

**UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED  
30 SEPTEMBER 2017**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED INCOME STATEMENT  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2017 (IN \$ MILLION)**

	The Group		The Group	
	2 <sup>nd</sup> Quarter 2017-18	2 <sup>nd</sup> Quarter 2016-17	1 <sup>st</sup> Half 2017-18	1 <sup>st</sup> Half 2016-17
<b>REVENUE</b>	<b>274.7</b>	<b>264.8</b>	<b>547.5</b>	<b>536.4</b>
<b>EXPENDITURE</b>				
Staff costs	123.3	117.1	251.0	259.0 <sup>R1</sup>
Material costs	47.1	46.9	90.1	93.0
Depreciation	12.4	11.9	24.8	23.2
Amortisation of intangibles	1.3	1.3	2.7	2.2
Company accommodation	12.5	12.8	25.3	25.4
Subcontract costs	34.4	32.0	70.0	66.8
Other operating expenses	24.2	18.3	46.0	43.9
	<b>255.2</b>	<b>240.3</b>	<b>509.9</b>	<b>513.5</b>
<b>OPERATING PROFIT</b>	<b>19.5</b>	<b>24.5</b>	<b>37.6</b>	<b>22.9<sup>R1</sup></b>
Interest income	1.2	1.0	2.5	1.9
Interest on external borrowings	(0.2)	(0.2)	(0.4)	(0.3)
Surplus/(Loss) on disposal of property, plant and equipment	0.5	(0.2)	0.5	(0.1)
Surplus on disposal of non-current asset held for sale	-	-	-	141.6
Dividend from non-current asset held for sale	-	-	-	39.5
Share of profits of associated companies, net of tax	18.2	12.3	35.0	25.6
Share of profits of joint venture companies, net of tax	4.7	4.9	9.0	12.3
<b>PROFIT BEFORE TAXATION</b>	<b>43.9</b>	<b>42.3</b>	<b>84.2</b>	<b>243.4</b>
Taxation expense	(5.5)	(5.5)	(9.6)	(6.8)
<b>PROFIT FOR THE PERIOD</b>	<b>38.4</b>	<b>36.8</b>	<b>74.6</b>	<b>236.6</b>
<b>PROFIT ATTRIBUTABLE TO: OWNERS OF THE PARENT</b>	<b>38.1</b>	<b>35.5</b>	<b>74.3</b>	<b>233.9<sup>R2</sup></b>
Non-controlling interests	0.3	1.3	0.3	2.7
	<b>38.4</b>	<b>36.8</b>	<b>74.6</b>	<b>236.6</b>
BASIC EARNINGS PER SHARE (CENTS)	3.40	3.17	6.63	20.83
DILUTED EARNINGS PER SHARE (CENTS)	3.39	3.16	6.62	20.79

\* Amount less than \$0.1M

Note:

R1: The staff costs of \$259.0M in 1<sup>st</sup> half FY2016-17 included a provision for the estimated increase in the profit-linked component of staff remuneration arising from the gain on divestment of Hong Kong Aero Engine Services Ltd ("HAESL"). Before the additional provision for staff costs, operating profit for half year was \$44.2M. After taking into account this one-time impact, the Group showed an operating profit of \$22.9M in 1<sup>st</sup> half FY2016-17.

R2: Profit attributable to owners of the parent of \$233.9M included a gain on divestment of HAESL of \$178.0M and its corresponding impact on staff costs (net of tax adjustments). Before the divestment, profit attributable to owners of the parent was \$73.5M.

**Notes - Profit for the period is arrived at after charging/(crediting) the following:**

	The Group		The Group	
	2 <sup>nd</sup> Quarter 2017-18	2 <sup>nd</sup> Quarter 2016-17	1 <sup>st</sup> Half 2017-18	1 <sup>st</sup> Half 2016-17
	\$M	\$M	\$M	\$M
Provision/(Write back of provision) for impairment of trade debtors, net	1.6	(0.6)	2.4	(0.3)
Exchange loss/(gain), net	1.0	(3.8)	2.8	(5.0)
Overprovision of tax in respect of prior year	-	(0.2)	*	(0.2)
Provision/(Write back of provision) for stock obsolescence, net	1.0	(0.2)	1.7	1.3

**1(a)(i) Consolidated Statement of Comprehensive Income**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2017 (IN \$ MILLION)**

