract, pattern of future maintenance activity, and other operating parameters of each contract. These require significant judgement to be applied in determining the amount of revenue and profits to be recognised in the year.	We tested the controls designed and applied by the Group over revenue recognition. Our testing of control procedures included, amongst others, the controls over the preparation and authorisation of contract evaluation, approval of revenue calculated and project costing. We assessed the estimates applied to revenue recognised on a percentage of completion basis by verifying the costs incurred for work undertaken at the year end to supporting invoices and challenging the estimated cost to completion based on our understanding of the business and the historical analysis of the cost basis. We assessed the historical accuracy of management's forecast for the cost of repair and overhauls by comparing actual costs at completion against initial budgeted costs. Where expected losses are anticipated, we evaluated management's calculations of the expected losses and checked that the provision for loss made are adequate.

Findings

We found the estimates and judgements used to compute the amount of revenue and profit recognised in the year to be within acceptable range. Adequate provisions have been made on contracts that are loss-making and onerous.

Other Information

Management is responsible for the other information. The other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report except for Chairman's Statement, The Year in Review, Business Segments, Corporate Governance, Corporate Calendar, 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 and FRSs, 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.

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 May 2017

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (IN THOUSANDS OF $)

		The Group	
	Notes	2016/17	2015/16
REVENUE	4	**1,104,141**	1,112,667
EXPENDITURE			
Staff costs	5	**512,507**	462,910
Material costs		**187,649**	188,764
Depreciation	15	**47,592**	42,236
Amortisation of intangibles	16	**5,181**	1,650
Company accommodation		**50,052**	49,706
Subcontract costs		**138,417**	161,326
Other operating expenses		**90,737**	101,696
		1,032,135	1,008,288
OPERATING PROFIT	6	**72,006**	104,379
Interest income	7	**4,030**	2,057
Interest on external borrowings		**(727)**	(296)
Loss on disposal of property, plant and equipment		**(87)**	(424)
Surplus on partial disposal of an associated company	18	**2,324**	2,798
Loss on liquidation of an associated company		**–**	(4,321)
Surplus on disposal of non-current asset held for sale	20	**141,572**	–
Provision for impairment in an associated company		**–**	(2,538)
Dividend from non-current asset held for sale		**39,469**	6,142
Share of profits of associated companies, net of tax		**64,850**	50,371
Share of profits of joint venture companies, net of tax		**31,597**	43,817
PROFIT BEFORE TAXATION		**355,034**	201,985
Taxation expense	8	**(17,887)**	(20,776)
PROFIT FOR THE FINANCIAL YEAR		**337,147**	181,209
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		**332,369**	176,634
Non-controlling interests		**4,778**	4,575
		337,147	181,209
BASIC EARNINGS PER SHARE (CENTS)	9	**29.63**	15.74
DILUTED EARNINGS PER SHARE (CENTS)	9	**29.57**	15.70

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (IN THOUSANDS OF $)

		The Group	
	Notes	2016/17	2015/16
PROFIT FOR THE FINANCIAL YEAR		**337,147**	181,209
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR			
Item that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on remeasurement of defined benefit plan		**(2,395)**	284
		(2,395)	284
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		**20,021**	(11,136)
Realisation of foreign currency translation reserves on liquidation of an associated company		**–**	4,321
Realisation of foreign currency translation reserves on partial disposal of an associated company		**(14)**	–
Net fair value adjustment on cash flow hedges		**(843)**	7,359
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company		**–**	(832)
Net fair value adjustment on non-current asset held for sale	20	**–**	141,924
Realisation of fair value changes on non-current asset held for sale	20	**(141,924)**	–
Share of other comprehensive income of associated/joint venture companies		**1,460**	6,523
		(121,300)	148,159
Other comprehensive income, net of tax		**(123,695)**	148,443
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**213,452**	329,652
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		**208,679**	325,496
Non-controlling interests		**4,773**	4,156
		213,452	329,652

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

BALANCE SHEETS

AS AT 31 MARCH 2017 (IN THOUSANDS OF $)

	Notes	The Group 2017	The Group 2016	The Company 2017	The Company 2016
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	11	**420,044**	416,503	**420,044**	416,503
Treasury shares	12	**(15,175)**	(6,094)	**(15,175)**	(6,094)
Capital reserve	13	**2,711**	198	**2,711**	198
Share-based compensation reserve	13	**15,971**	18,404	**15,971**	18,404
Foreign currency translation reserve	13	**(68,048)**	(87,953)	**–**	–
Fair value reserve	13	**(582)**	140,747	**324**	143,091
Equity transaction reserve	13	**(2,377)**	(2,377)	**–**	–
General reserve	13	**1,201,496**	1,006,073	**844,675**	673,155
		1,554,040	1,485,501	**1,268,550**	1,245,257
NON-CONTROLLING INTERESTS		**33,960**	26,405	**–**	–
TOTAL EQUITY		**1,588,000**	1,511,906	**1,268,550**	1,245,257
NON-CURRENT LIABILITIES					
Deferred taxation	14	**29,106**	29,525	**26,293**	27,163
Long-term bank loan	30	**21,876**	24,462	**–**	–
		50,982	53,987	**26,293**	27,163
		1,638,982	1,565,893	**1,294,843**	1,272,420
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	15	**331,576**	340,911	**270,189**	280,927
INTANGIBLES	16	**65,313**	63,395	**6,076**	4,735
SUBSIDIARY COMPANIES	17	**–**	–	**127,770**	109,096
ASSOCIATED COMPANIES	18	**380,047**	343,962	**192,926**	193,084
JOINT VENTURE COMPANIES	19	**162,015**	147,502	**61,867**	56,599
LONG-TERM INVESTMENT	20	**–**	*	**–**	*
CURRENT ASSETS					
Trade debtors	21	**87,504**	76,769	**60,490**	52,383
Prepayments and other debtors	22	**14,707**	14,191	**7,552**	10,832
Immediate holding company	23	**78,916**	61,657	**77,046**	60,250
Amounts owing by related parties	24	**48,751**	68,067	**49,613**	66,421
Inventories	25	**37,323**	40,662	**26,984**	31,411
Work-in-progress		**110,482**	114,405	**106,937**	112,764
Short-term deposits	26	**531,199**	317,140	**518,141**	311,740
Cash and bank balances	27	**70,536**	76,846	**40,405**	58,082
		979,418	769,737	**887,168**	703,883
Non-current asset held for sale	28	**–**	156,530	**–**	156,530
		979,418	926,267	**887,168**	860,413
Less:					
CURRENT LIABILITIES					
Trade and other creditors	29	**250,353**	227,592	**211,183**	197,263
Amounts owing to related parties	24	**9,237**	1,768	**26,190**	19,928
Bank loans	30	**4,083**	8,810	**–**	–
Tax payable		**15,714**	17,974	**13,780**	15,243
		279,387	256,144	**251,153**	232,434
NET CURRENT ASSETS		**700,031**	670,123	**636,015**	627,979
		1,638,982	1,565,893	**1,294,843**	1,272,420

* Amount less than $1,000

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (IN THOUSANDS OF $)

		Attributable to Owners of the Parent										
	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total	Non-controlling interests	Total equity
The Group												
Balance at 1 April 2016		416,503	(6,094)	198	18,404	(87,953)	140,747	(2,377)	1,006,073	1,485,501	26,405	1,511,906
Effects of adopting FRS 109	2(b)	–	–	–	–	–	–	–	63	63	–	63
Profit for the year		–	–	–	–	–	–	–	332,369	332,369	4,778	337,147
Actuarial loss on remeasurement of defined benefit plan		–	–	–	–	–	–	–	(2,266)	(2,266)	(129)	(2,395)
Foreign currency translation		–	–	–	–	19,897	–	–	–	19,897	124	20,021
Realisation of foreign currency translation reserves on partial disposal of an associated company		–	–	–	–	(14)	–	–	–	(14)	–	(14)
Net fair value adjustment on cash flow hedges		–	–	–	–	–	(843)	–	–	(843)	–	(843)
Realisation of fair value changes on non-current asset held for sale	20	–	–	–	–	–	(141,924)	–	–	(141,924)	–	(141,924)
Share of other comprehensive income of associated/joint venture companies		–	–	–	–	22	1,438	–	–	1,460	–	1,460
Other comprehensive income for the year, net of tax		–	–	–	–	19,905	(141,329)	–	(2,266)	(123,690)	(5)	(123,695)
Total comprehensive income for the financial year		–	–	–	–	19,905	(141,329)	–	330,103	208,679	4,773	213,452
Capital contribution		–	–	–	–	–	–	–	–	–	8,195	8,195
Share-based compensation expense	11,13	–	–	–	3,226	–	–	–	–	3,226	–	3,226
Share awards released	11,13	955	–	–	(1,239)	–	–	–	284	–	–	–
Share options exercised	11,13	2,586	–	–	(702)	–	–	–	–	1,884	–	1,884
Share options lapsed		–	–	–	(185)	–	–	–	185	–	–	–
Purchase of treasury shares	12	–	(19,860)	–	–	–	–	–	–	(19,860)	–	(19,860)
Treasury shares reissued pursuant to equity compensation plans	12	–	10,779	2,513	(3,533)	–	–	–	–	9,759	–	9,759
Dividends	10	–	–	–	–	–	–	–	(135,212)	(135,212)	(5,413)	(140,625)
Total contributions by and distributions to owners		3,541	(9,081)	2,513	(2,433)	–	–	–	(134,743)	(140,203)	2,782	(137,421)
Balance at 31 March 2017		420,044	(15,175)	2,711	15,971	(68,048)	(582)	(2,377)	1,201,496	1,554,040	33,960	1,588,000

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (IN THOUSANDS OF $)

		Attributable to Owners of the Parent										
	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total	Non-controlling interests	Total equity
The Group												
Balance at 1 April 2015		410,721	–	–	20,294	(81,727)	(14,213)	(2,377)	992,185	1,324,883	24,717	1,349,600
Profit for the year		–	–	–	–	–	–	–	176,634	176,634	4,575	181,209
Actuarial gain on remeasurement of defined benefit plan		–	–	–	–	–	–	–	128	128	156	284
Foreign currency translation		–	–	–	–	(10,561)	–	–	–	(10,561)	(575)	(11,136)
Realisation of foreign currency translation reserves on liquidation of an associated company		–	–	–	–	4,321	–	–	–	4,321	–	4,321
Net fair value adjustment on cash flow hedges		–	–	–	–	–	7,359	–	–	7,359	–	7,359
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company		–	–	–	–	–	(832)	–	–	(832)	–	(832)
Net fair value adjustment on non-current asset held for sale	20	–	–	–	–	–	141,924	–	–	141,924	–	141,924
Share of other comprehensive income of associated/joint venture companies		–	–	–	–	14	6,509	–	–	6,523	–	6,523
Other comprehensive income for the year, net of tax		–	–	–	–	(6,226)	154,960	–	128	148,862	(419)	148,443
Total comprehensive income for the financial year		–	–	–	–	(6,226)	154,960	–	176,762	325,496	4,156	329,652
Capital contribution		–	–	–	–	–	–	–	–	–	1,505	1,505
Share-based compensation expense	11,13	–	–	–	634	–	–	–	–	634	–	634
Share awards released	11,13	1,241	–	–	(1,241)	–	–	–	–	–	–	–
Share options exercised	11,13	4,541	–	–	(1,018)	–	–	–	–	3,523	–	3,523
Share options lapsed		–	–	–	(2)	–	–	–	2	–	–	–
Purchase of treasury shares	12	–	(6,873)	–	–	–	–	–	–	(6,873)	–	(6,873)
Treasury shares reissued pursuant to equity compensation plans	12	–	779	198	(263)	–	–	–	–	714	–	714
Dividends	10	–	–	–	–	–	–	–	(162,876)	(162,876)	(3,973)	(166,849)
Total contributions by and distributions to owners		5,782	(6,094)	198	(1,890)	–	–	–	(162,874)	(164,878)	(2,468)	(167,346)
Balance at 31 March 2016		416,503	(6,094)	198	18,404	(87,953)	140,747	(2,377)	1,006,073	1,485,501	26,405	1,511,906

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (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 2016		416,503	(6,094)	198	18,404	143,091	673,155	1,245,257
Effects of adopting FRS 109	2(b)	–	–	–	–	–	523	523
Profit for the year		–	–	–	–	–	302,603	302,603
Actuarial loss on remeasurement of defined benefit plan		–	–	–	–	–	(2,131)	(2,131)
Net fair value adjustment on cash flow hedges		–	–	–	–	(843)	–	(843)
Realisation of fair value changes on non-current asset held for sale	20	–	–	–	–	(141,924)	–	(141,924)
Other comprehensive income for the year, net of tax		–	–	–	–	(142,767)	(2,131)	(144,898)
Total comprehensive income for the financial year		–	–	–	–	(142,767)	300,472	157,705
Share-based compensation expense	11,13	–	–	–	3,226	–	–	3,226
Share awards released	11,13	955	–	–	(1,239)	–	284	–
Share options exercised	11,13	2,586	–	–	(702)	–	–	1,884
Share options lapsed		–	–	–	(185)	–	185	–
Purchase of treasury shares	12	–	(19,860)	–	–	–	–	(19,860)
Treasury shares reissued pursuant to equity compensation plans	12	–	10,779	2,513	(3,533)	–	–	9,759
Dividends	10	–	–	–	–	–	(135,212)	(135,212)
Differences arising from restructuring of joint venture under common control	13	–	–	–	–	–	5,268	5,268
Total contributions by and distributions to owners		3,541	(9,081)	2,513	(2,433)	–	(129,475)	(134,935)
Balance at 31 March 2017		420,044	(15,175)	2,711	15,971	324	844,675	1,268,550

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (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 2015		410,721	–	–	20,294	(5,360)	674,700	1,100,355
Profit for the year		–	–	–	–	–	161,329	161,329
Net fair value adjustment on cash flow hedges		–	–	–	–	7,359	–	7,359
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company		–	–	–	–	(832)	–	(832)
Net fair value adjustment on non-current asset held for sale	20	–	–	–	–	141,924	–	141,924
Other comprehensive income for the year, net of tax		–	–	–	–	148,451	–	148,451
Total comprehensive income for the financial year		–	–	–	–	148,451	161,329	309,780
Share-based compensation expense	11,13	–	–	–	634	–	–	634
Share awards released	11,13	1,241	–	–	(1,241)	–	–	–
Share options exercised	11,13	4,541	–	–	(1,018)	–	–	3,523
Share options lapsed		–	–	–	(2)	–	2	–
Purchase of treasury shares	12	–	(6,873)	–	–	–	–	(6,873)
Treasury shares reissued pursuant to equity compensation plans	12	–	779	198	(263)	–	–	714
Dividends	10	–	–	–	–	–	(162,876)	(162,876)
Total contributions by and distributions to owners		5,782	(6,094)	198	(1,890)	–	(162,874)	(164,878)
Balance at 31 March 2016		416,503	(6,094)	198	18,404	143,091	673,155	1,245,257

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 2017 (IN THOUSANDS OF $)

	Notes	The Group 2016/17	The Group 2015/16
NET CASH PROVIDED BY OPERATING ACTIVITIES	31	**131,815**	77,104
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	15	**(38,288)**	(40,938)
Purchase of intangible assets	16	**(5,250)**	(4,608)
Proceeds from disposal of property, plant and equipment		**1,573**	159
Proceeds from partial disposal of an associated company	18	**3,841**	4,866
Proceeds from disposal of non-current asset held for sale		**156,600**	–
Investment in an associated company		**–**	(24,348)
Dividend received from non-current asset held for sale		**39,469**	6,142
Dividends received from associated companies		**38,722**	42,293
Dividends received from joint venture companies		**23,706**	36,275
Interest received from deposits		**3,294**	1,936
NET CASH PROVIDED BY INVESTING ACTIVITIES		**223,667**	21,777
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	10	**(135,212)**	(162,876)
Dividends paid by subsidiary companies to non-controlling interests		**(5,413)**	(3,973)
Proceeds from exercise of share options		**11,643**	4,237
Proceeds from issuance of share capital by a subsidiary company to non-controlling interests		**8,195**	1,505
Interest paid		**(727)**	(296)
Proceeds from borrowings		**1,754**	4,977
Repayment of borrowings		**(10,393)**	(4,232)
Purchase of treasury shares	12	**(19,860)**	(6,873)
NET CASH USED IN FINANCING ACTIVITIES		**(150,013)**	(167,531)
NET CASH INFLOW/(OUTFLOW)		**205,469**	(68,650)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**393,986**	463,740
Effect of exchange rate changes		**2,280**	(1,104)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		**601,735**	393,986
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short-term deposits	26	**531,199**	317,140
Cash and bank balances	27	**70,536**	76,846
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		**601,735**	393,986

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

1. GENERAL

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

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

The financial statements of the Group as at 31 March 2017 and for the year then ended comprise the Company and its subsidiary companies (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity-accounted investees.

The principal activities of the Company are the provision of airframe maintenance, component overhaul services and fleet management programme, the provision of line maintenance and technical ground handling services and investment holdings. The principal activities of the subsidiary companies are disclosed in Note 17 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 12 May 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

The financial statements are presented in Singapore Dollars (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.

(b) Changes in accounting policies

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

On 1 April 2016, the Group adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for annual financial periods beginning on or after 1 April 2016. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies (continued)

The Group has early adopted FRS 109: Financial Instruments with a date of initial application of 1 October 2016, as FRS 109 allows the adoption from the start of a quarterly reporting period. The impact of adopting this standard on general reserves on date of initial application, 1 October 2016, is an increase in general reserves of $63,000 and $523,000 for the Group and the Company respectively.

(i) Classification of financial assets and financial liabilities

FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL") and replaces the existing FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Classification under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics. FRS 109 largely retains the existing requirements in FRS 39 for the classification of financial liabilities.

The changes in classification have not had an impact on the measurement of either financial assets or liabilities.

(ii) Expected credit loss on financial assets

FRS 109 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' ("ECL") model. The new impairment model also applies to certain loan commitments and financial guarantee contracts, but not to equity investments. This change resulted in the earlier recognition of credit losses that increased the value of financial assets by $63,000.

(iii) Hedge accounting

FRS 109 introduced a new general hedge accounting model that aligns hedge accounting more closely with risk management. Upon adoption of FRS 109, the existing hedges that are designated as effective relationships continue to qualify for hedge accounting.

(iv) Transition

Changes in accounting policies resulting from the adoption of FRS 109 have been applied retrospectively. The Group has elected not to restate the comparative periods as permitted by the standard. The differences in the carrying amounts of financial assets and financial liabilities held as at the date of initial application are recognised in general reserves. Accordingly, the information presented for the prior period does not reflect the requirements of FRS 109 and therefore is not comparable to the information presented in the current period under FRS 109.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Standards issued but not yet effective

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) from the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 First-time adoption of International Financial reporting Standards for the transition to the new reporting framework. Based on the preliminary assessment, the Group expect that the impact on adoption of SG-IFRS 15 Revenue from Contracts with Customers will be similar to adopting FRS 115 in this note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analysis.

Description	Effective from
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to FRS 7: Amendment relating to disclosure of changes in liabilities arising from financing activities	1 April 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 April 2017
Amendments to FRS 102: Amendments relating to classification and measurement of share-based payments transactions	1 April 2018
FRS 115 Revenue from Contracts with Customers	1 April 2018
FRS 116 Leases	1 April 2019

Except for FRS 115 and FRS 116, the Management expects that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The Group does not plan to early adopt the above new standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 115 *Revenue from Contracts with Customers*	
FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.	During 2016, the Group completed its initial assessment of the impact of the standard on the Company and its subsidiaries' financial statements. The Group is currently assessing the impact of the standard on its associated and joint venture companies.
When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*.	Based on its initial assessment, the Group expects the following key changes:
FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.	**Variable consideration** – The Group's contracts may include variable considerations such as discounts, incentives, penalties, including liquidated damages for delays, or other similar terms. Under FRS 115, the Group is required to estimate the amount of consideration to which it expects to be entitled and variable amounts are included in contract revenue to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved. The Group does not expect the impact on the financial statements to be significant. **Transition** – The Group plans to adopt the standard when it becomes effective in 2018 using the full retrospective approach. The Group is currently performing a detailed analysis on FRS 115's transition provisions to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 116 *Leases*	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases-Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.	The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group expects a large proportion of these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. This will increase the gearing ratio of the Group. As at the reporting date, the Group has non-cancellable operating lease commitments amounting to $86.9 million (Note 32(b)). The Group plans to adopt the standard when it becomes effective in 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

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

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

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

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

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

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

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

(e) Subsidiary, associated and joint venture companies

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

Subsidiary companies

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Subsidiary, associated and joint venture companies (continued)

Subsidiary companies (continued)

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

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

The financial statements of subsidiary companies are included in the consolidated financial statements from the date the control commences until the date the control ceases.

Associated and joint venture companies

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

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

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

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

The Group accounts for its investments in associated and joint venture companies using the equity method from the date on which it becomes an associate or joint venture. A list of the Group's associated and joint venture companies is presented in Note 18 and Note 19 to the financial statements.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets

Computer software

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

Deferred engine development cost

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

Goodwill

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

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

Others

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

Amortisation

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

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

- Computer software 3 – 5 years
- Licences 3 years

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Foreign currencies

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

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

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

Gains and losses arising from conversion of monetary assets and liabilities are taken to the income statement.

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

Goodwill and fair value adjustments arising from the acquisition of foreign operations on or after 1 April 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, and translated into SGD at the closing rate at the end of the reporting period. For acquisitions prior to 1 April 2005, the exchange rates at the date of acquisition were used.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

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

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

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis at rates which are calculated to write down their costs to their estimated residual values at the end of their operational lives. Operational lives, residual values and depreciation method are reviewed annually in the light of experience and changing circumstances, and adjusted prospectively, as appropriate at the end of each reporting period. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised from the date the property, plant and equipment are installed and ready for use.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases

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

Finance lease – as lessee

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

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

Operating lease – as lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(j) Inventories

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

(k) Work-in-progress

Work-in-progress pertains to services rendered which have not been billed and is stated at cost plus a portion of estimated profits earned to date, based on the percentage of completion of projects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments – policy applicable under FRS 109

(i) Recognition and initial measurement

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

(ii) Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

(iii) FVTPL: All other financial assets are classified as measured at FVTPL.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis, are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments – policy applicable under FRS 109 (continued)

(ii) Classification and subsequent measurement (continued)

Business model assessment

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

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

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

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

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

Reclassifications

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

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments – policy applicable under FRS 109 (continued)

(iii) Derecognition (continued)

Financial assets (continued)

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

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

Financial liabilities

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

(iv) Offsetting

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

(v) Impairment

Expected credit loss

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

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

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

Credit-impaired financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments – policy applicable under FRS 109 (continued)

(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 and loss as incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair values.

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

Designation of hedges

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial instruments – policy applicable under FRS 109 (continued)

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

Cash flow hedges

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

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

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

(m) Financial instruments – policy applicable under FRS 39

The following three areas for the accounting of financial instruments pertaining to classification and subsequent measurement, impairment and hedge accounting during the period prior to the adoption of FRS 109 required different accounting policies to be applied, which were formed in accordance with FRS 39 Financial Instruments: Recognition and Measurement. These differences in the accounting for financial instruments resulted in the impact of adoption as disclosed in Note 2(b).

(i) Classification and subsequent measurement

The Group classified its financial assets into one of the following categories:

(a) Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss included financial assets held for trading and those designated upon initial recognition as fair value through profit or loss. Financial assets were classified as held for trading if they were acquired principally for the purpose of selling in the short-term. This category included derivative financial instruments entered into by the Group.

(b) Loans and receivables

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments – policy applicable under FRS 39 (continued)

(i) Classification and subsequent measurement (continued)

(c) Available-for-sale investments

Available-for-sale investments were non-derivative financial assets that were either designated in this category, or not classified in other categories. After initial recognition, available-for-sale investments were measured at fair value with gains or losses being recognised in other comprehensive income, except that impairment losses and interest was recognised in the profit and loss account. The cumulative gain or loss previously recognised in other comprehensive income was reclassified from equity to the profit and loss account as a reclassification adjustment when the investment was derecognised.

(ii) Impairment

Financial assets not carried at fair value through profit or loss, including an interest in an associated and joint venture company, were assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset was impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assessed whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

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

(b) Financial assets carried at cost

If there was objective evidence that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will be recognised in the profit or loss account and will not be reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in the fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market were considered objective evidence that investment securities classified as available-for-sale financial assets are impaired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments – policy applicable under FRS 39 (continued)

(ii) Impairment (continued)

(c) Available-for-sale financial assets (continued)

If an available-for-sale asset was impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, was transferred from other comprehensive income to the profit and loss account.

In the case of non-equity investments classified as available-for-sale, impairment was assessed based on the same criteria as financial assets carried at amortised cost.

(n) Impairment of non-financial assets

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Provisions

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

(p) Share capital and share issuance expenses

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

(q) Treasury shares

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

(r) Non-current assets held for sale

Non-current assets that are highly probable to be recovered primarily through sale are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Taxation

(i) Current income tax

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

Current income taxes are recognised in the income statement 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 liabilities are recognised for all temporary differences, except:

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Taxation (continued)

(ii) Deferred tax (continued)

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

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

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

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

(iii) Indirect taxes

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

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

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

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

(t) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Revenue from repair and overhaul includes airframe maintenance and component overhaul, and fleet management programme. Revenue from airframe maintenance and component overhaul is recognised based on the percentage of completion of the projects. The percentage of completion of the projects is determined based on the number of man-hours incurred to-date against the estimated man-hours needed to complete the projects. Revenue from fleet management programme is recognised on a time proportion basis and in accordance with the period in which services have been rendered.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Income from investments

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

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

(v) Borrowing costs

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

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

(w) Employee benefits

Equity compensation plans

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

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

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

Details of the plans are disclosed in Note 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 options or awards are granted. In valuing the share options and 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"). Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based compensation reserve over the remaining vesting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Employee benefits (continued)

Equity compensation plans (continued)

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

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

Defined 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.

Defined contribution plans

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

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.

(x) Segmental reporting

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

The Company and its subsidiaries operate in Singapore, Philippines, Australia and United States of America. The significant operating segments of the Group are repair and overhaul, and line maintenance. Additional disclosures on each of these segments are shown in Note 35 including the factors used to identify the reportable segments and the measurement basis of segment information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Related parties

A related party is defined as follows:

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

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

(ii) has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS

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

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

(a) Depreciation of plant, equipment and engine overhaul tooling, and aircraft rotable spares

The cost of plant, equipment and engine overhaul tooling, and aircraft rotable spares are depreciated on a straight-line basis over the expected useful lives. Management estimates the useful lives of these assets to be within 3 to 15 years. The carrying amount of the Group's and Company's plant, equipment and tooling and aircraft rotable spares as at 31 March 2017 was approximately $159,297,000 (2016: $149,369,000) and $140,345,000 (2016: $139,335,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore future depreciation charges could be revised.

(b) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's current tax payable and deferred tax liabilities as at 31 March 2017 were approximately $15,714,000 (2016: $17,974,000) and $29,106,000 (2016: $29,525,000) respectively.

The carrying amounts of the Company's current tax payable and deferred tax liabilities as at 31 March 2017 were approximately $13,780,000 (2016: $15,243,000) and $26,293,000 (2016: $27,163,000) respectively.

(c) Work-in-progress

Work-in-progress pertains to services rendered which have not been billed and is stated at cost plus estimated profit earned, based on the estimated percentage of completion and total estimated budgeted cost. Management made reference to labour hours incurred and the physical stage of maintenance, repair and overhaul in estimating the percentage of completion and budgeted cost. The carrying amount of the Group's and Company's work-in-progress as at 31 March 2017 was approximately $110,482,000 (2016: $114,405,000) and $106,937,000 (2016: $112,764,000) respectively.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS (continued)

d) Impairment of non-financial assets

Management performs impairment testing for the following items:

- Intangibles, relating to deferred engine development costs (refer to Note 16);
- Property, plant and equipment; and
- Investments in subsidiary, associated and joint venture companies

Management estimates the recoverable amount using value in use calculation which is based on a discounted cash flow model. The cash flows are derived from the budget approved by the management. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows.

4. REVENUE (IN THOUSANDS OF $)

	The Group	
	2016/17	**2015/16**
Repair and overhaul		
– Airframe maintenance and component overhaul services	**443,632**	450,846
– Fleet management programme	**147,471**	201,723
	591,103	652,569
Line maintenance	**513,038**	460,098
	1,104,141	1,112,667

5. STAFF COSTS (IN THOUSANDS OF $)

	The Group	
	2016/17	**2015/16**
Salary, bonuses and other costs	**465,728**	422,984
CPF and other defined contributions	**43,577**	39,292
Share-based compensation expense	**3,202**	634
	512,507	462,910

The Group contributes to unfunded, non-contributory, defined benefit plans for some of the regular employees. Defined benefit expenses for the Group were approximately $369,000 (2015/16: $433,000). As these amounts are not material to the total staff costs of the Group for 2016/17 and 2015/16, additional disclosures of the defined benefit plan are not presented. Disclosures relating to share-based compensation expense are in Note 11.

6. OPERATING PROFIT (IN THOUSANDS OF $)

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

	The Group	
	2016/17	**2015/16**
Net exchange (gain)/loss*	**(5,481)**	12,717
Operating lease expenses	**10,452**	7,566
Provision for obsolete stocks, net	**1,662**	3,250
Professional fee paid to a firm in which a director is a member	**1,612**	218
Audit fees		
– Auditors of the Company	**225**	221
– Other auditors	**54**	54
Non-audit fees		
– Auditors of the Company	**45**	34

* Amount includes a net fair value gain on forward currency contracts used for hedging purposes of approximately $1,457,000 (2015/16: net fair value loss of $6,908,000), which was realised in the current financial year.

7. INTEREST INCOME (IN THOUSANDS OF $)

	The Group	
	2016/17	**2015/16**
Deposits placed with immediate holding company	**3,762**	1,972
Deposits placed with banks	**268**	85
	4,030	2,057

8. TAXATION EXPENSE (IN THOUSANDS OF $)

The major components of income tax expense for the years ended 31 March 2017 and 2016 are as follows:

	The Group	
	2016/17	**2015/16**
Current tax		
Provision for the financial year	**(17,581)**	(19,932)
(Under)/Over-provision in respect of prior years	**(9)**	457
	(17,590)	(19,475)
Deferred tax		
Movement in temporary differences	**19**	(955)
Under-provision in respect of prior years	**(316)**	(346)
	(297)	(1,301)
Income tax expense recognised in profit or loss	**(17,887)**	(20,776)

8. TAXATION EXPENSE (IN THOUSANDS OF $) (continued)

Deferred tax related to other comprehensive income:

	The Group	
	2016/17	**2015/16**
Net change in the fair value of derivative financial instruments designated as cash flow hedges	**(173)**	(1,337)
Actuarial loss on revaluation of defined benefit plans	**(436)**	–
	(609)	(1,337)

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

	The Group	
	2016/17	**2015/16**
Profit before taxation	**355,034**	201,985
Less: share of results of associated and joint venture companies	**(96,447)**	(94,188)
	258,587	107,797
Taxation at statutory tax rate of 17.0% (2016: 17.0%)	**(43,960)**	(18,325)
Adjustments		
Income not subject to tax	**31,665**	1,010
Income subject to concessionary tax rate	**1,826**	1,006
Deferred tax assets not recognised	**(2,425)**	(460)
Expenses not deductible for tax purposes	**(3,014)**	(2,142)
Effects of difference in tax rates of other countries	**(919)**	(1,529)
(Under)/Over-provision in relation to prior years	**(326)**	111
Provision of withholding tax expense	**(1,613)**	(1,537)
Tax incentives	**921**	1,392
Others	**(42)**	(302)
Taxation	**(17,887)**	(20,776)

9. EARNINGS PER SHARE

	The Group	
	2016/17	**2015/16**
Profit attributable to owners of the parent (in thousands of $)	**332,369**	176,634
Weighted average number of ordinary shares in issue used for computing basic earnings per share*	**1,121,855,950**	1,122,450,555
Adjustment for dilutive potential ordinary shares	**2,102,882**	2,673,851
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,123,958,832**	1,125,124,406
Basic earnings per share (cents)	**29.63**	15.74
Diluted earnings per share (cents)	**29.57**	15.70

* 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: share options, performance shares and restricted shares.

8,339,444 (2015/16: 8,567,344) of share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current year presented.

10. DIVIDENDS PAID AND PROPOSED (IN THOUSANDS OF $)

	The Group and Company	
	2016/17	**2015/16**
Dividends paid:		
Final dividend of 8.0 cents per share in respect of 2015/16 (2015/16: 8.5 cents per share in respect of 2014/15)	**90,344**	95,478
Interim dividend of 4.0 cents per share in respect of 2016/17 (2015/16: 6.0 cents per share in respect of 2015/16)	**44,868**	67,398
	135,212	162,876

The directors propose a final tax exempt (one-tier) dividend of 14.0 cents per share, comprising an ordinary dividend of 9.0 cents per share and a special dividend of 5.0 cents per share (2015/16: final ordinary dividend of 8.0 cents per share), amounting to approximately $156,790,000 (2015/16: $90,344,000) to be paid for the financial year ended 31 March 2017.

11. SHARE CAPITAL (IN THOUSANDS OF $)

	The Group and Company 31 March	
	2017	2016
Issued and fully paid		
Balance at 1 April		
1,123,312,387 shares (2015: 1,121,440,784 shares)	**416,503**	410,721
571,900 share options exercised during the year (2015/16: 1,555,325)	**2,586**	4,541
232,073 share awards released during the year (2015/16: 316,278)	**955**	1,241
Balance at 31 March		
1,124,116,360 shares (2016: 1,123,312,387 shares)	**420,044**	416,503

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

During the financial year, the Company issued 3,522,848 shares (2015/16: 1,772,125), out of which, 2,950,948 shares (2015/16: 216,800) were reissued treasury shares, upon the exercise of options granted under the Employee Share Option Plan. In addition, the Company issued 232,073 shares (2015/16: 316,278) upon release of share awards granted under the restricted and performance share plans.