	The Group			
	2 <sup>nd</sup> Quarter 2017-18	2 <sup>nd</sup> Quarter 2016-17	1 <sup>st</sup> Half 2017-18	1 <sup>st</sup> Half 2016-17
<b>PROFIT FOR THE PERIOD</b>	<b>38.4</b>	<b>36.8</b>	<b>74.6</b>	<b>236.6</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<u>Items that will not be reclassified to profit or loss:</u>				
Actuarial loss on remeasurement of defined benefit plan	*	*	*	*
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation	(8.7)	7.0	(18.3)	6.2
Net fair value adjustment on cash flow hedges	(0.5)	(1.1)	(0.2)	(0.9)
Realisation of fair value changes on non-current asset held for sale	-	-	-	(141.9)
Share of other comprehensive income of associated and joint venture companies	0.8	(0.2)	3.1	0.6
	<u>(8.4)</u>	<u>5.7</u>	<u>(15.4)</u>	<u>(136.0)</u>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>(8.4)</b>	<b>5.7</b>	<b>(15.4)</b>	<b>(136.0)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>30.0</b>	<b>42.5</b>	<b>59.2</b>	<b>100.6</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
<b>OWNERS OF THE PARENT</b>	30.0	41.0	59.7	98.1
Non-controlling interests	*	1.5	(0.5)	2.5
	<u><b>30.0</b></u>	<u><b>42.5</b></u>	<u><b>59.2</b></u>	<u><b>100.6</b></u>

\* Amount less than \$0.1M

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2017 (IN \$ MILLION)**

	<b>The Company</b>			
	<b>2<sup>nd</sup> Quarter 2017-18</b>	<b>2<sup>nd</sup> Quarter 2016-17</b>	<b>1<sup>st</sup> Half 2017-18</b>	<b>1<sup>st</sup> Half 2016-17</b>
<b>PROFIT FOR THE PERIOD</b>	<b>38.2</b>	<b>33.1</b>	<b>82.8</b>	<b>221.2</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value adjustment on cash flow hedges	(0.5)	(1.1)	(0.2)	(0.9)
Realisation of fair value changes on non-current asset held for sale	-	-	-	(141.9)
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>(0.5)</b>	<b>(1.1)</b>	<b>(0.2)</b>	<b>(142.8)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>37.7</b>	<b>32.0</b>	<b>82.6</b>	<b>78.4</b>

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**BALANCE SHEETS AT 30 SEPTEMBER 2017 (IN \$ MILLION)**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 Sep 2017</b>	<b>31 Mar 2017</b>	<b>30 Sep 2017</b>	<b>31 Mar 2017</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Share capital	420.0	420.0	420.0	420.0
Treasury shares	(17.4)	(15.2)	(17.4)	(15.2)
Capital reserve	2.8	2.7	2.8	2.7
Share-based compensation reserve	5.6	16.0	5.6	16.0
Foreign currency translation reserve	(85.5)	(68.0)	-	-
Fair value reserve	2.3	(0.6)	0.2	0.4
Equity transaction reserve	(2.4)	(2.4)	-	-
General reserve	1,127.1	1,201.5	778.8	844.7
	1,452.5	1,554.0	1,190.0	1,268.6
<b>NON-CONTROLLING INTERESTS</b>	31.3	34.0	-	-
<b>TOTAL EQUITY</b>	1,483.8	1,588.0	1,190.0	1,268.6
<b>NON-CURRENT LIABILITIES</b>				
Deferred taxation	28.2	29.1	25.8	26.3
Long-term bank loan	19.6	21.9	-	-
	47.8	51.0	25.8	26.3
	<b>1,531.6</b>	<b>1,639.0</b>	<b>1,215.8</b>	<b>1,294.9</b>
Represented by :				
<b>PROPERTY, PLANT AND EQUIPMENT</b>	321.7	331.6	261.8	270.2
<b>INTANGIBLES</b>	67.9	65.3	8.3	6.1
<b>SUBSIDIARY COMPANIES</b>	-	-	133.8	127.8
<b>ASSOCIATED COMPANIES</b>	372.4	380.0	192.9	192.9
<b>JOINT VENTURE COMPANIES</b>	155.7	162.0	61.9	61.9
<b>CURRENT ASSETS</b>				
Trade debtors	69.3	87.5	48.4	60.5
Prepayments and other debtors	21.4	14.7	10.3	7.6
Immediate holding company	57.2	78.9	55.4	77.1
Amount owing by related parties	47.9	48.8	49.1	49.6
Inventories	36.3	37.3	26.1	27.0
Work-in-progress	172.3	110.5	161.4	106.9
Short-term deposits	415.4	531.2	399.3	518.1
Cash and bank balances	51.8	70.5	28.3	40.4
	871.6	979.4	778.3	887.2
Less:				
<b>CURRENT LIABILITIES</b>				
Trade and other creditors	233.2	250.4	185.6	211.2
Amount owing to related parties	1.0	9.2	20.6	26.2
Bank loans	7.2	4.0	-	-
Tax payable	16.3	15.7	15.0	13.8
	257.7	279.3	221.2	251.2
<b>NET CURRENT ASSETS</b>	613.9	700.1	557.1	636.0
	<b>1,531.6</b>	<b>1,639.0</b>	<b>1,215.8</b>	<b>1,294.9</b>