(a) Share Option Plan

The SIA Engineering Company Limited Employee Share Option Plan ("ESOP"), which comprises the Senior Executive Share Option Scheme and the Employee Share Option Scheme for senior executives and all other employees respectively, was approved by shareholders on 9 February 2000.

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

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

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

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

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

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

There are no cash settlement alternatives.

11. SHARE CAPITAL (IN THOUSANDS OF $) (continued)

(a) Share Option Plan (continued)

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

	2016/17		2015/16	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 April	**16,870,588**	**$4.00**	18,982,713	$3.85
Exercised	**(3,522,848)**	**$3.30**	(1,772,125)	$2.39
Cancelled	**(542,700)**	**$3.83**	(340,000)	$4.12
Outstanding at 31 March	**12,805,040**	**$4.20**	16,870,588	$4.00
Exercisable at 31 March	**12,805,040**	**$4.20**	16,870,588	$4.00

The range of exercise prices for options outstanding at the end of the year was $3.59 – $4.52 (2015/16: $3.29 – $4.52). The weighted average remaining contractual life for these options is 0.60 years (2015/16: 1.32 years).

The weighted average share price for options exercised during the year was $3.67 (2015/16: $3.74).

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

Terms of share options outstanding as at 31 March 2017:

Exercisable period	Exercise price ($)	Number outstanding	Number exercisable
02.07.2008 – 01.07.2017	4.52	165,675	165,675
02.07.2009 – 01.07.2017	4.52	7,818,519	7,818,519
02.07.2010 – 01.07.2017	4.52	177,625	177,625
02.07.2011 – 01.07.2017	4.52	177,625	177,625
01.07.2010 – 30.06.2018	3.59	4,465,596	4,465,596
Total number of options outstanding/exercisable		12,805,040@	12,805,040@

@ The total number of options outstanding includes 2,639,650 (2015/16: 2,759,325) share options not exercised by employees who have retired or ceased to be employed by the Company or any of the subsidiary companies by reason of (i) ill health, injury or disability or death; (ii) redundancy; or (iii) any other reason approved in writing by the Committee. The said options are exercisable up to the expiration of the applicable exercise period or the period of 5 years from the date of retirement or cessation of employment, whichever is earlier.

11. SHARE CAPITAL (IN THOUSANDS OF $) (continued)

(b) Share-based incentive plans

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

The details of the two plans are described below:

	RSP/RSP 2014	PSP/PSP 2014
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.
Performance Conditions	• Group and Company EBITDA# Margin • Group and Company Value Added per $ Employment Cost The above performance conditions are selected as they are the key operational drivers of shareholder value and are aligned to the Group and Company's business objectives.	• Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE) • Return on Equity (ROE) The above performance measures are selected as key measurement of value-creation for shareholders.
Vesting Condition	Awards granted prior to 2016/17 Based on meeting stated performance conditions over a two-year performance period, 50% of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements. Awards granted in 2016/17 Based on meeting stated performance conditions over a one-year performance period, 1/3 of award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over the three-year performance period.
Payout	0% – 150% depending on the achievement of pre-set performance targets over the performance period.	0% – 200% depending on the achievement of pre-set performance targets over the performance period.

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

11. SHARE CAPITAL (IN THOUSANDS OF $) (continued)

(b) Share-based incentive plans (continued)

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

RSP

	Number of Restricted shares				
Date of grant	Balance at 1.4.2016/date of grant	Adjustment*	Cancelled	Released	Balance at 31.3.2017
02.07.2012	68,638	–	–	(68,638)	–
08.07.2013	96,934	–	–	(52,533)	44,401
07.07.2014	721,044	(504,744)	(6,153)	(110,902)	99,245
06.07.2015	721,780	–	(12,300)	–	709,480
07.07.2016	776,260	–	–	–	776,260
	2,384,656	(504,744)	(18,453)	(232,073)	1,629,386

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

PSP

	Number of Performance shares				
Date of grant	Balance at 1.4.2016/date of grant	Adjustment#	Cancelled	Released	Balance at 31.3.2017
08.07.2013	137,645	(137,645)	–	–	–
07.07.2014	134,917	–	–	–	134,917
06.07.2015	62,080	–	–	–	62,080
07.07.2016	127,450	–	–	–	127,450
	462,092	(137,645)	–	–	324,447

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

Fair value of RSP and PSP awards

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

11. SHARE CAPITAL (IN THOUSANDS OF $) (continued)

(b) Share-based incentive plans (continued)

The following table lists the key inputs to the model used for the July 2016 and July 2015 award:

	July 2016 Award		July 2015 Award	
	RSP	PSP	RSP	PSP
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	18.06	18.06	16.72	16.72
Risk-free interest rate (%)	0.78 – 1.07	1.07	0.86 – 1.60	1.14
Expected term (years)	1.00 – 3.00	3.00	2.00 – 4.00	3.00
Share price at date of grant ($)	3.73	3.73	3.87	3.87

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

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the RSP ranges from $3.31 to $3.56 (2015/16: $3.27 to $3.56) and the estimated fair value at date of grant for each share granted under the PSP is $3.54 (2015/16: $3.06).

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

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

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

The number of contingent shares granted but not released as at 31 March 2017, were 1,629,386 (2016: 1,608,396) and 324,447 (2016: 334,642) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 2,372,256 (2015/16: 2,329,808) and 648,894 (2015/16: 669,284) fully-paid ordinary shares for RSP and PSP respectively.

For the current financial year, the Group has provided approximately $3,202,000 (2015/16: $634,000) in respect of the RSP and PSP based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

11. SHARE CAPITAL (IN THOUSANDS OF $) (continued)

(b) 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	
	2016/17	2015/16
Share-based compensation expense		
– Restricted share plan	**2,936**	555
– Performance share plan	**266**	79
	3,202	634

12. TREASURY SHARES (IN THOUSANDS OF $)

	The Group and Company 31 March	
	2016/17	2015/16
Balance at 1 April	**(6,094)**	–
Purchase of treasury shares	**(19,860)**	(6,873)
Treasury shares reissued pursuant to equity compensation plans:		
– For cash on exercise of employee share options	**9,759**	714
– Transferred from share-based compensation reserve	**3,533**	263
– Gain on reissuance of treasury shares	**(2,513)**	(198)
	10,779	779
Balance at 31 March	**(15,175)**	(6,094)

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

During the financial year, the Company purchased 5,443,700 (2015/16: 1,913,700) of its ordinary shares by way of on-market purchases at share prices ranging from $3.35 to $3.87 (2015/16: $3.43 to $3.70). The total amount paid to purchase the shares was approximately $19,860,000 (2015/16: $6,873,000) and this is presented as a component within equity attributable to owners of the Parent.

The Company reissued 2,950,948 (2015/16: 216,800) treasury shares pursuant to its employee share option plans at a weighted average exercise price of $3.31 (2015/16: $3.30) each. The number of treasury shares as at 31 March 2017 was 4,189,652 (2016: 1,696,900).

13. OTHER RESERVES (IN THOUSANDS OF $)

(a) Capital reserve

Capital reserve arises from the gains or losses on the reissuance of treasury shares.

(b) Share-based compensation reserve

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

(c) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Fair value reserve

Fair value reserve records the cumulative fair value changes of non-current asset held for sale 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	
	2017	**2016**
Balance at 1 April	**140,747**	(14,213)
Net gain on fair value adjustment	**614**	451
Recognised in "other operating expenses" in profit or loss on occurrence of foreign currency contracts	**(1,457)**	6,908
Recognised in the carrying value of investment in associated company on the occurrence of capital injection	**–**	(832)
Net gain on fair value adjustment on non-current asset held for sale	**–**	141,924
Realisation of fair value changes on non-current asset held for sale	**(141,924)**	–
Share of other comprehensive income of joint venture companies	**1,438**	6,509
Balance at 31 March	**(582)**	140,747

	The Company 31 March	
	2017	**2016**
Balance at 1 April	**143,091**	(5,360)
Net gain on fair value adjustment	**614**	451
Recognised in "other operating expenses" in profit or loss on occurrence of foreign currency contracts	**(1,457)**	6,908
Recognised in the carrying value of investment in associated company on the occurrence of capital injection	**–**	(832)
Net gain on fair value adjustment on non-current asset held for sale	**–**	141,924
Realisation of fair value changes on non-current asset held for sale	**(141,924)**	–
Balance at 31 March	**324**	143,091

13. OTHER RESERVES (IN THOUSANDS OF $) (continued)

(e) Equity transaction reserve

The reserve represents the effects of changes in ownership interest in subsidiaries when there is no change in control.

(f) General reserve

General reserve comprises mainly retained earnings of the Group and the Company. Included in the Company's general reserve is a difference arising from the restructuring of joint venture companies under common control. Movements in the Group's and the Company's reserves are set out in the Statement of Changes in Equity respectively.

14. DEFERRED TAXATION (IN THOUSANDS OF $)

Deferred tax relates to the following items:

	The Group				The Company	
	Consolidated balance sheet 31 March		Consolidated income statement		balance sheet 31 March	
	2017	2016	2016/17	2015/16	2017	2016
Deferred tax liability						
Differences in depreciation	**29,059**	29,106	**(47)**	1,742	**28,687**	28,963
Revaluation of forward currency contracts to fair value	**66**	239	**–**	–	**66**	239
Undistributed profits of a subsidiary company	**749**	659	**90**	94	**–**	–
Undistributed profits of overseas associated companies	**2,243**	2,098	**145**	63	**–**	–
Other items	**251**	–	**251**	(54)	**–**	–
Deferred tax asset						
Actuarial loss on revaluation of defined benefit plans	**(436)**	–	**–**	–	**(436)**	–
Provisions	**(2,024)**	(2,039)	**15**	(266)	**(2,024)**	(2,039)
Other items	**(802)**	(538)	**(157)**	(278)	**–**	–
	29,106	29,525			**26,293**	27,163
Deferred income tax expense			**297**	1,301		

The Group has tax losses of approximately $28,586,000 (2015/16: $21,244,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets are recognised due to uncertainty of its recoverability. The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

14. DEFERRED TAXATION (IN THOUSANDS OF $) (continued)

At the end of the reporting period, deferred tax liability of $749,000 (2016: $659,000) has been recognised for taxes that would be payable on the undistributed earnings of one of the Group's subsidiaries.

For the other subsidiaries of the Group, no deferred tax liability has been recognised as the Group has determined that undistributed earnings of these subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to $8,507,000 (2016: $7,130,000). The deferred tax liability is estimated to be $2,552,000 (2016: $2,139,000).

15. PROPERTY, PLANT AND EQUIPMENT (IN THOUSANDS OF $)

	Leasehold land and buildings	Plant, equipment & engine overhaul tooling	Aircraft rotable spares	Office and computer equipment	Motor vehicles	Advance and progress payments#	Total
The Group							
Cost							
At 1 April 2015	268,909	255,663	192,218	37,690	7,070	23,615	785,165
Additions	341	13,266	8,824	1,194	786	16,527	40,938
Transfers	–	(3,694)	104	5,100	79	(1,589)	–
Disposals	(2)	(10,485)	(2,978)	(405)	(264)	–	(14,134)
Exchange differences	(482)	(946)	(113)	(58)	(40)	(488)	(2,127)
At 31 March 2016	268,766	253,804	198,055	43,521	7,631	38,065	809,842
Additions	1,121	20,397	2,950	1,510	569	11,741	38,288
Transfers	18,852	18,575	185	7,572	45	(45,229)	–
Disposals	–	(10,952)	(3,603)	(915)	(732)	–	(16,202)
Exchange differences	1,494	465	201	61	27	(36)	2,212
At 31 March 2017	290,233	282,289	197,788	51,749	7,540	4,541	834,140
Accumulated depreciation							
At 1 April 2015	120,789	207,807	80,227	27,653	4,606	–	441,082
Depreciation	9,422	13,040	14,941	4,033	800	–	42,236
Disposals	(2)	(10,364)	(2,521)	(404)	(260)	–	(13,551)
Exchange differences	(127)	(548)	(92)	(44)	(25)	–	(836)
At 31 March 2016	130,082	209,935	92,555	31,238	5,121	–	468,931
Depreciation	9,949	16,094	14,771	6,075	703	–	47,592
Disposals	–	(10,719)	(2,198)	(908)	(717)	–	(14,542)
Exchange differences	183	178	164	38	20	–	583
At 31 March 2017	140,214	215,488	105,292	36,443	5,127	–	502,564
Net book value							
At 31 March 2016	138,684	43,869	105,500	12,283	2,510	38,065	340,911
At 31 March 2017	150,019	66,801	92,496	15,306	2,413	4,541	331,576

\# Advance and progress payments comprise mainly office and computer equipment (2016: plant, equipment and tooling and building projects).

15. PROPERTY, PLANT AND EQUIPMENT (IN THOUSANDS OF $) (continued)

	The Group 31 March 2017	The Group 31 March 2016
Net book value of property, plant & equipment acquired under finance lease:		
– Plant, equipment and engine overhaul tooling	**33**	34
– Motor vehicles	**11**	13

	Leasehold land and buildings	Plant, equipment & engine overhaul tooling	Aircraft rotable spares	Office and computer equipment	Motor vehicles	Advance and progress payments#	Total
The Company							
Cost							
At 1 April 2015	243,432	223,965	186,448	35,182	5,447	6,065	700,539
Additions	–	11,006	8,810	782	575	8,493	29,666
Transfers	–	848	–	5,079	78	(6,005)	–
Disposals	–	(10,070)	(2,806)	(321)	(246)	–	(13,443)
At 31 March 2016	243,432	225,749	192,452	40,722	5,854	8,553	716,762
Additions	–	16,747	2,921	457	426	10,901	31,452
Transfers	–	9,115	–	7,569	46	(16,730)	–
Disposals	–	(10,058)	(3,162)	(497)	(597)	–	(14,314)
At 31 March 2017	243,432	241,553	192,211	48,251	5,729	2,724	733,900
Accumulated depreciation							
At 1 April 2015	115,457	190,505	76,013	25,787	3,735	–	411,497
Depreciation	8,303	10,233	14,425	3,684	569	–	37,214
Disposals	–	(9,955)	(2,355)	(320)	(246)	–	(12,876)
At 31 March 2016	123,760	190,783	88,083	29,151	4,058	–	435,835
Depreciation	8,303	11,883	14,337	5,627	487	–	40,637
Disposals	–	(9,833)	(1,834)	(497)	(597)	–	(12,761)
At 31 March 2017	132,063	192,833	100,586	34,281	3,948	–	463,711
Net book value							
At 31 March 2016	119,672	34,966	104,369	11,571	1,796	8,553	280,927
At 31 March 2017	111,369	48,720	91,625	13,970	1,781	2,724	270,189

Advance and progress payments comprise mainly office and computer equipment (2016: plant, equipment and tooling and building projects).

16. INTANGIBLES (IN THOUSANDS OF $)

	Computer software	Deferred engine development costs	Other intangibles	Advance and progress payments	Total
The Group					
Cost					
At 1 April 2015	46,049	56,724	4,213	369	107,355
Additions	63	2,620	–	1,925	4,608
Transfers	1,408	–	–	(1,408)	–
Disposals	(62)	–	–	–	(62)
Exchange differences	(37)	(1,094)	–	–	(1,131)
At 31 March 2016	47,421	58,250	4,213	886	110,770
Additions	95	1,637	–	3,518	5,250
Transfers	2,980	–	–	(2,980)	–
Disposals	(250)	(3,068)	–	–	(3,318)
Exchange differences	40	2,069	–	–	2,109
At 31 March 2017	50,286	58,888	4,213	1,424	114,811
Accumulated depreciation					
At 1 April 2015	41,600	–	4,213	–	45,813
Amortisation	1,650	–	–	–	1,650
Disposals	(59)	–	–	–	(59)
Exchange differences	(29)	–	–	–	(29)
At 31 March 2016	43,162	–	4,213	–	47,375
Amortisation	1,860	3,321	–	–	5,181
Disposals	(249)	(2,871)	–	–	(3,120)
Exchange differences	41	21	–	–	62
At 31 March 2017	44,814	471	4,213	–	49,498
Net book value					
At 31 March 2016	4,259	58,250	–	886	63,395
At 31 March 2017	5,472	58,417	–	1,424	65,313

Impairment testing of deferred engine development costs

This relates to the Group's share of engine programme assets including development cost made in connection with its participation in aircraft engine development projects with other companies. An impairment test has been performed and no impairment loss was deemed necessary following the review.

The recoverable amount of the cash-generating unit (the aircraft engine development project) has been determined based on value in use calculations using cash flow projections from the business plan approved by management for the next 45 years (2015/16: 46 years). The pre-tax discount rate applied to cash flow projections is 7% (2015/16: 7%).

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

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The recoverable amount is still expected to exceed its carrying amount if the discount rate increases by 1% (2015/16: 0.8%).

16. INTANGIBLES (IN THOUSANDS OF $) (CONTINUED)

Impairment testing of deferred engine development costs (continued)

Number and timing of engine sales – Number and timing of engine sales represent the projected number of aircraft engines expected to be sold each year upon the completion of engine development. Projected engine sales are based on current aircraft orders and expectations of market development.

	Computer software	Other intangibles	Advance and progress payments	Total
The Company				
Cost				
At 1 April 2015	44,208	2,871	368	47,447
Additions	15	–	1,905	1,920
Transfers	1,385	–	(1,385)	–
Disposals	(63)	–	–	(63)
At 31 March 2016	45,545	2,871	888	49,304
Additions	7	–	2,996	3,003
Transfers	2,980	–	(2,980)	–
Disposals	(5)	(2,871)	–	(2,876)
At 31 March 2017	48,527	–	904	49,431
Accumulated depreciation				
At 1 April 2015	40,350	2,871	–	43,221
Amortisation	1,406	–	–	1,406
Disposals	(58)	–	–	(58)
At 31 March 2016	41,698	2,871	–	44,569
Amortisation	1,663	–	–	1,663
Disposals	(6)	(2,871)	–	(2,877)
At 31 March 2017	43,355	–	–	43,355
Net book value				
At 31 March 2016	3,847	–	888	4,735
At 31 March 2017	5,172	–	904	6,076

17. SUBSIDIARY COMPANIES (IN THOUSANDS OF $)

	The Company 31 March 2017	2016
Unquoted shares, at cost	**127,778**	109,264
Loan to a subsidiary company	**5,249**	5,089
Impairment loss	**(5,257)**	(5,257)
	127,770	109,096

17. SUBSIDIARY COMPANIES (IN THOUSANDS OF $) (continued)

(a) Composition of the Group

The subsidiary companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2017	Cost 2016	Percentage equity held by the Group 2017	Percentage equity held by the Group 2016
Aircraft Maintenance Services Australia Pty Ltd^	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Australia	**8,515**	8,515	**100.0**	100.0
NexGen Network (1) Holding Pte Ltd*	Investment holding	Singapore	**11,463**	11,463	**100.0**	100.0
NexGen Network (2) Holding Pte Ltd*	Investment holding	Singapore	**49,694**	46,399	**100.0**	100.0
SIA Engineering (USA), Inc.#	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	**1,358**	1,358	**100.0**	100.0
SIAEC Global Pte Ltd*	Investment holding	Singapore	**@**	@	**100.0**	100.0
Singapore Jamco Services Pte Ltd*	Maintenance, repair and overhaul of aircraft and cabin components/ systems	Singapore	**7,741**	7,741	**80.0**	80.0
Heavy Maintenance Singapore Services Pte Ltd##	Provide airframe maintenance and component overhaul services	Singapore	**8,136**	–	**65.0**	–
SIA Engineering (Philippines) Corporation^	Provide airframe maintenance and component overhaul services	Philippines	**27,175**	20,092	**65.0**	65.0
Aerospace Component Engineering Services Pte Limited*	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	**10,934**	10,934	**51.0**	51.0

17. SUBSIDIARY COMPANIES (IN THOUSANDS OF $) (continued)

(a) Composition of the Group (continued)

Name of company	Principal activities	Country of incorporation and place of business	Cost 2017	Cost 2016	Percentage equity held by the Group 2017	Percentage equity held by the Group 2016
Aviation Partnership (Philippines) Corporation^	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Philippines	**2,762**	2,762	**51.0**	51.0

* Audited by KPMG LLP, Singapore
^ Audited by member firms of KPMG International in the respective countries
@ Cost of investment and issued and paid-up share capital is $2
\# Not required to be audited under the law in the country of incorporation
\## Not required to be audited in the current financial year

During the financial year:

1. The Company invested approximately $3,295,000 in NexGen Network (2) Holding Pte Ltd ("NGN2"), in accordance with an agreement.
2. The loan extended to a subsidiary company bears an effective interest of 4.19% (2016: 4.77% to 4.94%) per annum. This loan is non-trade related, unsecured and repayable by 31 March 2020.
3. The Company invested approximately $7,083,000 in SIA Engineering (Philippines) Corporation ("SEPC").
4. The Company incorporated a subsidiary, Heavy Maintenance Singapore Services Pte Ltd ("HMSS") with Airbus S.A.S. on 28 October 2016. As at year end, the Company had a total capital contribution in HMSS of approximately $8,136,000.

(b) Interest in subsidiary companies with material non-controlling interests ("NCI")

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

Name	Principal place of business/Country of incorporation	Operating Segment	Ownership interests held by NCI 2017 %	Ownership interests held by NCI 2016 %
SIA Engineering (Philippines) Corporation	Philippines	Repair and overhaul	**35**	35
Aerospace Component Engineering Services Pte Limited	Singapore	Repair and overhaul	**49**	49

17. SUBSIDIARY COMPANIES (IN THOUSANDS OF $) (continued)

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

Summarised financial information before intercompany eliminations of subsidiary companies with material non-controlling interests are as follows:

	SIA Engineering (Philippines) Corporation 31 March		Aerospace Component Engineering Services Pte Limited 31 March	
	2017	**2016**	**2017**	**2016**
Summarised balance sheet				
Current				
Assets	**20,192**	14,963	**17,665**	16,599
Liabilities	**(10,157)**	(17,774)	**(3,608)**	(2,241)
Net current assets	**10,035**	(2,811)	**14,057**	14,358
Non-Current				
Assets	**46,311**	45,850	**6,792**	7,320
Liabilities	**(25,329)**	(24,462)	**(184)**	–
Net non-current assets	**20,982**	21,388	**6,608**	7,320
Net assets	**31,017**	18,577	**20,665**	21,678
Summarised statement of comprehensive income				
Revenue	**31,639**	16,801	**23,404**	23,315
Profit/(Loss) before income tax	**812**	(1,516)	**2,037**	2,164
Taxation	**(239)**	(4)	**(433)**	(287)
Profit/(Loss) after tax	**573**	(1,520)	**1,604**	1,877
Other comprehensive income	**3**	(118)	**–**	–
Total comprehensive income	**576**	(1,638)	**1,604**	1,877
Other summarised information				
Net cash flow from operations	**1,790**	2,859	**3,472**	3,356
Acquisition of significant property, plant and equipment	**(2,507)**	(7,648)	**(623)**	(270)

18. ASSOCIATED COMPANIES (IN THOUSANDS OF $)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Unquoted shares, at cost	**198,435**	198,593	**195,644**	195,802
Share of post-acquisition reserves	**271,705**	245,577	**–**	–
Share of other comprehensive income	**340**	318	**–**	–
Goodwill written-off to reserves	**(24,398)**	(24,398)	**–**	–
FRS 109 transfer to reserves	**(460)**	–	**–**	–
Translation adjustment	**(63,037)**	(73,590)	**–**	–
Impairment loss	**(2,538)**	(2,538)	**(2,718)**	(2,718)
	380,047	343,962	**192,926**	193,084

The associated companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2017	Cost 2016	Percentage equity held by the Group 2017	Percentage equity held by the Group 2016
Boeing Asia Pacific Aviation Services Pte Ltd^^^++	Provide engineering, material management and fleet support solutions	Singapore	**23,516**	23,516	**49.0**	49.0
Eagle Services Asia Private Limited## ++	Repair and overhaul of aircraft engines	Singapore	**71,588**	71,588	**49.0**	49.0
Fuel Accessory Service Technologies Pte Ltd## +	Repair and overhaul of engine fuel components and accessories	Singapore	**5,071**	5,071	**49.0**	49.0
PT Jas Aero-Engineering Services^^++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	**3,675**	3,675	**49.0**	49.0
Southern Airports Aircraft Maintenance Services Company Limited*** ++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	**1,117**	1,117	**49.0**	49.0
Pan Asia Pacific Aviation Services Ltd*+++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	**3,224**	3,224	**47.1**	47.1
Component Aerospace Singapore Pte Ltd##+	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	**2,853**	3,011	**46.4**	49.0

18. ASSOCIATED COMPANIES (IN THOUSANDS OF $) (continued)

Name of company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2017	2016	2017	2016
JAMCO Aero Design & Engineering Pte Ltd^^^^+++	Provide turnkey solutions for aircraft interior modifications	Singapore	**767**	767	**45.0**	45.0
Panasonic Avionics Services Singapore Pte. Ltd.@+++	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
Safran Electronics & Defense Services Asia Pte. Ltd. (Previously known as: Safran Electronics Asia Pte Ltd)^^^++	Provide avionics maintenance, repair and overhaul services	Singapore	**11,004**	11,004	**40.0**	40.0
Safran Landing Systems Services Singapore Private Limited (Previously known as: Messier Services Asia Private Limited)**++	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	**13,971**	13,971	**40.0**	40.0
Asian Surface Technologies Pte Ltd^++	Repair and overhaul of aircraft engine fan blades	Singapore	**2,718**	2,718	**39.2**	39.2
International Aerospace Tubes – Asia Pte Ltd##++	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	Singapore	**5,286**	5,286	**33.3**	33.3

18. ASSOCIATED COMPANIES (IN THOUSANDS OF $) (continued)

Name of company	Principal activities	Country of incorporation and place of business	Cost 2017	Cost 2016	Percentage equity held by the Group 2017	Percentage equity held by the Group 2016
Asian Compressor Technology Services Co Ltd#++	Repair and overhaul of aircraft engine high pressure compressor stators	Taiwan	**4,104**	4,104	**24.5**	24.5
Turbine Coating Services Private Limited##+	Repair and overhaul of aircraft engine turbine airfoils	Singapore	**5,671**	5,671	**24.5**	24.5
Jamco Singapore Pte Ltd^^^^+++	Manufacturing and sales of aircraft cabin equipment	Singapore	**3,965**	3,965	**20.0**	20.0

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

During the financial year:

1. On 1 November 2016, Component Aerospace Singapore Pte Ltd ("CAS") acquired the business and certain assets of International Aerospace Tubes – Asia Pte Ltd ("IAT-A") for a cash consideration of approximately US$14,300,000. Both CAS and IAT-A are joint ventures with Pratt & Whitney (P&W). The Group has adopted book value accounting in accounting for this transaction, consistent with its policy for common control transactions. There is no financial impact to the Group.

2. The Company sold 2.575% of its interest in CAS to P&W for a total cash consideration of approximately $3,841,000. The company's residual interest in the shares of CAS is 46.425% with the remaining 53.575% held by P&W. The gain on sale of the investment at the Group level is approximately $2,324,000.

3. On 5 July 2016, Messier Services Asia Private Limited was renamed Safran Landing Systems Services Singapore Private Limited.

4. On 7 December 2016, Safran Electronics Asia Pte Ltd was renamed Safran Electronics & Defense Services Asia Pte. Ltd.

18. ASSOCIATED COMPANIES (IN THOUSANDS OF $) (continued)

The carrying amount of the material investment is as follows:

	The Group 31 March 2017	The Group 31 March 2016
Eagle Services Asia Private Limited ("ESA")	**164,779**	146,055
Other associated companies	**215,268**	197,907
	380,047	343,962

The activities of ESA complement the Group's activities.

Dividends of approximately $8,900,000 (2015/16: $6,866,000) were received from ESA.

Summarised financial information in respect of ESA is as follows:

	31 March 2017	31 March 2016
Summarised balance sheet		
Funds employed:		
Current assets	**296,900**	290,330
Non-current assets	**52,378**	47,780
	349,278	338,110
Current liabilities	**(10,142)**	(38,058)
Non-current liabilities	**(2,852)**	(1,981)
	336,284	298,071
Financed by:		
Shareholders' equity	**336,284**	298,071

	31 March 2016/17	31 March 2015/16
Summarised statement of comprehensive income		
Revenue	**1,144,225**	832,100
Profit after taxation from continuing operations	**46,568**	19,818
Total comprehensive income	**46,568**	19,818

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

18. ASSOCIATED COMPANIES (IN THOUSANDS OF $) (continued)

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

	The Group 31 March 2017	The Group 31 March 2016
Group's share of 49% of net assets	**164,779**	146,055

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

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

	The Group 31 March 2017	The Group 31 March 2016
Summarised balance sheet		
Funds employed:		
Current assets	**201,477**	183,166
Non-current assets	**75,830**	62,077
	277,307	245,243
Current liabilities	**(60,858)**	(47,592)
Non-current liabilities	**(4,192)**	(2,755)
	212,257	194,896
Financed by:		
Shareholders' equity	**212,257**	194,896

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

	The Group 2016/17	The Group 2015/16
Summarised statement of comprehensive income		
Profit or loss after tax from continuing operations	**42,032**	40,659
Other comprehensive income	**22**	14
Total comprehensive income	**42,054**	40,673

19. JOINT VENTURE COMPANIES (IN THOUSANDS OF $)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Unquoted shares, at cost	**61,867**	56,599	**61,867**	56,599
Share of post-acquisition reserves	**116,424**	108,533	**–**	–
Share of other comprehensive income	**(906)**	(2,344)	**–**	–
Translation adjustment	**(15,370)**	(15,286)	**–**	–
	162,015	147,502	**61,867**	56,599

The joint venture companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2017	2016	2017	2016
International Engine Component Overhaul Pte Ltd	Repair and overhaul of aero engine components and parts	Singapore	**–**	10,067	**–**	50.0
Singapore Aero Engine Services Pte Ltd	Repair and overhaul of aircraft engines	Singapore	**61,867**	46,532	**50.0**	50.0

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

During the financial year, the Company divested its 50.0% shareholding in International Engine Component Overhaul Pte Ltd ("IECO") to Singapore Aero Engine Services Pte Ltd ("SAESL"), a joint venture between SIAEC and Rolls-Royce Holdings plc ("Rolls Royce") on 18 July 2016. Subsequently on 2 October 2016, Rolls-Royce and SIAEC amalgamated the business and operations of IECO and SAESL into a single entity (with SAESL being the surviving entity).

The carrying amount of the material investment is as follows:

	The Group 31 March	
	2017	2016
Singapore Aero Engine Services Pte Ltd ("SAESL")	**162,015**	135,997
Other joint venture company	**–**	11,505
	162,015	147,502

The Group has 50% (2016: 50%) interest in the ownership and voting rights in SAESL. The activities of SAESL complement the Group's activities. The Group jointly controls SAESL with other partners under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

Dividends of approximately $22,752,000 (2015/16: $33,896,000) were received from SAESL.

19. JOINT VENTURE COMPANIES (IN THOUSANDS OF $) (continued)

Summarised financial information in respect of SAESL is as follows:

	31 March 2017	31 March 2016
Summarised balance sheet		
Funds employed:		
Cash and short-term deposits	**22,205**	31,191
Other current assets	**509,870**	544,322
Total current assets	**532,075**	575,513
Non-current assets	**282,766**	251,285
Total assets	**814,841**	826,798
Current liabilities	**(384,617)**	(432,750)
Non-current liabilities	**(106,191)**	(122,054)
Total liabilities	**(490,808)**	(554,804)
Net assets	**324,033**	271,994
Financed by:		
Shareholders' equity	**324,033**	271,994

	2016/17	2015/16
Summarised statement of comprehensive income		
Revenue	**1,578,479**	1,326,335
Depreciation and amortisation	**(21,269)**	(12,636)
Interest income	**147**	80
Interest expense	**(3,123)**	(1,568)
Profit before tax	**62,072**	82,242
Taxation	**(243)**	(190)
Profit after taxation	**61,829**	82,052
Other comprehensive income	**1,672**	10,653
Total comprehensive income	**63,501**	92,705

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

19. JOINT VENTURE COMPANIES (IN THOUSANDS OF $) (continued)

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

	The Group 31 March 2017	2016
Group's share of 50% of net assets	**162,017**	135,997

Information about the Group's investment in the other joint venture company that is not individually material is as follows:

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

	The Group 31 March 2017	2016
Summarised balance sheet		
Funds employed:		
Current assets	–	5,352
Non-current assets	–	9,876
	–	15,228
Current liabilities	–	(3,285)
Non-current liabilities	–	(438)
	–	11,505
Financed by:		
Shareholders' equity	–	11,505

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

	The Group 2016/17	2015/16
Summarised statement of comprehensive income		
Profit or loss after tax from continuing operations	–	2,791
Other comprehensive income	–	1,183
Total comprehensive income	–	3,974

20. LONG-TERM INVESTMENT (IN THOUSANDS OF $)

	The Group and Company 31 March	
	2017	2016
Unquoted equity investment, at cost	–	*
Unquoted equity investment, at fair value	–	156,530
Disclosure in balance sheets		
Long-term investment	–	*
Non-current asset held for sale (Note 28)	–	156,530
	–	156,530

* Amount less than $1,000

During the financial year:

1. The Company completed the divestment of Hong Kong Aero Engine Services Ltd ("HAESL"), which is incorporated and operates in Hong Kong Special Administrative Region of the People's Republic of China. Upon the completion of the divestment on 30 June 2016, the cumulative fair value gain of approximately $141,924,000, previously recognised in other comprehensive income was reclassified from equity to the income statement. Consequently, the Group recognised a net gain on divestment of approximately $141,572,000, after taking into account related transaction costs.