\*Amount less than \$0.1M.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.  
(in \$ Million)**

**Amount repayable in one year or less, or on demand**

<b>As at 30 Sep 2017</b>		<b>As at 31 Mar 2017</b>	
Secured	Unsecured	Secured	Unsecured
-	7.2	-	4.0

**Amount repayable after one year**

<b>As at 30 Sep 2017</b>		<b>As at 31 Mar 2017</b>	
Secured	Unsecured	Secured	Unsecured
-	19.6	-	21.9

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2017 (IN \$ MILLION)**

	The Group		The Group	
	2 <sup>nd</sup> Quarter 2017-18	2 <sup>nd</sup> Quarter 2016-17	1 <sup>st</sup> Half 2017-18	1 <sup>st</sup> Half 2016-17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before taxation	43.9	42.3	84.2	243.4
Adjustments for:				
Depreciation	12.4	11.9	24.8	23.2
Amortisation of intangibles	1.3	1.3	2.7	2.2
Share-based compensation expense	(0.4)	0.8	0.7	1.2
(Surplus)/Loss on disposal of property, plant and equipment	(0.5)	0.2	(0.5)	0.1
Surplus on disposal of non-current asset held for sale	-	-	-	(141.6)
Interest income	(1.2)	(1.0)	(2.5)	(1.9)
Interest on external borrowings	0.2	0.2	0.4	0.3
Share of profits of associated and joint venture companies, net of tax	(22.9)	(17.2)	(44.0)	(37.9)
Exchange differences	1.0	(3.8)	2.8	(5.0)
Dividend received from non-current asset held for sale	-	-	-	(39.5)
<b>Operating profit before working capital changes</b>	<b>33.8</b>	<b>34.7</b>	<b>68.6</b>	<b>44.5</b>
Decrease/(Increase) in debtors	1.7	(8.8)	8.6	(4.4)
Increase in inventories and work-in-progress	(19.7)	(5.7)	(60.8)	(7.4)
(Decrease)/Increase in creditors	(33.4)	(11.4)	(16.9)	17.9
Decrease/(Increase) in amounts owing by immediate holding company	22.9	(16.9)	21.1	(22.3)
(Increase)/ Decrease in amounts owing by related parties	(10.3)	0.7	(7.4)	15.4
<b>Cash (used in)/generated from operations</b>	<b>(5.0)</b>	<b>(7.4)</b>	<b>13.2</b>	<b>43.7</b>
Income taxes paid	(8.6)	(10.8)	(9.9)	(10.3)
<b>NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES</b>	<b>(13.6)</b>	<b>(18.2)</b>	<b>3.3</b>	<b>33.4</b>

\* Amount less than \$0.1M

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2017 (IN \$ MILLION)**

	The Group		The Group	
	2 <sup>nd</sup> Quarter 2017-18	2 <sup>nd</sup> Quarter 2016-17	1 <sup>st</sup> Half 2017-18	1 <sup>st</sup> Half 2016-17
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital expenditure	(6.5)	(9.2)	(18.3)	(16.9)
Purchase of intangible assets	(2.6)	(0.4)	(6.9)	(1.9)
Proceeds from disposal of property, plant and equipment	1.2	0.1	1.9	0.2
Proceeds from disposal of non-current asset held for sale	-	-	-	156.6
Interest received from deposits	1.9	0.8	3.1	1.8
Dividends received from associated and joint venture companies	18.7	13.4	46.8	23.3
Dividend received from non-current asset held for sale	-	-	-	39.5
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>12.7</b>	<b>4.7</b>	<b>26.6</b>	<b>202.6</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from exercise of share options	0.2	0.5	1.0	11.6
Proceeds from issuance of share capital by a subsidiary company to non-controlling interests	-	2.4	-	3.8
Proceeds from borrowings	0.8	-	3.3	1.8
Repayment of borrowings	(0.8)	(3.0)	(1.6)	(3.0)
Interest paid	(0.2)	(0.2)	(0.4)	(0.3)
Dividends paid	(156.8)	(90.3)	(156.8)	(90.3)
Dividends paid by subsidiary companies to non-controlling interests	(1.4)	(2.1)	(2.2)	(3.7)
Purchase of treasury shares	(1.7)	(5.1)	(6.2)	(9.8)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(159.9)</b>	<b>(97.8)</b>	<b>(162.9)</b>	<b>(89.9)</b>
<b>NET CASH (OUTFLOW)/INFLOW</b>	<b>(160.8)</b>	<b>(111.3)</b>	<b>(133.0)</b>	<b>146.1</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING PERIOD</b>	<b>628.7</b>	<b>650.6</b>	<b>601.7</b>	<b>393.9</b>
Effect of exchange rate changes	(0.7)	0.5	(1.5)	(0.2)
<b>CASH AND CASH EQUIVALENTS AT END PERIOD</b>	<b>467.2</b>	<b>539.8</b>	<b>467.2</b>	<b>539.8</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>				
Short-term deposits	415.4	475.8	415.4	475.8
Cash and bank balances	51.8	64.0	51.8	64.0
<b>CASH AND CASH EQUIVALENTS AT END PERIOD</b>	<b>467.2</b>	<b>539.8</b>	<b>467.2</b>	<b>539.8</b>