2. The Company wrote off its equity interest in PT Mandala Airlines of $1.

21. TRADE DEBTORS (IN THOUSANDS OF $)

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

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Not past due and not impaired	**46,896**	39,672	**32,024**	25,644
Past due but not impaired*	**40,608**	37,097	**28,466**	26,739
	87,504	76,769	**60,490**	52,383
Impaired trade debtors – collectively assessed	**1,706**	4,240	**1,298**	3,171
Less: Accumulated impairment losses	**(1,706)**	(4,240)	**(1,298)**	(3,171)
	–	–	**–**	–
Total trade debtors, net	**87,504**	76,769	**60,490**	52,383

* Aging of trade debtors that are past due but not impaired

Less than 30 days	**26,416**	21,103	**20,027**	17,687
30 days to 60 days	**5,244**	8,871	**4,639**	6,816
61 days to 90 days	**2,314**	3,950	**1,236**	2,007
More than 90 days	**6,634**	3,173	**2,564**	229
	40,608	37,097	**28,466**	26,739

21. TRADE DEBTORS (IN THOUSANDS OF $) (continued)

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

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

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

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Balance at 1 April	**4,240**	8,717	**3,171**	6,975
FRS 109 transfer to reserves	**(523)**	–	**(523)**	–
Write-back to profit or loss, net	**(721)**	(3,270)	**(60)**	(3,503)
Provision utilised during the year	**(1,290)**	(1,207)	**(1,290)**	(301)
Balance at 31 March	**1,706**	4,240	**1,298**	3,171

There were no bad debts written off directly to profit or loss during the year.

As at 31 March 2017, trade debtors in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 62% (2016: 73%) for the Group and 81% (2016: 93%) for the Company.

22. PREPAYMENTS AND OTHER DEBTORS (IN THOUSANDS OF $)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Prepayments	**7,546**	5,130	**3,003**	2,794
Other debtors	**7,161**	9,061	**4,549**	8,038
	14,707	14,191	**7,552**	10,832

Included in other debtors are deposits of approximately $2,484,000 (2016: $1,305,000) and $331,000 (2016: $334,000) for the Group and Company respectively, and fair value change of forward contracts of approximately $1,946,000 for the Group and Company in 2016.

The contract/notional amounts of the forward currency contracts as at 31 March 2016 were approximately $72,212,000 for the Group and the Company. These contracts were entered into by the Company's immediate holding company, on behalf of the Group and the Company.

23. IMMEDIATE HOLDING COMPANY (IN THOUSANDS OF $)

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

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

	The Group 31 March 2017			The Company 31 March 2017		
	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Receivables	**135,902**	**(56,986)**	**78,916**	**134,032**	**(56,986)**	**77,046**
Payables	**56,986**	**(56,986)**	**–**	**56,986**	**(56,986)**	**–**

	The Group 31 March 2016			The Company 31 March 2016		
	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amount	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Receivables	123,238	(61,581)	61,657	121,831	(61,581)	60,250
Payables	61,581	(61,581)	–	61,581	(61,581)	–

24. AMOUNTS OWING BY/(TO) RELATED PARTIES (IN THOUSANDS OF $)

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

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Amounts owing by related parties				
– Fellow subsidiaries	**38,451**	58,688	**37,741**	57,255
– Subsidiaries	**–**	–	**1,741**	91
– Joint venture/associated companies	**8,985**	7,620	**8,816**	7,316
– Others	**1,315**	1,759	**1,315**	1,759
	48,751	68,067	**49,613**	66,421
Amounts owing to related parties				
– Fellow subsidiaries	**(6,334)**	–	**(6,334)**	–
– Subsidiaries	**–**	–	**(16,984)**	(18,195)
– Joint venture/associated companies	**(554)**	(915)	**(554)**	(914)
– Others	**(2,349)**	(853)	**(2,318)**	(819)
	(9,237)	(1,768)	**(26,190)**	(19,928)

24. AMOUNTS OWING BY/(TO) RELATED PARTIES (IN THOUSANDS OF $) (continued)

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

	The Group 31 March 2017 Gross carrying amount	The Group 31 March 2017 Gross amounts offset in the balance sheet	The Group 31 March 2017 Net amounts in the balance sheet	The Company 31 March 2017 Gross carrying amount	The Company 31 March 2017 Gross amounts offset in the balance sheet	The Company 31 March 2017 Net amounts in the balance sheet
Amounts owing by related parties						
– Fellow subsidiaries	**43,205**	**(4,754)**	**38,451**	**42,495**	**(4,754)**	**37,741**
– Subsidiaries	**–**	**–**	**–**	**2,715**	**(974)**	**1,741**
– Joint venture/associated companies	**8,985**	**–**	**8,985**	**8,816**	**–**	**8,816**
– Others	**1,315**	**–**	**1,315**	**1,315**	**–**	**1,315**
	53,505	**(4,754)**	**48,751**	**55,341**	**(5,728)**	**49,613**
Amounts owing to related parties						
– Fellow subsidiaries	**(6,334)**	**–**	**(6,334)**	**(6,334)**	**–**	**(6,334)**
– Subsidiaries	**–**	**–**	**–**	**(17,542)**	**558**	**(16,984)**
– Joint venture/associated companies	**(554)**	**–**	**(554)**	**(554)**	**–**	**(554)**
– Others	**(2,349)**	**–**	**(2,349)**	**(2,318)**	**–**	**(2,318)**
	(9,237)	**–**	**(9,237)**	**(26,748)**	**558**	**(26,190)**

	The Group 31 March 2016 Gross carrying amount	The Group 31 March 2016 Gross amounts offset in the balance sheet	The Group 31 March 2016 Net amounts in the balance sheet	The Company 31 March 2016 Gross carrying amount	The Company 31 March 2016 Gross amounts offset in the balance sheet	The Company 31 March 2016 Net amounts in the balance sheet
Amounts owing by related parties						
– Fellow subsidiaries	62,778	(4,090)	58,688	61,345	(4,090)	57,255
– Subsidiaries	–	–	–	411	(320)	91
– Joint venture/associated companies	7,620	–	7,620	7,316	–	7,316
– Others	1,759		1,759	1,759	–	1,759
	72,157	(4,090)	68,067	70,831	(4,410)	66,421
Amounts owing to related parties						
– Subsidiaries	–	–	–	(21,078)	2,883	(18,195)
– Joint venture/associated companies	(915)	–	(915)	(914)	–	(914)
– Others	(853)	–	(853)	(819)	–	(819)
	(1,768)	–	(1,768)	(22,811)	2,883	(19,928)

25. INVENTORIES (IN THOUSANDS OF $)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Aircraft and component spares	**31,142**	36,743	**26,655**	31,187
Consumable stores and stocks	**6,126**	3,839	**329**	224
Raw materials	**55**	80	**–**	–
Total inventories at lower of cost and net realisable value	**37,323**	40,662	**26,984**	31,411

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	
	2017	2016	2017	2016
Balance at 1 April	**22,253**	22,479	**21,221**	21,611
Charge to profit or loss, net	**1,662**	3,250	**1,262**	3,086
Provision utilised during the year	**(1,623)**	(3,476)	**(370)**	(3,476)
Balance at 31 March	**22,292**	22,253	**22,113**	21,221

26. SHORT-TERM DEPOSITS (IN THOUSANDS OF $)

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Deposits placed with the immediate holding company	**516,636**	310,236	**516,636**	310,236
Fixed deposits placed with banks	**14,563**	6,904	**1,505**	1,504
	531,199	317,140	**518,141**	311,740

Funds surplus to the Group's working capital requirements are placed in short-term deposits with the immediate holding company and external financial institutions for varying periods depending on the immediate cash requirements of the Group. These deposits earn interest ranging from 0.01% to 1.5% (2016: 0.03% to 1.5%) per annum and can be withdrawn on demand. The interest rates are repriced at varying periods ranging from 1 to 12 months (2016: 1 to 12 months).

As at 31 March 2017, short-term deposits in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 13% (2016: 22%) for the Group and 12% (2016: 22%) for the Company.

27. CASH AND BANK BALANCES

These balances are placed in current accounts earning interest at floating rates based on daily bank deposit rates ranging from 0.0% to 0.33% (2016: 0.0% to 0.33%) per annum.

As at 31 March 2017, cash and bank balances in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 37% (2016: 31%) for the Group and 45% (2016: 37%) for the Company.

28. NON-CURRENT ASSET HELD FOR SALE

As at 31 March 2016, this comprised the Company's and Group's 10% equity interest in Hong Kong Aero Engine Services Ltd ("HAESL"), which was divested during the financial year as disclosed in Note 20.

29. TRADE AND OTHER CREDITORS (IN THOUSANDS OF $)

	The Group 31 March		The Company 31 March	
	2017	**2016**	**2017**	**2016**
Trade	**57,721**	78,950	**42,716**	67,295
Accruals	**191,683**	148,455	**167,518**	129,781
Provision for warranty claims	**949**	187	**949**	187
	250,353	227,592	**211,183**	197,263

These amounts are non-interest bearing.

Included in trade and other creditors are fair value change of forward contracts of approximately $641,000 for the Group and the Company in 2017.

The contract/notional amounts of the forward currency contracts as at 31 March 2017 were approximately $48,224,000 for the Group and the Company. These contracts were entered into by the Company's immediate holding company, on behalf of the Group and the Company.

As at 31 March 2017, trade and other creditors in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 14% (2016: 19%) for the Group and 17% (2016: 21%) for the Company.

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

	The Group and Company	
	2017	**2016**
Balance at 1 April	**187**	187
Charge to profit or loss, net	**889**	–
Provision utilised during the year	**(127)**	–
Balance at 31 March	**949**	187

30. BANK LOANS (IN THOUSANDS OF $)

	The Group 31 March 2017	2016
Current liabilities		
Current portion of long-term bank loan	**3,454**	–
Revolving credit facilities	**629**	8,810
	4,083	8,810
Non-current liability		
Long-term bank loan	**21,876**	24,462

The revolving credit facilities denominated in United States dollars taken by a subsidiary company are unsecured and bears fixed interest ranging from 2.50% to 2.75% per annum (2016: 2.75% to 3.03% per annum). The current revolving credit facilities shall be repayable within 12 months after the reporting date.

The long-term bank loan denominated in United States dollars taken by a subsidiary company is unsecured and bears interest at an average floating rate of 2.09% per annum (2016: 1.80% per annum), re-priced quarterly. This loan is repayable by 29 April 2022.

31. CASH FLOW FROM OPERATING ACTIVITIES (IN THOUSANDS OF $)

	The Group 2016/17	2015/16
Profit before taxation	**355,034**	201,985
Adjustments for:		
Interest income	**(4,030)**	(2,057)
Interest on external borrowings	**727**	296
Depreciation	**47,592**	42,236
Amortisation of intangibles	**5,181**	1,650
Share of profits of associated and joint venture companies, net of tax	**(96,447)**	(94,188)
Dividend from non-current asset held for sale	**(39,469)**	(6,142)
Loss on disposal of property, plant and equipment	**87**	424
Surplus on partial disposal of an associated company	**(2,324)**	(2,798)
Loss on liquidation of an associated company	**–**	4,321
Surplus on disposal of non-current asset held for sale	**(141,572)**	–
Provision for impairment in an associated company	**–**	2,538
Exchange differences	**(5,481)**	12,717
Share-based compensation expense	**3,202**	634
Operating profit before working capital changes	**122,500**	161,616
Increase in debtors	**(7,297)**	(2,955)
Decrease/(Increase) in inventories and work-in-progress	**7,262**	(30,502)
Increase in creditors	**19,456**	9,086
Increase in amounts owing by immediate holding company	**(16,499)**	(17,525)
Decrease/(Increase) in amounts owing by related parties, net	**26,786**	(24,025)
Cash generated from operations	**152,208**	95,695
Income taxes paid	**(20,393)**	(18,591)
Net cash provided by operating activities	**131,815**	77,104

32. CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditure, with an aggregate value of approximately $59,916,000 (2016: $54,404,000) for the Group and $35,615,000 (2016: $30,712,000) for the Company.

In addition, the Group's share of a joint venture company's purchase commitments for capital expenditure totalled approximately $5,983,000 (2016: $6,177,000).

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

The Group has entered into operating lease agreements for certain equipment and leasehold land and buildings. These non-cancellable leases have lease terms of between 1 and 50 years. There are no restrictions placed upon the Group or the Company by these lease arrangements.

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

	The Group 31 March	
	2017	2016
Within one year	**15,338**	16,537
After one year but less than five years	**24,863**	21,543
More than five years	**46,719**	50,818
	86,920	88,898

33. 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	Total
The Group				
2017				
Assets				
Trade debtors	87,504	–	–	87,504
Other debtors	7,161	–	–	7,161
Immediate holding company	78,916	–	–	78,916
Amounts owing by related parties	48,751	–	–	48,751
Work-in-progress	110,482	–	–	110,482
Short-term deposits	531,199	–	–	531,199
Cash and bank balances	70,536	–	–	70,536
Total financial assets	934,549	–	–	934,549
Total non-financial assets				983,820
Total assets				1,918,369
Liabilities				
Trade and other creditors	–	641	248,763	249,404
Amounts owing to related parties	–	–	9,237	9,237
Bank loans	–	–	4,083	4,083
Long-term bank loan	–	–	21,876	21,876
Total financial liabilities	–	641	283,959	284,600
Total non-financial liabilities				45,769
Total liabilities				330,369

33. FINANCIAL INSTRUMENTS (IN THOUSANDS OF $) (continued)

(a) Classification of financial instruments (continued)

	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
The Group					
2016					
Assets					
Unquoted equity investment	–	*	–	–	*
Trade debtors	76,769	–	–	–	76,769
Other debtors	7,115	–	1,946	–	9,061
Immediate holding company	61,657	–	–	–	61,657
Amounts owing by related parties	68,067	–	–	–	68,067
Work-in-progress	114,405	–	–	–	114,405
Short-term deposits	317,140	–	–	–	317,140
Cash and bank balances	76,846	–	–	–	76,846
Total financial assets	721,999	*	1,946	–	723,945
Non-current asset held for sale					156,530
Total non-financial assets					941,562
Total assets					1,822,037
Liabilities					
Trade and other creditors	–	–	–	227,405	227,405
Amounts owing to related parties	–	–	–	1,768	1,768
Bank loans	–	–	–	8,810	8,810
Long-term bank loan	–	–	–	24,462	24,462
Total financial liabilities	–	–	–	262,445	262,445
Total non-financial liabilities					47,686
Total liabilities					310,131

* Amount less than $1,000

33. FINANCIAL INSTRUMENTS (IN THOUSANDS OF $) (continued)

(a) Classification of financial instruments (continued)

	Financial assets at amortised cost	Derivatives used for hedging at fair value	Financial liabilities at amortised cost	Total
The Company				
2017				
Assets				
Loan to a subsidiary company	5,249	–	–	5,249
Trade debtors	60,490	–	–	60,490
Other debtors	4,549	–	–	4,549
Immediate holding company	77,046	–	–	77,046
Amounts owing by related parties	49,613	–	–	49,613
Work-in-progress	106,937	–	–	106,937
Short-term deposits	518,141	–	–	518,141
Cash and bank balances	40,405	–	–	40,405
Total financial assets	862,430	–	–	862,430
Total non-financial assets				683,566
Total assets				1,545,996
Liabilities				
Trade and other creditors	–	641	209,593	210,234
Amounts owing to related parties	–	–	26,190	26,190
Total financial liabilities	–	641	235,783	236,424
Total non-financial liabilities				41,022
Total liabilities				277,446

33. FINANCIAL INSTRUMENTS (IN THOUSANDS OF $) (continued)

(a) Classification of financial instruments (continued)

	Loans and receivables	Available-for-sale financial assets	Derivatives used for hedging	Financial liabilities at amortised cost	Total
The Company					
2016					
Assets					
Unquoted equity investment	–	*	–	–	*
Loan to a subsidiary company	5,089	–	–	–	5,089
Trade debtors	52,383	–	–	–	52,383
Other debtors	6,092	–	1,946	–	8,038
Immediate holding company	60,250	–	–	–	60,250
Amounts owing by related parties	66,421	–	–	–	66,421
Work-in-progress	112,764	–	–	–	112,764
Short-term deposits	311,740	–	–	–	311,740
Cash and bank balances	58,082	–	–	–	58,082
Total financial assets	672,821	*	1,946	–	674,767
Non-current asset held for sale					156,530
Total non-financial assets					673,557
Total assets					1,504,854
Liabilities					
Trade and other creditors	–	–	–	197,076	197,076
Amounts owing to related parties	–	–	–	19,928	19,928
Total financial liabilities	–	–	–	217,004	217,004
Total non-financial liabilities					42,593
Total liabilities					259,597

* Amount less than $1,000

33. FINANCIAL INSTRUMENTS (IN THOUSANDS OF $) (continued)

(b) Fair values

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

Financial instruments carried at fair value

Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

	The Group and the Company 31 March 2017			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs, other than quoted price (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements				
Financial liability				
Derivative financial instruments				
Currency hedging contracts	–	**641**	–	**641**
	–	**641**	–	**641**

33. FINANCIAL INSTRUMENTS (IN THOUSANDS OF $) (continued)

(b) Fair values (continued)

Financial instruments carried at fair value (continued)

	The Group and the Company 31 March 2016			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs, other than quoted price (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements				
Financial asset				
Derivative financial instruments				
Currency hedging contracts	–	1,946	–	1,946
	–	1,946	–	1,946
Non-recurring fair value measurements				
Non-current asset held for sale (Note 28)				
Equity instrument (unquoted)	–	156,530	–	156,530
	–	156,530	–	156,530

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.

Equity instrument (unquoted) refers to the Company's equity interest in HAESL as disclosed in Note 20.

Financial instruments whose carrying amounts are reasonable approximation of fair value

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

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF $)

The Group operates principally in Singapore and generates revenue mainly in Singapore dollars. The Group also has investments in subsidiary, associated and joint venture companies that operate in eight 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.

(a) Foreign currency risk

The Group has transactional currency exposures arising from operating revenues and expenses that are denominated in a currency other than the respective functional currencies of Group entities, primarily, Singapore dollars (SGD), Australian dollars (AUD), Philippine Pesos (PHP), 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 2017, these accounted for 24% of total revenue (2015/16: 28%) and 10% of total operating expenses (2015/16: 16%). The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Group and Company also hold cash and cash equivalents in foreign 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 $95,124,000 (2016: $93,765,000) and $80,557,000 (2016: $90,697,000) for the Group and the Company respectively.

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for Singapore dollars. The Group also uses forward foreign currency contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell United States dollars at predetermined forward rates, depending on forecast requirements, with settlement dates that range up to one year. The Group uses forward contracts purely as a hedging tool. It does not take positions in currencies with a view to make speculative gains from currency movements.

<u>Cash flow hedges</u>

The Company enters into forward currency contracts to hedge against foreign currency risk for a portion of the forecast net cash generation of USD in the next 12 months. The Company sets aside USD in short-term deposits to hedge against foreign currency risk on highly probable forecast transactions. These transactions pertain to USD capital injections in an associated company.

The cash flow hedges of the expected inflows and outflows in USD in the next 12 months and the highly probable USD capital injections in an associated company were assessed to be highly effective and at 31 March 2017, a net fair value gain before tax of $391,000 (2016: net fair value gain before tax of $1,406,000) with a related deferred tax liability of $66,000 (2015/16: deferred tax liability of $239,000), were included in fair value reserve in respect of these contracts.

The cash flows arising from the foreign currency contracts are expected to occur and enter into the determination of profit or loss in the next financial year.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF $) (continued)

(a) Foreign currency risk

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective; hence there will be no impact on profit before taxation from the cash flow hedges.

The following table details the sensitivity to a 1% weakening or strengthening of SGD exchange rate against the USD with all other variables held constant. The sensitivity analysis includes only the USD currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rate.

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Effect of weakening of SGD against USD				
Profit before taxation[R1]	**1,135**	1,079	**946**	972
Equity[R2]	**(489)**	(703)	**(489)**	(703)
Effect of strengthening of SGD against USD				
Profit before taxation[R1]	**(1,135)**	(1,079)	**(946)**	(972)
Equity[R2]	**489**	703	**489**	703

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 2017, other than those short-term deposits and borrowings, the Group has a floating rate long-term bank loan which is re-priced quarterly.

Interest rate sensitivity analysis

At the end of the reporting period, if the floating rates had been 50 basis points lower/higher with all other variables held constant, the Group's profit before tax would have been approximately $143,000 (2015: $132,000) higher/lower, arising mainly as a result of lower/higher interest expense on the floating rate loan.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF $) (continued)

(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 2017 in relation to each class of recognised financial assets are as follows:

	The Group 31 March		The Company 31 March	
	2017	2016	2017	2016
Unquoted equity investment	**–**	*	**–**	*
Loan to a subsidiary company	**–**	–	**5,249**	5,089
Trade debtors	**87,504**	76,769	**60,490**	52,383
Other debtors	**7,161**	9,061	**4,549**	8,038
Immediate holding company	**78,916**	61,657	**77,046**	60,250
Amounts owing by related parties	**48,751**	68,067	**49,613**	66,421
Work-in-progress	**110,482**	114,405	**106,937**	112,764
Short-term deposits	**531,199**	317,140	**518,141**	311,740
Cash and bank balances	**70,536**	76,846	**40,405**	58,082
	934,549	723,945	**862,430**	674,767

* Amount less than $1,000

Surplus funds are invested in interest-bearing bank deposits and deposits with immediate holding company. Counterparty risks are managed by limiting aggregated exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counterparties.

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors. Concentrations of credit risk with respect to trade debtors are limited to the entities comprising the Group's customer base. The Group carefully assesses the financial strength of its customers and where appropriate, obtains collaterals, including bank guarantees and letters of credit, from customers. In addition, the Group monitors the receivable balances on an ongoing basis, providing for doubtful accounts whenever risks are identified. At 31 March 2017, the only trade debtor exceeding 15% of the Group's trade debtors was an amount of approximately $78,916,000 (2016: $61,657,000) due from its immediate holding company, Singapore Airlines Limited.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF $) (continued)

(c) Credit and Counterparty risk (continued)

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	
	2017	2016	2017	2016	2017	2016	2017	2016
Counterparty profiles								
By industry:								
Airlines	**811,699**	610,980	**87%**	85%	**782,229**	582,334	**91%**	86%
Financial institutions	**83,589**	82,242	**9%**	11%	**40,405**	58,082	**5%**	9%
Others	**32,100**	21,662	**3%**	3%	**29,998**	21,224	**3%**	3%
	927,388	714,884	**99%**	99%	**852,632**	661,640	**99%**	98%
By region:								
East Asia	**842,736**	653,146	**90%**	90%	**783,657**	612,646	**91%**	91%
Europe	**58,686**	31,725	**6%**	5%	**58,061**	31,579	**7%**	5%
South West Pacific	**8,004**	8,117	**1%**	1%	**2,749**	3,058	**0%**	0%
Americas	**15,130**	9,724	**2%**	1%	**5,864**	2,212	**1%**	0%
West Asia and Africa	**2,832**	12,172	**0%**	2%	**2,301**	12,145	**0%**	2%
	927,388	714,884	**99%**	99%	**852,632**	661,640	**99%**	98%
By Moody's credit ratings:								
Investment grade (A to Aaa)	**75,851**	78,930	**8%**	11%	**40,405**	58,082	**5%**	9%
Non-rated	**851,537**	635,954	**91%**	88%	**812,227**	603,558	**94%**	89%
	927,388	714,884	**99%**	99%	**852,632**	661,640	**99%**	98%

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF $) (continued)

(d) Liquidity risk

The Group monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and credit facilities from financial institutions. As at 31 March 2017, the Group had at its disposal, cash and short-term deposits amounting to approximately $601,735,000 (2016: $393,986,000). In addition, the Group had available short-term credit facilities of approximately $27,631,000 (2016: $26,962,000).

The Group's holding of cash and short-term deposits, together with credit facilities and net cash flow from operations, are expected to be sufficient for working capital purposes as well as future capital commitments. The shortfall, if any, could be met by bank borrowings.

The maturity profile of the financial liabilities of the Group and the Company is as follows. 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							
2017							
Financial liabilities							
Trade and other creditors	**249,404**	**–**	**–**	**–**	**–**	**–**	**249,404**
Amounts owing to related parties	**9,237**	**–**	**–**	**–**	**–**	**–**	**9,237**
Bank loans	**4,085**	**–**	**–**	**–**	**–**	**–**	**4,085**
Long-term bank loan	**411**	**3,900**	**5,812**	**5,969**	**5,839**	**1,439**	**23,370**
Total undiscounted financial liabilities	**263,137**	**3,900**	**5,812**	**5,969**	**5,839**	**1,439**	**286,096**
2016							
Financial liabilities							
Trade and other creditors	227,405	–	–	–	–	–	227,405
Amounts owing to related parties	1,768	–	–	–	–	–	1,768
Bank loans	8,836	–	–	–	–	–	8,836
Long-term bank loan	331	3,642	3,597	5,482	5,684	6,997	25,733
Total undiscounted financial liabilities	238,340	3,642	3,597	5,482	5,684	6,997	263,742

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (IN THOUSANDS OF $) (continued)

(d) Liquidity risk (continued)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
The Company							
2017							
Financial liabilities							
Trade and other creditors	**210,234**	**–**	**–**	**–**	**–**	**–**	**210,234**
Amounts owing to related parties	**26,190**	**–**	**–**	**–**	**–**	**–**	**26,190**
Total undiscounted financial liabilities	**236,424**	**–**	**–**	**–**	**–**	**–**	**236,424**
2016							
Financial liabilities							
Trade and other creditors	197,076	–	–	–	–	–	197,076
Amounts owing to related parties	19,928	–	–	–	–	–	19,928
Total undiscounted financial liabilities	217,004	–	–	–	–	–	217,004

35. SEGMENT INFORMATION (IN THOUSANDS OF $)

For management purposes, the Group is organised into business units based on the nature of the services provided, and has the reportable operating segments as follows:

- The repair and overhaul segment provides airframe maintenance, component overhaul, engine repair and overhaul services, and fleet management programme. These services include scheduled routine maintenance and overhaul, specialised and non-routine maintenance, modification and refurbishment programs. Fleet management programme encompasses fleet technical management and inventory technical management services, which include the provision of comprehensive engineering and MRO solutions that can be customised to provide maintenance support to airlines.

- The line maintenance segment provides aircraft certification and technical ground handling services such as push-back and towing, and the provision of aircraft ground support equipment and rectification work.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

All other unallocated items will be disclosed in the consolidated financial statements.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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

35. 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 2017 and 31 March 2016 and certain assets information of the operating segments as at those dates.

Operating Segments

2016/17	Notes	Repair and overhaul	Line maintenance	Total segments	Consolidation elimination & adjustments	Per consolidated financial statements
TOTAL REVENUE						
External revenue		591,103	513,038	1,104,141	–	1,104,141
Inter-segment revenue	(a)	341	10,539	10,880	(10,880)	–
		591,444	523,577	1,115,021	(10,880)	1,104,141
RESULTS						
Segment results		(22,392)	94,398	72,006	–	72,006
Interest income					–	4,030
Surplus on partial disposal of an associated company					–	2,324
Surplus on disposal of non-current asset held for sale					–	141,572
Dividend from non-current asset held for sale					–	39,469
Share of profits of associated companies, net of tax		61,575	3,275	64,850	–	64,850
Share of profits of joint venture companies, net of tax		31,597	–	31,597	–	31,597
Other unallocated expense					–	(814)
Profit before taxation	(b)					355,034
Taxation expense					–	(17,887)
Profit for the financial year						337,147
Other segment items						
Depreciation		37,307	10,285	47,592	–	47,592
Amortisation of intangibles		4,423	758	5,181	–	5,181
Segment assets						
Property, plant and equipment		282,871	48,705	331,576	–	331,576
Intangibles		63,350	1,963	65,313	–	65,313
Investment in associated/joint venture companies		531,764	10,298	542,062	–	542,062
Other unallocated assets	(c)					979,418
Total assets		877,985	60,966	938,951	–	1,918,369

35. SEGMENT INFORMATION (IN THOUSANDS OF $) (continued)

Operating Segments

2015/16	Notes	Repair and overhaul	Line maintenance	Total segments	Consolidation elimination & adjustments	Per consolidated financial statements
TOTAL REVENUE						
External revenue						
Inter-segment revenue	(a)	652,569	460,098	1,112,667	–	1,112,667
		464	9,557	10,021	(10,021)	–
		653,033	469,655	1,122,688	(10,021)	1,112,667
RESULTS						
Segment results		(3,400)	107,779	104,379	–	104,379
Interest income					–	2,057
Surplus on partial disposal of an associated company					–	2,798
Loss on liquidation of an associated company					–	(4,321)
Provision for impairment in an associated company					–	(2,538)
Dividend from non-current asset held for sale					–	6,142
Share of profits of associated companies, net of tax		47,499	2,872	50,371	–	50,371
Share of profits of joint venture companies, net of tax		43,817	–	43,817	–	43,817
Other unallocated expense	(b)				–	(720)
Profit before taxation						201,985
Taxation expense					–	(20,776)
Profit for the financial year						181,209
Other segment items						
Depreciation		34,326	7,910	42,236	–	42,236
Amortisation of intangibles		977	673	1,650	–	1,650
Segment assets						
Property, plant and equipment		298,852	42,059	340,911	–	340,911
Intangibles		61,597	1,798	63,395	–	63,395
Investment in associated/joint venture companies		481,900	9,564	491,464	–	491,464
Other unallocated assets	(c)					926,267
Total assets		842,349	53,421	895,770	–	1,822,037

35. SEGMENT INFORMATION (IN THOUSANDS OF $) (continued)

Notes:

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

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

	The Group	
	2016/17	2015/16
Interest on external borrowings	**(727)**	(296)
Loss on disposal of property, plant and equipment	**(87)**	(424)
	(814)	(720)

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

	The Group 31 March	
	2017	2016
Long-term investment	**–**	*
Current assets	**979,418**	926,267
	979,418	926,267

* Amount less than $1,000

Geographical segments

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

	Revenue		Non-current assets	
	2016/17	2015/16	2016/17	2015/16
East Asia#	**878,893**	913,306	**878,521**	835,768
Europe	**146,161**	131,909	**–**	–
South West Pacific	**29,958**	28,375	**1,211**	1,252
Americas	**25,099**	17,684	**59,219**	58,750
West Asia and Africa	**24,030**	21,393	**–**	–
Total	**1,104,141**	1,112,667	**938,951**	895,770

Mainly Singapore

Non-current assets information presented above consists of property, plant and equipment, intangibles, long-term investments and investments in associated and joint venture companies as presented in the consolidated balance sheet.

35. SEGMENT INFORMATION (IN THOUSANDS OF $) (continued)

Major customers

Revenue from one major customer amounted to approximately $476,916,000 (2015/16: $452,648,000), arising from sales by repair & overhaul and line maintenance segments.

36. CAPITAL MANAGEMENT (IN THOUSANDS OF $)

The primary objective of the management of the Company's capital structure is to maintain an appropriate capital base while retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. Capital comprises share capital and accumulated profits.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

During the financial year ended 31 March 2017, the Company made a total dividend payment to shareholders of approximately $135,212,000 (2015/16: $162,876,000).

No significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure during the years ended 31 March 2017 and 31 March 2016.

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	
	2017	2016	2017	2016
Total debt:				
Bank loans	**4,083**	8,810	**–**	–
Long-term bank loan	**21,876**	24,462	**–**	–
	25,959	33,272	**–**	–
Total capital:				
Share capital	**420,044**	416,503	**420,044**	416,503
Reserves	**1,133,996**	1,068,998	**848,506**	828,754
	1,554,040	1,485,501	**1,268,550**	1,245,257
Capital and total debt	**1,579,999**	1,518,773	**1,268,550**	1,245,257

37. RELATED PARTY TRANSACTIONS (IN THOUSANDS OF $)

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

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

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

Sale and purchase of goods and services

	The Group	
	2016/17	2015/16
Income		
Sales of services and related materials to:		
– the immediate holding company and fellow subsidiaries	**674,774**	717,736
– associated companies	**7,332**	6,064
– joint venture companies	**9,209**	12,004
– others	**15,775**	–
Interest income from the immediate holding company	**3,762**	1,972
Equipment fee charged to the immediate holding company	**313**	438
Rental of office space charged to the immediate holding company	**83**	152

37. RELATED PARTY TRANSACTIONS (IN THOUSANDS OF $) (continued)

Sale and purchase of goods and services (continued)

	The Group	
	2016/17	2015/16
Expense		
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases	**8,675**	8,757
Rental of hangars, workshops and office space charged by the immediate holding company	**18,070**	18,232
Purchases of materials from the immediate holding company and fellow subsidiaries	**124,254**	123,066
Purchases of goods from:		
– associated companies	**19,551**	28,031
– joint venture companies	**54**	116
– others	**18,478**	20,984
Services rendered by:		
– the immediate holding company	**11,626**	13,611

Compensation of key management personnel

Directors' and key executives' remuneration of the Company

	The Company	
	2016/17	2015/16
Directors		
Directors' fees	**890**	954
Key executives		
Salary, bonuses and other costs	**5,342**	3,851
CPF and other defined contributions	**99**	64
Share-based compensation expense	**821**	128

37. RELATED PARTY TRANSACTIONS (IN THOUSANDS OF $) (continued)

Compensation of key management personnel (continued)

Share options granted to and exercised by key executives of the Company are as follows:

Name of participant	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding at end of financial year under review
Png Kim Chiang	738,900	710,200	28,700
Ivan Neo Seok Kok	454,900	412,100	42,800
Zarina Piperdi	106,700	78,000	28,700
Anne Ang Lian Choo	–	–	–
Wong Yue Jeen	–	–	–
Philip Quek Cher Heong^	6,800	6,800	–
Foo Kean Shuh	–	–	–

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

(a) RSP Base Awards

Name of participant	Balance as at 1 April 2016 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2017/ cessation of employment = (a)+(b)–(c)	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Png Kim Chiang	41,893	77,600	17,673	101,820	255,012
Ivan Neo Seok Kok	34,197	20,000	20,197	34,000	184,204
Zarina Piperdi	28,138	20,000	14,138	34,000	180,045
Anne Ang Lian Choo	28,138	20,000	14,138	34,000	172,545
Wong Yue Jeen	29,690	20,000	17,390	32,300	118,156
Philip Quek Cher Heong^	24,721	17,220	12,421	29,520	88,074

^ Mr Philip Quek Cher Heong was appointed as Senior Vice President (SVP) on 1 October 2016. The base awards granted and vested during the financial year were in his capacity as Vice President (VP), prior to 1 October 2016.