\* Amount less than \$0.1M

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017 (IN \$ MILLION)**

The Group	Attributable to Owners of the Parent									Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total		
<b>Balance at 1 July 2017</b>	<b>420.0</b>	<b>(18.9)</b>	<b>2.8</b>	<b>16.9</b>	<b>(77.1)</b>	<b>2.0</b>	<b>(2.4)</b>	<b>1,237.8</b>	<b>1,581.1</b>	<b>32.7</b>	<b>1,613.8</b>
Profit for the period	-	-	-	-	-	-	-	38.1	38.1	0.3	38.4
Actuarial loss on remeasurement of defined benefit plan	-	-	-	-	-	-	-	*	*	*	*
Foreign currency translation	-	-	-	-	(8.4)	-	-	-	(8.4)	(0.3)	(8.7)
Net fair value adjustment on cash flow hedges	-	-	-	-	-	(0.5)	-	-	(0.5)	-	(0.5)
Share of other comprehensive income of associated/joint venture companies	-	-	-	-	*	0.8	-	-	0.8	-	0.8
Other comprehensive income, net of tax	-	-	-	-	(8.4)	0.3	-	*	(8.1)	(0.3)	(8.4)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8.4)</b>	<b>0.3</b>	<b>-</b>	<b>38.1</b>	<b>30.0</b>	<b>*</b>	<b>30.0</b>
Share-based compensation expense	-	-	-	(0.4)	-	-	-	-	(0.4)	-	(0.4)
Share awards released	-	2.9	-	(3.2)	-	-	-	0.3	-	-	-
Share options lapsed	-	-	-	(7.7)	-	-	-	7.7	-	-	-
Purchase of treasury shares	-	(1.7)	-	-	-	-	-	-	(1.7)	-	(1.7)
Treasury shares reissued pursuant to equity compensation plans	-	0.3	*	*	-	-	-	-	0.3	-	0.3
Dividends	-	-	-	-	-	-	-	(156.8)	(156.8)	(1.4)	(158.2)
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>1.5</b>	<b>*</b>	<b>(11.3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(148.8)</b>	<b>(158.6)</b>	<b>(1.4)</b>	<b>(160.0)</b>
<b>Balance at 30 September 2017</b>	<b>420.0</b>	<b>(17.4)</b>	<b>2.8</b>	<b>5.6</b>	<b>(85.5)</b>	<b>2.3</b>	<b>(2.4)</b>	<b>1,127.1</b>	<b>1,452.5</b>	<b>31.3</b>	<b>1,483.8</b>