37. RELATED PARTY TRANSACTIONS (IN THOUSANDS OF $) (continued)

Compensation of key management personnel (continued)

(b) **RSP Final Awards** (Pending Release)

Name of participant	Balance as at 1 April 2016 (a)	Final Awards granted during the financial year# (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2017/ cessation of employment = (a)+(b)−(c)	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
Png Kim Chiang	4,206	5,302	5,710	3,798	111,672
Ivan Neo Seok Kok	4,703	6,059	6,340	4,422	106,334
Zarina Piperdi	4,703	4,241	5,440	3,504	107,638
Anne Ang Lian Choo	4,703	4,241	5,440	3,504	103,276
Wong Yue Jeen	4,133	5,217	5,628	3,722	38,316
Philip Quek Cher Heong^	2,100	3,726	3,467	2,359	37,303

(c) **PSP Base Awards**

Name of participant	Balance as at 1 April 2016 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2017/ cessation of employment = (a)+(b)−(c)	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
Png Kim Chiang	57,243	56,200	16,966	96,477	232,032	109,650
Ivan Neo Seok Kok	46,518	18,750	14,845	50,423	150,583	84,024
Zarina Piperdi	42,983	17,500	14,845	45,638	155,398	91,224
Anne Ang Lian Choo	42,983	17,500	14,845	45,638	113,972	42,170
Wong Yue Jeen	–	17,500	–	17,500	17,500	–
Philip Quek Cher Heong^	–	–	–	–	–	–

Final Awards granted during the financial year is determined by applying the achievement factor to the Base Awards that have vested during the financial year.

^ Mr Philip Quek Cher Heong was appointed as Senior Vice President (SVP) on 1 October 2016. The base awards granted and vested during the financial year were in his capacity as Vice President (VP), prior to 1 October 2016.

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 2016/17 are as follows:

Name of interested person	Non-Mandated Aggregate value of all IPTs (excluding all mandated transactions pursuant to Rule 920 of the SGX Listing Manual and transactions less than $100,000)	Mandated Aggregate value of all IPTs conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)
Singapore Airlines Group		
Singapore Airlines Ltd	–	11,528
SilkAir (Singapore) Pte Ltd	–	429
Scoot Pte Ltd	–	346
Singapore Airlines Cargo Pte Ltd	–	271,163
Tiger Airways Singapore Pte Ltd	–	852
Temasek Holdings (Private) Limited and Associates		
AJI International Pte Ltd	–	13,000
AETOS Training Academy Pte Ltd	–	125
Singapore Technologies Engineering Group		
ST Aerospace Supplies Pte Ltd	–	120
SATS Ltd		
SATS Security Services Pte Ltd	–	3,001
SATS Aero Laundry Pte Ltd	–	109
Starhub Ltd	–	190
Total	–	**300,863**

2. MATERIAL CONTRACTS

Except as disclosed above and in the financial statements for the financial year ended 31 March 2017, there were no material contracts entered into by the Company and its subsidiary companies involving the interests of the Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

QUARTERLY RESULTS OF THE GROUP

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue:						
2016/17	($ million)	271.6	264.8	272.3	295.4	1,104.1
	(%)	24.6	24.0	24.7	26.7	100.0
2015/16	($ million)	277.3	266.0	275.2	294.2	1,112.7
	(%)	24.9	23.9	24.7	26.5	100.0
Expenditure:						
2016/17	($ million)	273.2	240.3	247.1	271.5	1,032.1
	(%)	26.5	23.3	23.9	26.3	100.0
2015/16	($ million)	256.4	239.0	246.2	266.7	1,008.3
	(%)	25.4	23.7	24.4	26.5	100.0
Operating profit:						
2016/17	($ million)	(1.6)	24.5	25.2	23.9	72.0
	(%)	(2.2)	34.0	35.0	33.2	100.0
2015/16	($ million)	20.9	27.0	29.0	27.5	104.4
	(%)	20.0	25.9	27.8	26.3	100.0
Profit before taxation:						
2016/17	($ million)	201.1	42.3	59.9	51.8	355.1
	(%)	56.6	11.9	16.9	14.6	100.0
2015/16	($ million)	46.9	50.4	56.9	47.8	202.0
	(%)	23.2	24.9	28.2	23.7	100.0
Profit attributable to owners of the parent:						
2016/17	($ million)	198.4	35.5	52.6	45.9	332.4
	(%)	59.7	10.7	15.8	13.8	100.0
2015/16	($ million)	41.3	44.5	49.4	41.4	176.6
	(%)	23.4	25.2	28.0	23.4	100.0
Earnings (after tax) per share – basic:						
2016/17	(cents)	17.67	3.17	4.69	4.09	29.63
	(%)	59.7	10.7	15.8	13.8	100.0
2015/16	(cents)	3.68	3.96	4.40	3.69	15.74
	(%)	23.4	25.2	28.0	23.4	100.0

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2016/17	2015/16	2014/15	2013/14	2012/13
Income statement ($ million)					
Revenue	**1,104.1**	1,112.7	1,120.6	1,178.2	1,146.7
Expenditure	**1,032.1**	1,008.3	1,036.6	1,062.6	1,018.6
Operating profit	**72.0**	104.4	84.0	115.6	128.1
Other income	**186.6**	3.4	15.1	15.8	18.8
Share of profits of associated and joint venture companies, net of tax	**96.5**	94.2	106.3	162.6	150.1
Profit before tax	**355.1**	202.0	205.4	294.0	297.0
Profit attributable to owners of the parent	**332.4**	176.6	183.3	265.7	270.1
Balance sheet ($ million)					
Share capital	**420.0**	416.5	410.7	387.3	348.1
Treasury shares	**(15.2)**	(6.1)	–	–	–
Capital reserve	**2.7**	0.2	–	–	–
Share-based compensation reserve	**16.0**	18.4	20.2	23.9	31.9
Foreign currency translation reserve	**(68.0)**	(87.9)	(81.7)	(127.7)	(134.5)
Fair value reserve	**(0.6)**	140.7	(14.2)	(0.6)	(0.6)
Equity transaction reserve	**(2.4)**	(2.4)	(2.4)	–	–
General reserve	**1,201.5**	1,006.1	992.3	1,078.0	1,057.0
Equity attributable to owners of the parent	**1,554.0**	1,485.5	1,324.9	1,360.9	1,301.9
Non-controlling interests	**34.0**	26.4	24.7	29.6	27.3
Total equity	**1,588.0**	1,511.9	1,349.6	1,390.5	1,329.2
Property, plant and equipment	**331.6**	340.9	344.1	337.2	305.5
Intangibles	**65.3**	63.4	61.5	54.3	49.0
Associated companies	**380.0**	344.0	327.7	309.4	306.2
Joint venture companies	**162.0**	147.5	136.2	126.5	120.8
Long-term investments	**–**	*	14.6	14.6	14.6
Current assets	**979.4**	926.3	772.5	865.1	836.6
Total assets	**1,918.3**	1,822.1	1,656.6	1,707.1	1,632.7
Non-current liabilities	**51.0**	54.0	50.5	40.4	25.3
Current liabilities	**279.3**	256.2	256.5	276.2	278.2
Total liabilities	**330.3**	310.2	307.0	316.6	303.5
Net assets	**1,588.0**	1,511.9	1,349.6	1,390.5	1,329.2
Cash flow statement ($ million)					
Cash flow from operations	**152.2**	95.7	119.4	136.6	160.3
Internally generated cash flow[R1]	**216.2**	174.4	232.0	294.8	298.0
Capital expenditure	**38.3**	40.9	49.5	67.9	31.8

* Amount less than $1,000

Notes:

[R1] Internally generated cash flow comprises cash generated from operations, dividends from associated and joint venture companies, and proceeds from disposal of property, plant and equipment.

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2016/17	2015/16	2014/15	2013/14	2012/13
Profitability ratios (%)					
Return on equity holders' funds[R2]	**21.9**	12.6	13.6	20.0	21.1
Return on total assets	**17.3**	9.7	11.1	15.6	16.5
Return on turnover	**30.1**	15.9	16.4	22.6	23.6
Productivity and employee data					
Value added ($ million)	**921.0**	709.1	725.2	839.6	830.1
Value added per employee ($)	**145,504**	114,589	114,841	131,085	132,346
Revenue per employee ($)	**174,430**	179,810	177,449	183,952	182,831
Average number of employees	**6,330**	6,188	6,315	6,405	6,272
Per share data (cents)					
Earnings after tax – basic[R3]	**29.63**	15.74	16.36	23.88	24.51
Earnings after tax – diluted[R4]	**29.57**	15.70	16.28	23.69	24.30
Net asset value[R5]	**138.8**	132.4	118.1	122.0	117.7
Gross dividends (cents per share)					
Interim dividend	**4.0**	6.0	6.0	7.0	7.0
Final dividend – ordinary	**9.0**[#]	8.0	8.5	13.0	15.0
– special	**5.0**[#]	–	–	5.0	–
Total dividends	**18.0**	14.0	14.5	25.0	22.0

[#] proposed

Notes:

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

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

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

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

GROUP CORPORATE STRUCTURE

AS AT 31 MARCH 2017

SIA ENGINEERING COMPANY LIMITED

	Repair and overhaul		Line maintenance
Subsidiary Companies			
100%	NexGen Network (1) Holding Pte Ltd	**100%**	Aircraft Maintenance Services Australia Pty Ltd
100%	NexGen Network (2) Holding Pte Ltd	**100%**	SIA Engineering (USA), Inc.
100%	SIAEC Global Pte Ltd	**80%**	Singapore Jamco Services Pte Ltd
65%	Heavy Maintenance Singapore Services Pte Ltd	**51%**	Aviation Partnership (Philippines) Corporation
65%	SIA Engineering (Philippines) Corporation		
51%	Aerospace Component Engineering Services Pte Limited		
Joint Venture Company			
50%	Singapore Aero Engine Services Pte Ltd		
Associated Companies			
49%	Boeing Asia Pacific Aviation Services Pte Ltd	**49%**	PT Jas Aero-Engineering Services
49%	Eagle Services Asia Private Limited	**49%**	Southern Airports Aircraft Maintenance Services Company Limited
49%	Fuel Accessory Service Technologies Pte Ltd	**47.1%**	Pan Asia Pacific Aviation Services Ltd
46.4%	Component Aerospace Singapore Pte Ltd		
45%	JAMCO Aero Design & Engineering Pte Ltd		
42.5%	Panasonic Avionics Services Singapore Pte. Ltd.		
40%	Goodrich Aerostructures Service Center – Asia Pte Ltd		
40%	Safran Electronics and Defense Services Asia Pte. Ltd. (previously known as Safran Electronics Asia Pte Ltd)		
40%	Safran Landing Systems Services Singapore Private Limited (previously known as Messier Services Asia Private Limited)		
39.2%	Asian Surface Technologies Pte Ltd		
33.3%	International Aerospace Tubes-Asia Pte Ltd*		
24.5%	Asian Compressor Technology Services Co Ltd		
24.5%	Turbine Coating Services Private Limited		
20%	Jamco Singapore Pte Ltd		

* Operations of International Aerospace Tubes – Asia Pte Ltd have been integrated into Component Aerospace Singapore Pte Ltd.

SHAREHOLDINGS STATISTICS

AS AT 1 JUNE 2017

No. of Issued Shares	:	1,124,116,360
No. of Issued Shares (Excluding Treasury Shares)	:	1,119,389,408
No. / Percentage of Treasury Shares	:	4,726,952 (0.42%)
Class of Shares	:	Ordinary Shares
Voting Rights (Excluding Treasury Shares)	:	1 Vote Per Share

Range of shareholdings	No. of shareholders	%	No. of shares	%[1]
1 – 99	33	0.19	725	0.00
100 – 1,000	6,142	36.26	5,924,767	0.53
1,001 – 10,000	8,727	51.52	36,237,484	3.24
10,001 – 1,000,000	2,029	11.98	68,441,525	6.11
1,000,001 and above	9	0.05	1,008,784,907	90.12
	16,940	100.00	1,119,389,408	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%[1]
1	Singapore Airlines Limited	870,000,000	77.72
2	DBS Nominees (Private) Limited	80,388,405	7.18
3	Citibank Nominees Singapore Pte Ltd	35,080,854	3.13
4	HSBC (Singapore) Nominees Pte Ltd	6,128,353	0.55
5	United Overseas Bank Nominees (Private) Limited	5,401,650	0.48
6	Raffles Nominees (Pte) Limited	4,475,788	0.40
7	DBSN Services Pte Ltd	4,315,355	0.39
8	OCBC Nominees Singapore Private Limited	1,794,502	0.16
9	Wong Ket Seong @ Wong Ket Yin	1,200,000	0.11
10	DB Nominees (Singapore) Pte Ltd	874,296	0.08
11	Phillip Securities Pte Ltd	842,603	0.07
12	Yim Chee Chong	810,000	0.07
13	DBS Vickers Securities (Singapore) Pte Ltd	753,300	0.07
14	Chong Chew Lim @ Chong Ah Kau	735,300	0.07
15	Gralf Max Hans Sieghold	596,600	0.05
16	OCBC Securities Private Ltd	555,442	0.05
17	Choo Si Sen	525,000	0.05
18	Ng Hian Chow	516,000	0.05
19	Lee Huan Shang	468,000	0.04
20	Chew Choon Seng	459,000	0.04
		1,015,920,448	90.76

SHAREHOLDINGS STATISTICS

AS AT 1 JUNE 2017

SUBSTANTIAL SHAREHOLDERS

Substantial shareholder	Direct interest	%(1)	Number of shares deemed interest(2)	%(1)	Total interest	%(1)
Singapore Airlines Limited	870,000,000	77.72	–	–	870,000,000	77.72
Temasek Holdings (Private) Limited	–	–	870,030,000	77.72	870,030,000	77.72

Notes:

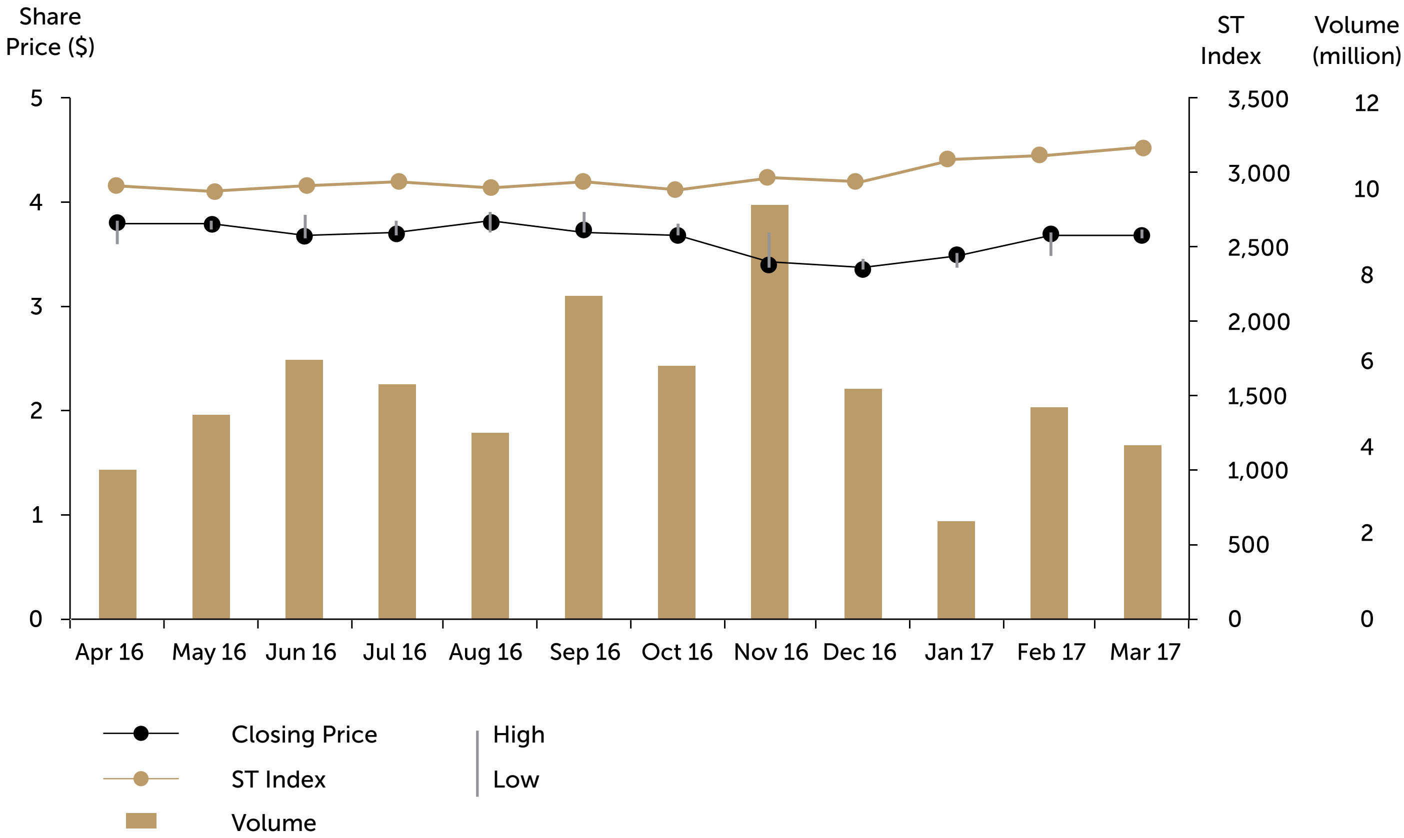
(1) Based on 1,119,389,408 ordinary shares issued as at 1 June 2017 (this is based on 1,124,116,360 shares issued as at 1 June 2017, excluding the 4,726,952 shares held in treasury as at 1 June 2017).