\* Amount less than \$0.1M



**STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016 (IN \$ MILLION)**

The Group	Attributable to Owners of the Parent									Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total		
<b>Balance at 1 July 2016</b>	<b>419.1</b>	<b>(0.6)</b>	<b>2.6</b>	<b>14.7</b>	<b>(88.3)</b>	<b>(0.2)</b>	<b>(2.4)</b>	<b>1,204.5</b>	<b>1,549.4</b>	<b>27.2</b>	<b>1,576.6</b>
Profit for the period	-	-	-	-	-	-	-	35.5	35.5	1.3	36.8
Actuarial loss on remeasurement of defined benefit plan	-	-	-	-	-	-	-	*	*	*	*
Foreign currency translation	-	-	-	-	6.8	-	-	-	6.8	0.2	7.0
Net fair value adjustment on cash flow hedges	-	-	-	-	-	(1.1)	-	-	(1.1)	-	(1.1)
Share of other comprehensive income of associated/joint venture companies	-	-	-	-	*	(0.2)	-	-	(0.2)	-	(0.2)
Other comprehensive income, net of tax	-	-	-	-	6.8	(1.3)	-	*	5.5	0.2	5.7
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.8</b>	<b>(1.3)</b>	<b>-</b>	<b>35.5</b>	<b>41.0</b>	<b>1.5</b>	<b>42.5</b>
Capital contribution	-	-	-	-	-	-	-	-	-	2.4	2.4
Share-based compensation expense	-	-	-	0.8	-	-	-	-	0.8	-	0.8
Share awards released	0.9	-	-	(1.2)	-	-	-	0.3	-	-	-
Share options lapsed	-	-	-	*	-	-	-	*	-	-	-
Purchase of treasury shares	-	(5.1)	-	-	-	-	-	-	(5.1)	-	(5.1)
Treasury shares reissued pursuant to equity compensation plans	-	0.6	0.1	(0.2)	-	-	-	-	0.5	-	0.5
Dividends	-	-	-	-	-	-	-	(90.3)	(90.3)	(2.1)	(92.4)
<b>Total contributions by and distributions to owners</b>	<b>0.9</b>	<b>(4.5)</b>	<b>0.1</b>	<b>(0.6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(90.0)</b>	<b>(94.1)</b>	<b>0.3</b>	<b>(93.8)</b>
<b>Balance at 30 September 2016</b>	<b>420.0</b>	<b>(5.1)</b>	<b>2.7</b>	<b>14.1</b>	<b>(81.5)</b>	<b>(1.5)</b>	<b>(2.4)</b>	<b>1,150.0</b>	<b>1,496.3</b>	<b>29.0</b>	<b>1,525.3</b>

\* Amount less than \$0.1M

**STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017 (IN \$ MILLION)**

<b>The Company</b>	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
<b>Balance at 1 July 2017</b>	<b>420.0</b>	<b>(18.9)</b>	<b>2.8</b>	<b>16.9</b>	<b>0.7</b>	<b>889.4</b>	<b>1,310.9</b>
Profit for the period	-	-	-	-	-	38.2	38.2
Other comprehensive income, net of tax:							
Net fair value adjustment on cash flow hedges	-	-	-	-	(0.5)	-	(0.5)
Other comprehensive income, net of tax	-	-	-	-	(0.5)	-	(0.5)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.5)</b>	<b>38.2</b>	<b>37.7</b>
Share-based compensation expense	-	-	-	(0.4)	-	-	(0.4)
Share awards released	-	2.9	-	(3.2)	-	0.3	-
Share options lapsed	-	-	-	(7.7)	-	7.7	-
Purchase of treasury shares	-	(1.7)	-	-	-	-	(1.7)
Treasury shares reissued pursuant to equity compensation plans	-	0.3	*	*	-	-	0.3
Dividends	-	-	-	-	-	(156.8)	(156.8)
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>1.5</b>	<b>*</b>	<b>(11.3)</b>	<b>-</b>	<b>(148.8)</b>	<b>(158.6)</b>
<b>Balance at 30 September 2017</b>	<b>420.0</b>	<b>(17.4)</b>	<b>2.8</b>	<b>5.6</b>	<b>0.2</b>	<b>778.8</b>	<b>1,190.0</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016 (IN \$ MILLION)**

<b>The Company</b>	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
<b>Balance at 1 July 2016</b>	<b>419.1</b>	<b>(0.6)</b>	<b>2.6</b>	<b>14.7</b>	<b>1.4</b>	<b>861.2</b>	<b>1,298.4</b>
Profit for the period	-	-	-	-	-	33.1	33.1
Other comprehensive income, net of tax:							
Net fair value adjustment on cash flow hedges	-	-	-	-	(1.1)	-	(1.1)
Other comprehensive income, net of tax	-	-	-	-	(1.1)	-	(1.1)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.1)</b>	<b>33.1</b>	<b>32.0</b>
Share-based compensation expense	-	-	-	0.8	-	-	0.8
Share awards released	0.9	-	-	(1.2)	-	0.3	-
Share options lapsed	-	-	-	*	-	*	-
Purchase of treasury shares	-	(5.1)	-	-	-	-	(5.1)
Treasury shares reissued pursuant to equity compensation plans	-	0.6	0.1	(0.2)	-	-	0.5
Dividends	-	-	-	-	-	(90.3)	(90.3)
Differences arising from restructuring of joint venture under common control	-	-	-	-	-	5.3	5.3
<b>Total contributions by and distributions to owners</b>	<b>0.9</b>	<b>(4.5)</b>	<b>0.1</b>	<b>(0.6)</b>	<b>-</b>	<b>(84.7)</b>	<b>(88.8)</b>
<b>Balance at 30 September 2016</b>	<b>420.0</b>	<b>(5.1)</b>	<b>2.7</b>	<b>14.1</b>	<b>0.3</b>	<b>809.6</b>	<b>1,241.6</b>

\* Amount less than \$0.1M

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

## **SHARE CAPITAL AND SHARE PLANS IN THE COMPANY**

### **(A) Share Capital**

During the period July to September 2017, the Company did not issue any shares upon exercise of options pursuant to share options exercised under the Employee Share Option Plan and share awards released under the Restricted Share Plan and Performance Share Plan, as treasury shares were transferred to the employees.