(2) Temasek Holdings (Private) Limited is deemed to be interested in 870,000,000 shares held by Singapore Airlines Limited, and in 30,000 Shares in which its other subsidiaries and/or associated companies have or are deemed to have an interest.

SHAREHOLDING HELD BY THE PUBLIC

Based on the information available to the Company as of 1 June 2017, 22.21 per cent of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.

SHARE PRICE AND TURNOVER



Share Price (S$)	FY 2016/17	FY 2015/16
Highest closing price	**3.89**	4.25
Lowest closing price	**3.35**	3.26
31 March closing price	**3.69**	3.60
Market Value Ratios*		
Price/Earnings	**12.45**	22.88
Price/Book Value	**2.66**	2.72
Price/Cash Earnings**	**10.75**	18.32

Notes

* Based on closing price on 31 March

** Cash earnings is defined as profit attributable to equity holders of the Company plus depreciation and amortisation of intangibles.

NOTICE OF ANNUAL GENERAL MEETING

SIA ENGINEERING COMPANY LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 198201025C

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting of SIA Engineering Company Limited (the "**Company**") will be held at Orchard Grand Ballroom, Level 3, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Thursday, 20 July 2017 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2017 and the Auditors' Report thereon.

2. To declare a final ordinary dividend of 9.0 cents per ordinary share and a special dividend of 5.0 cents per ordinary share for the financial year ended 31 March 2017.

3. To re-elect the following Directors who are retiring by rotation pursuant to Article 90 of the Constitution of the Company and who, being eligible, offer themselves for re-election as Directors pursuant to Article 91 of the Constitution of the Company:

    3.1 Mr Ng Chin Hwee
    3.2 Ms Christina Hon Kwee Fong (Mrs Christina Ong)
    3.3 Mr Tong Chong Heong

4. To re-elect the following Directors who are retiring pursuant to Article 96 of the Constitution of the Company and who, being eligible, offer themselves for re-election as Directors:

    4.1 Mr Tang Kin Fei
    4.2 Dr Raj Thampuran
    4.3 Mr Wee Siew Kim
    4.4 Mr Png Kim Chiang

5. To approve the Directors' fees of up to S$1,500,000 for the financial year ending 31 March 2018 (FY2016/17: up to S$1,134,000).

6. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass, with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:

    7.1 That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), authority be and is hereby given to the Directors of the Company to:

    (a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

    (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

    at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under subparagraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST (the "**Listing Manual**");

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

7.2 That the Directors of the Company be and are hereby authorised to:

(a) grant awards in accordance with the provisions of the SIAEC Performance Share Plan 2014 and/or the SIAEC Restricted Share Plan 2014; and

(b) allot and issue from time to time such number of fully paid ordinary shares as may be required to be issued pursuant to the vesting of awards under the SIAEC Performance Share Plan 2014 and/or the SIAEC Restricted Share Plan 2014, provided that:

(1) the aggregate number of (i) new ordinary shares allotted and issued and/or to be allotted and issued, (ii) existing ordinary shares (including ordinary shares held in treasury) delivered and/or to be delivered, and (iii) ordinary shares released and/or to be released in the form of cash in lieu of ordinary shares, pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014, shall not exceed 5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time;

(2) the aggregate number of ordinary shares under awards to be granted pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 respectively during the period (the "**Relevant Year**") commencing from this Annual General Meeting and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 0.5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time (the "**Yearly Limit**"); and

(3) if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit may be used for the grant of awards under the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 in subsequent years for the duration of the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 respectively,

and in this Resolution, "subsidiary holdings" has the meaning given to it in the Listing Manual.

7.3 That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**"), for the Company, its subsidiaries and associated companies that are "entities at risk" (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Letter to Shareholders dated 28 June 2017 (the "**Letter**") with any party who is of the class of interested persons described in the Appendix to the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above (the "**IPT Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required), as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the IPT Mandate and/or this Resolution.

7.4 That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Average Closing Price" means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

"date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"Maximum Limit" means that number of issued Shares representing 2% of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed, whether pursuant to a market purchase or an off-market purchase, 105% of the Average Closing Price of the Shares; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board

DEVIKA RANI DAVAR
LU LING LING
Joint Company Secretaries

28 June 2017
Singapore

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders being obtained at the 35th Annual General Meeting of the Company for the payment of the final ordinary dividend and the special dividend (the "**Proposed Dividends**"), the Share Transfer Books and the Register of Members of the Company will be closed on 28 July 2017 for the preparation of dividend warrants.

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 27 July 2017 will be registered to determine shareholders' entitlements to the Proposed Dividends. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with ordinary shares of the Company as at 5.00 p.m. on 27 July 2017 will be entitled to the Proposed Dividends. The Company will pay the Proposed Dividends to CDP, which will, in turn, distribute the entitlements to the Proposed Dividends to CDP account-holders in accordance with its normal practice.

The Proposed Dividends, if approved by shareholders, will be paid on 8 August 2017.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. In relation to Ordinary Resolution Nos. 3.1, 3.2 and 3.3, Mr Ng Chin Hwee, Ms Christina Hon Kwee Fong (Mrs Christina Ong) and Mr Tong Chong Heong will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company and will be standing for re-election at the Annual General Meeting. Mr Ng will, upon re-election, continue to serve as a member of the Board Safety & Risk Committee and the Nominating Committee. Mrs Ong will, upon re-election, continue to serve as the Chairman of the Nominating Committee and a member of the Audit Committee. Mr Tong will, upon re-election, continue to serve as the Chairman of the Board Safety & Risk Committee and a member of the Compensation & HR Committee. Mr Ng is considered a non-independent Director, and Mrs Ong and Mr Tong are considered independent Directors. Please refer to the sections on Board of Directors and Corporate Governance in the Annual Report FY2016/17 for information on Mr Ng, Mrs Ong and Mr Tong.

2. In relation to Ordinary Resolution Nos. 4.1, 4.2, 4.3 and 4.4, Article 96 of the Constitution of the Company permits the Directors to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following Annual General Meeting, and shall then be eligible for re-election. Mr Tang Kin Fei was appointed on 8 May 2017, Dr Raj Thampuran was appointed on 1 September 2016, Mr Wee Siew Kim was appointed on 8 May 2017 and Mr Png Kim Chiang (the Chief Executive Officer of the Company) was appointed on 1 November 2016, and they are each therefore seeking re-election at the forthcoming 35th Annual General Meeting pursuant to Article 96. Mr Tang will, upon-election, continue to serve as the Deputy Chairman of the Board and a member of the Audit Committee and the Board Safety & Risk Committee. Dr Thampuran will, upon re-election, continue to serve as a member of the Audit Committee. Mr Wee will, upon re-election, continue to serve as a member of the Board Safety & Risk Committee and the Compensation & HR Committee. Mr Tang, Dr Thampuran and Mr Wee are considered independent Directors. Please refer to the sections on Board of Directors and Corporate Governance in the Annual Report FY2016/17 for information on Mr Tang, Dr Thampuran, Mr Wee and Mr Png.

3. Ordinary Resolution No. 5, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during FY2017/18. The amount of the Directors' fees is computed based on the anticipated number of Board meetings for FY2017/18, assuming full attendance by all Directors. The amount also includes an additional 5% to cater for unforeseen circumstances, for example, the appointment of an additional Director, additional unscheduled Board meetings, additional appointments to Board Committees and/or the formation of additional Board Committees. The increase in Directors' fees is proposed following a remuneration review conducted by the Company's external consultant, Carrots Consulting Pte Ltd, and is necessary in order to attract, retain and motivate high calibre non-executive Directors and ensure that the non-executive Directors' compensation is market-competitive and commensurate with their responsibilities and accountabilities. The increase is also to accommodate the appointment of additional Directors, namely, Mr Tang Kin Fei (Deputy Chairman) and Mr Wee Siew Kim, on 8 May 2017, as well as an increase in the number of appointments to Board Committees. In the event that the amount proposed is insufficient, approval will be sought at the next Annual General Meeting for payments to meet the shortfall.

   As disclosed on page 33 of the Annual Report FY2016/17, Directors' fees due to Mr Goh Choon Phong and Mr Ng Chin Hwee will be paid to and retained by Singapore Airlines Limited ("**SIA**"), the holding company of the Company. Mr Goh and Mr Ng hold executive positions in SIA. As disclosed on page 33 of the Annual Report FY2016/17, Mr Png Kim Chiang is the Chief Executive Officer of the Company and does not receive any Directors' fees.

4. Ordinary Resolution No. 7.1, if passed, will empower the Directors to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) with a sub-limit of 10% for issues other than on a *pro rata* basis. The 10% sub-limit for non-*pro rata* issues is lower than the 20% sub-limit allowed under the Listing Manual. The Directors believe that the lower sub-limit of 10% would sufficiently address the Company's present need to maintain flexibility while taking into account shareholders' concerns against dilution. For the purpose of determining the aggregate number of shares which may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time this Ordinary Resolution is passed; and (b) any subsequent bonus issue or consolidation or subdivision of shares. For the avoidance of doubt, shareholders' approval will be required for any consolidation or subdivision of shares. As at 1 June 2017 (the "**Latest Practicable Date**"), the Company had 4,726,952 treasury shares and no subsidiary holdings.

5. Ordinary Resolution No. 7.2, if passed, will empower the Directors to grant awards pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014, and to allot and issue ordinary shares of the Company pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014. The total number of ordinary shares which may be delivered pursuant to awards granted under the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 (whether in the form of ordinary shares or in the form of cash in lieu of ordinary shares) shall not exceed 5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time. In addition, Ordinary Resolution 7.2 will provide that the total number of ordinary shares under awards to be granted pursuant to the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 from this Annual General Meeting to the next Annual General Meeting (the "**Relevant Year**") shall not exceed 0.5% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) from time to time (the "**Yearly Limit**"), provided that if the Yearly Limit is not fully utilised during the Relevant Year, any unutilised portion of the Yearly Limit may be used by the Directors to make grants of awards under the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014 in subsequent years, for the duration of the SIAEC Performance Share Plan 2014 and the SIAEC Restricted Share Plan 2014.

6. Ordinary Resolution No. 7.3, if passed, will renew the mandate to allow the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9) or any of them, to enter into certain interested person transactions with certain classes of interested persons as described in the Appendix to the Letter. The authority will, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company. Please refer to the Letter for more details.

7. Ordinary Resolution No. 7.4, if passed, will renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the Resolution.

   The Company may use internal or external sources of funds to finance the purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired and the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

   The financial effects of the purchase or acquisition of such ordinary shares by the Company pursuant to the proposed Share Buy Back Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 March 2017, based on certain assumptions, are set out in paragraph 3.7 of the Letter. Please refer to the Letter for more details.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 not less than 72 hours before the time appointed for holding the Annual General Meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or its service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or its service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SIA ENGINEERING COMPANY LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 198201025C

PROXY FORM

IMPORTANT:
1. Relevant intermediaries as defined in Section 181 of Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in SIA Engineering Company Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 June 2017.

*I/We ____(Name)

____ (NRIC/Passport/Co. Reg. Number)

of ____ (Address)

being *a member/members of SIA Engineering Company Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings %
and/or (delete as appropriate)			

or failing *him/her/them, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend, speak and vote for *me/us and on *my/our behalf at the AGM of the Company to be held at Orchard Grand Ballroom, Level 3, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Thursday, 20 July 2017 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be *my/our *proxy/proxies to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.

NOTE: Voting will be conducted by poll.

No.	Resolution	**No. of Votes "For"	**No. of Votes "Against"
	Ordinary Business		
1.	Adoption of the Directors' Statement, Audited Financial Statements and the Auditors' Report		
2.	Declaration of final ordinary dividend and special dividend		
3.	Re-election of Directors retiring by rotation pursuant to Articles 90 and 91 of the Constitution of the Company:		
	3.1 Mr Ng Chin Hwee		
	3.2 Ms Christina Hon Kwee Fong (Mrs Christina Ong)		
	3.3 Mr Tong Chong Heong		
4.	Re-election of Directors retiring pursuant to Article 96 of the Constitution of the Company:		
	4.1 Mr Tang Kin Fei		
	4.2 Dr Raj Thampuran		
	4.3 Mr Wee Siew Kim		
	4.4 Mr Png Kim Chiang		
5.	Approval of Directors' fees for financial year ending 31 March 2018		
6.	Re-appointment and remuneration of Auditors		
	Special Business		
7.1	Approval of the proposed renewal of the Share Issue Mandate		
7.2	Approval for the proposed renewal of the Share Plan Mandate		
7.3	Approval for the proposed renewal of the Mandate for Interested Person Transactions		
7.4	Approval for the proposed renewal of the Share Buy Back Mandate		

* Delete accordingly

** If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please insert the relevant number of shares in the boxes provided

Dated this ____________ day of ________________ 2017.

Total number of Ordinary Shares held:

____
Signature(s) of Member(s) or Common Seal
Important: Please read notes on the reverse side

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Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its seal or signed by its officer duly authorised.
4. A corporation which is a member may also authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
5. This instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, not less than 72 hours before the time appointed for holding the AGM.
6. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.
7. The appointment of a proxy or proxies shall not preclude a member from attending and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument (including any related attachment) appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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Please
Affix
Postage
Stamp

M & C SERVICES PRIVATE LIMITED
Share Registrar for
SIA Engineering Company Limited
112 Robinson Road #05-01
Singapore 068902
Republic of Singapore

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CORPORATE DATA

BOARD OF DIRECTORS

Chairman
Stephen Lee Ching Yen

Deputy Chairman
Tang Kin Fei
(from 8 May 2017)

Directors
Goh Choon Phong

Ng Chin Hwee

Manohar Khiatani

Chew Teck Soon

Christina Ong

Tong Chong Heong

Raj Thampuran
(from 1 Sep 2016)

Png Kim Chiang
(from 1 Nov 2016)

Wee Siew Kim
(from 8 May 2017)

Ron Foo Siang Guan
(until 22 Jul 2016)

Oo Soon Hee
(until 22 Jul 2016)

Company Secretaries
Devika Rani Davar

Lu Ling Ling

AUDIT COMMITTEE

Chairman
Chew Teck Soon
(from 21 Jul 2016)

Ron Foo Siang Guan
(until 20 Jul 2016)

Members
Tang Kin Fei
(from 1 Jun 2017)

Manohar Khiatani

Christina Ong

Raj Thampuran
(from 1 Nov 2016)

NOMINATING COMMITTEE

Chairman
Christina Ong
(from 21 Jul 2016)

Oo Soon Hee
(until 20 Jul 2016)

Members
Ng Chin Hwee

Chew Teck Soon

Tong Chong Heong
(until 31 May 2017)

COMPENSATION & HR COMMITTEE

Chairman
Stephen Lee Ching Yen

Members
Goh Choon Phong

Tong Chong Heong

Christina Ong
(until 31 May 2017)

Wee Siew Kim
(from 1 Jun 2017)

BOARD SAFETY & RISK COMMITTEE

Chairman
Tong Chong Heong
(from 21 Jul 2016)

Oo Soon Hee
(until 20 Jul 2016)

Members
Tang Kin Fei
(from 1 Jun 2017)

Ng Chin Hwee

Manohar Khiatani

Chew Teck Soon
(until 31 May 2017)

Wee Siew Kim
(from 1 Jun 2017)

BOARD COMMITTEE

Members
Stephen Lee Ching Yen
(from 22 Jul 2016)

Goh Choon Phong

Ron Foo Siang Guan
(until 21 Jul 2016)

REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITOR

KPMG LLP
Public Accountants and
Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

AUDIT PARTNER

Tan Wah Yeow

EXECUTIVE MANAGEMENT

Chief Executive Officer
Png Kim Chiang

Executive Vice President Operations
Ivan Neo Seok Kok

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

Senior Vice President Human Resources
Zarina Piperdi

Senior Vice President Partnership Management & Business Development
Wong Yue Jeen

Senior Vice President Line Maintenance & Fleet Management
Philip Quek Cher Heong

Senior Vice President Innovation & Technology
Foo Kean Shuh
(from 1 Jun 2016)

SIA ENGINEERING COMPANY

SIA ENGINEERING COMPANY LIMITED
31 Airline Road Singapore 819831
Tel: (65) 6506 9213
Fax: (65) 6546 0679
Email: siaec@singaporeair.com.sg
www.siaec.com.sg

Contact Persons
Lu Ling Ling
Company Secretary
Tel: (65) 6506 9213
Fax: (65) 6546 0679

Toh Meng Wee
Manager Risk Management & Public Affairs
Tel: (65) 6549 2495
Fax: (65) 6543 4089