<b>Group and Company</b>	<b>Number of Shares</b>	<b>Share Capital (\$ Million)</b>
Issued and fully paid share capital <u>Ordinary Shares</u>		
Balance at 1 July 2017	1,124,116,360	420.0
Share options exercised during the period July to September 2017	-	-
Share awards released during the period July to September 2017	-	-
Balance at 30 September 2017	1,124,116,360	420.0

As at 30 September 2017, the Company has an issued share capital of 1,124,116,360 ordinary shares (30 September 2016: 1,124,116,360 ordinary shares) of which 4,707,157 were held by the Company as treasury shares (30 September 2016: 1,360,252). The treasury shares held represents 0.42% (30 September 2016: 0.12%) of the total number of issued shares (excluding treasury shares).

The Company has no subsidiary holdings as at 30 September 2017 and 30 September 2016.

### **(B) Employee Share Option Plan**

(i) During the period 1 July 2017 to 30 September 2017, the Company issued 60,200 shares (1 July 2016 to 30 September 2016: 155,100), all of which were reissued treasury shares (1 July 2016 to 30 September 2016: 155,100), upon the exercise of options granted under the Employee Share Option Plan.

- (ii) The movement of share options of the Company during the second quarter from 1 July 2017 to 30 September 2017 is as follows:

Date of grant	Balance at 01.07.2017	Cancelled	Exercised	Balance at 30.09.2017	Exercise price*	Exercisable period
02.07.2007	8,302,644	(8,302,644)	-	-	\$4.52	02.07.2008-01.07.2017
01.07.2008	4,241,000	(13,600)	(60,200)	4,167,200	\$3.54	01.07.2010-30.06.2018
Total	12,543,644	(8,316,244)	(60,200)	4,167,200		

\* At the extraordinary general meeting of the Company held on 26 July 2004, the Company's shareholders approved an amendment to the Plan to allow for adjustment to the exercise prices of the existing options by the Committee administering the Plan, in the event of the declaration of a special dividend. Following approval by the Company's shareholders of the declaration of a special dividend of \$0.10 on 22 July 2011, \$0.05 on 21 July 2014, and \$0.05 on 20 July 2017, the said Committee approved a reduction in the exercise prices of all share options outstanding by \$0.10 on 29 July 2011, \$0.05 on 7 August 2014, and a further \$0.05 on 3 August 2017. The exercise prices reflected here are the exercise prices after such adjustments.

- (iii) As at 30 September 2017, the number of share options of the Company outstanding was 4,167,200 (30 September 2016: 12,964,940).

### **(C) Restricted Share Plan and Performance Share Plan**

- (i) Management staff are entitled to the Restricted Share Plan ("RSP"). In addition, senior management staff are entitled to participate in the Performance Share Plan ("PSP"). Both plans were first approved by the shareholders of the Company on 25 July 2005 and expired on 24 July 2015. On 21 July 2014, the shareholders of the Company approved the RSP 2014 and PSP 2014, which replaced the RSP and PSP respectively.
- (ii) Depending on the achievement of pre-determined targets over a stipulated period for the RSP and PSP, the final number of restricted shares and performance shares awarded could range between 0% and 150% of the initial grant of the restricted shares and between 0% and 200% of the initial grant of the performance shares.

- (iii) As at 30 September 2017 the number of outstanding shares granted under the Company's RSP and PSP were 1,697,066 (30 September 2016: 1,629,386) and 385,187 (30 September 2016: 324,447) respectively. The movement of these share awards during the quarter from 1 July 2017 to 30 September 2017 is as follows:

**RSP**

Date of grant	Balance at 01.07.2017/ Date of grant	Adjustment *	Cancelled	Released	Balance at 30.09.2017
08.07.2013	44,401	-	-	(44,401)	-
07.07.2014	99,245	4,341	(3,750)	(52,550)	47,286
06.07.2015	705,280	145,573	(31,761)	(453,559)	365,533
07.07.2016	770,380	(79,469)	(10,816)	(253,889)	426,206
07.07.2017	847,420	10,621	-	-	858,041
<b>Total</b>	<b>2,466,726</b>	<b>81,066</b>	<b>(46,327)</b>	<b>(804,399)</b>	<b>1,697,066</b>

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

**PSP**

Date of grant	Balance at 01.07.2017/ Date of grant	Adjustment #	Cancelled	Released	Balance at 30.09.2017
07.07.2014	134,917	(134,917)	-	-	-
06.07.2015	62,080	776	-	-	62,856
07.07.2016	127,450	1,594	-	-	129,044
07.07.2017	190,900	2,387	-	-	193,287
<b>Total</b>	<b>515,347</b>	<b>(130,160)</b>	<b>-</b>	<b>-</b>	<b>385,187</b>

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

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 30 September 2017, the Company has an issued share capital of 1,119,409,203 ordinary shares (31 March 2017: 1,119,926,708) excluding 4,707,157 ordinary shares (31 March 2017: 4,189,652) held by the Company as treasury shares.

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

During the period 1 July 2017 to 30 September 2017, the Company purchased 474,700 treasury shares (1 July 2016 to 30 September 2016: 1,342,100). The Company transferred 60,200 treasury shares to employees on exercise of share options and another 804,399 treasury shares on vesting of share-based incentive plans (1 July 2016 to 30 September 2016: 155,100 on exercise of share options and nil on vesting of share-based incentive plans).

Treasury shares are presented as a component within equity attributable to owners of the parent.

<b>Group and Company</b>	<b>Number of Shares</b>	<b>Treasury Shares (\$ Million)</b>
Balance at 1 July 2017	5,097,056	18.9
Purchase of treasury shares	474,700	1.7
Treasury shares transferred on exercise of share options	(60,200)	(0.3)
Treasury shares transferred on vesting of share-based incentive plans	(804,399)	(2.9)
Balance at 30 September 2017	4,707,157	17.4

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

The Company has no subsidiary holdings as at 30 September 2017 and 30 September 2016. There was no sales, transfers, cancellation and/or use of subsidiary holdings for the period 1 July to 30 September 2017.

**2. Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).**

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

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

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared to the audited financial statements as at 31 March 2017 except for the adoption of the Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are mandatory for financial year beginning on or after 1 April 2017. The adoption of these FRS and INT FRS has no significant impact to the Group.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to paragraph 4.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group		Group	
	2 <sup>nd</sup> Quarter 2017-18	2 <sup>nd</sup> Quarter 2016-17	1 <sup>st</sup> Half 2017-18	1 <sup>st</sup> Half 2016-17
Earnings per share (cents)				
- Basic *	3.40	3.17	6.63	20.83
- Diluted #	3.39	3.16	6.62	20.79

\* Based on the weighted average number of ordinary shares in issue excluding treasury shares.

# Based on the weighted average number of ordinary shares in issue excluding treasury shares, after adjusting for the dilutive effect of options.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the:-  
(a) current financial period reported on; and  
(b) immediately preceding financial year.**

	Group		Company	
	As at 30 Sep 17	As at 31 Mar 17	As at 30 Sep 17	As at 31 Mar 17
Net asset value per share (cents)	129.8	138.8	106.3	113.3



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

## **GROUP EARNINGS**

### First Half FY2017-18

SIAEC Group recorded a profit attributable to owners of the parent of \$74.3 million for the half year ended 30 September 2017. The results for the same period last year included a gain from the divestment of the Group's 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"). Excluding the impact of the divestment, profit for the current period of \$74.3 million was \$0.8 million or 1.1% higher. After including the impact of the divestment, profit for the current period was \$159.6 million or 68.2% lower.

Revenue at \$547.5 million was higher by \$11.1 million or 2.1%, with increase in line maintenance revenue offset in part by lower fleet management revenue. Expenditure at \$509.9 million was lower by \$3.6 million or 0.7%. Staff costs were lower mainly due to the absence of the provision made for the profit-linked component of staff remuneration arising from the gain on divestment last year, offset by annual salary increments and increase in headcount at subsidiaries. Operating profit of \$37.6 million was \$14.7 million or 64.2% higher. Excluding the profit-linked component of staff remuneration arising from the gain on divestment last year, operating profit was \$6.6 million or 14.9% lower.

Share of profits of associated and joint venture companies increased \$6.1 million or 16.1% to \$44.0 million, with higher contributions from most associated companies, in particular from Eagle Services Asia Private Limited as the work content of its engines shipped was higher. This was partially offset by lower contributions from Singapore Aero Engine Services Pte Ltd.

Basic earnings per share was 6.63 cents for the half year ended 30 September 2017.

### Second Quarter FY2017-18

The Group posted a profit attributable to owners of the parent of \$38.1 million for the quarter ended 30 September 2017, an increase of \$2.6 million or 7.3%.

Revenue for the quarter was \$274.7 million, an increase of \$9.9 million or 3.7% as the growth in airframe and component overhaul and line maintenance revenue was partially offset by the decrease in fleet management revenue. Expenditure at \$255.2 million rose by \$14.9 million or 6.2%, mainly due to higher staff costs, an exchange loss of \$1.0 million against an exchange gain of \$3.8 million in the corresponding quarter last year, and a provision for impairment of trade debtors of \$1.6 million compared to a writeback of provision of \$0.6 million in the same quarter last year. The resulting operating profit of \$19.5 million was \$5.0 million or 20.4% lower.

Share of profits from associated and joint venture companies of \$22.9 million was higher by \$5.7 million or 33.1%.

Basic earnings per share was 3.40 cents for the current quarter, an increase of 7.3% from the same quarter last year.

### **GROUP FINANCIAL POSITION**

As at 30 September 2017, equity attributable to owners of the parent amounted to \$1,452.5 million, \$101.5 million or 6.5% lower than at 31 March 2017. The decrease was mainly due to payment of the final dividend in respect of FY2016-17, and higher foreign currency translation reserve losses as a result of the weakening of the US dollar against the Singapore dollar, partially offset by profits earned for the period. The Group's cash balance decreased \$134.5 million or 22.4% to \$467.2 million, while total assets amounted to \$1,789.3 million.

Net asset value per share as at 30 September 2017 was 129.8 cents.

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

Not applicable.

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

**OUTLOOK**

The MRO industry is faced with the challenges of new-generation aircraft and engines that require less frequent maintenance and lighter work content. There continues to be intense regional competition. Nonetheless, the significant increase in aircraft fleet will result in growth for the MRO industry.

The Company continues to invest in new technologies and pursue initiatives to enhance productivity and manage its costs. We remain focused on building capabilities for new-generation aircraft and engines and aligning our portfolio of joint ventures to tap new opportunities in the changing business environment.

The above initiatives will enhance our capability for new-generation aircraft and engines and position us for sustainable long-term growth.

**SUBSEQUENT EVENT**

The Company announced on 27 Oct 2017 that it has, together with its joint venture partners Pratt & Whitney ("P&W") and China Airlines Limited ("CAL"), entered into an agreement with MB Aerospace Newton Abbot Limited ("MB Aerospace"), for the sale of 100% share of Asian Compressor Technology Services Company Limited ("ACTS") for an estimated sale consideration of US\$60.0 million in cash. The sale of SIAEC's stake in ACTS is expected to result in a gain of approximately S\$14.3 million for SIAEC for the financial year ending 31 March 2018. The closing of the transaction shall be subject to the satisfaction (or waiver) of the conditions precedent contained in the agreement with MB Aerospace.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend recommended for the current financial period reported on? Yes

Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	4.0 cents per ordinary share
Tax rate	Tax exempt one-tier

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	4.0 cents per ordinary share
Tax rate	Tax exempt one-tier

***(c) Date payable***

The interim dividend will be paid on 28 November 2017.

***(d) Books closure date***

Notice is hereby given that duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrars, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902 up to 5 p.m. on 17 November 2017 will be registered to determine shareholders' entitlements to the interim dividend. Thereafter the Share Transfer Books and the Register of Members of the Company will be closed on 20 November 2017 for the preparation of dividend warrants. The interim dividend will be paid on 28 November 2017 to members on the Register as at 17 November 2017.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

### 13. Interested Person Transactions

(In \$ Million)

The aggregate value of all Interested Person Transactions ("IPTs") entered into during the second quarter of Financial Year 2017-18 are as follows:

Name of Interested Person	<b>Non-Mandated</b> Aggregate value of all IPTs (excluding all mandated transactions pursuant to Rule 920 of the SGX Listing Manual and transactions less than \$100,000)	<b>Mandated</b> 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)
AJI International Pte Ltd	-	6.0
<b>Singapore Airlines Limited Group</b>		
- Singapore Airlines Limited	-	17.0
- TATA SIA Airlines Limited	-	0.1
<b>Total</b>	-	<b>23.1</b>

### 14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

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

### BY ORDER OF THE BOARD

Lu Ling Ling  
Company Secretary  
3 November 2017

Singapore Co. Regn. No.: 198201025C

## **CONFIRMATION BY THE BOARD**

We, Stephen Lee Ching Yen and Png Kim Chiang, being two directors of SIA Engineering Company Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the second quarter and half year FY2017/18 financial results to be false or misleading in any material respect.

On behalf of the Board,



STEPHEN LEE CHING YEN  
Chairman



PNG KIM CHIANG  
Chief Executive Officer

3 November 2017