SIA ENGINEERING COMPANY

POSITIONING FOR THE FUTURE

SIA Engineering Company

Annual Report 2015/16

CORPORATE PROFILE

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

SIA Engineering Company'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 26 joint ventures in 8 countries, forged with strategic partners and leading original equipment manufacturers. The Company holds certifications from 29 national airworthiness authorities worldwide.

FY2015/16 AT A GLANCE

- Incorporation of SIAEC/Boeing fleet management joint venture.
- SIAEC and Airbus signed an agreement to form an airframe maintenance joint venture.
- Rolls-Royce appointed SIAEC as On-Wing Services Provider for Trent Rolls-Royce engines.
- SIAEC and Moog signed an MOU to form a joint venture.
- Investments in innovation initiatives and technology adoption projects.

REVENUE

$1,112.7 Million

NET PROFIT

$176.6 Million

DIVIDENDS PER SHARE

14 cents*

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

In FY2015/16, the aviation industry continued to face challenges from the persisting uncertainties of the major economies.

Within the aviation industry, airlines have been replacing their ageing fleets to take advantage of the enhanced reliability of new-generation aircraft and engines. As a result, the demand for maintenance, repair and overhaul (MRO) services declined due to extended maintenance intervals and lighter MRO work scope. In response to these developments, the Company has been investing in new competencies and capabilities to meet the changing needs of the industry.

Against this backdrop, the Company returned a creditable set of results in FY2015/16. Operating profit rose 24.3% to $104.4 million. Share of profits from associated and joint venture companies, however, declined 11.4% to $94.2 million. Overall, net profit for the Group decreased 3.7% to $176.6 million on a revenue of $1,112.7 million, which was 0.7% lower than the preceding year.

Despite the operating difficulties, it has been an eventful year as SIA Engineering Company made timely moves to position itself for the future.

Positioning For The Future

Since the Company's listing on the Singapore Exchange in 2000, it has steadily built up a portfolio of joint ventures, which to date stands at 26 companies located in eight countries. While the more mature joint ventures are affected by product life-cycle changes and other challenges, working with our partners, we are developing solutions to address their immediate business issues. These include restructuring and merger of associated entities and development of capabilities to support new-generation aircraft.

We remain committed to strengthening our linkages with airlines and original equipment manufacturers (OEMs). This business model has given the Group strength and resilience in both financial performance and market competitiveness. In recent years, the Board and Management have been devoting efforts to extend this successful model to the airframe OEMs, namely Boeing and Airbus. I am delighted that we made the breakthroughs this year.

In October 2015, we incorporated a joint venture company with The Boeing Company to provide fleet management services. Serving airlines in Asia Pacific and beyond, the joint venture dovetails Boeing's aircraft manufacturer expertise with our MRO experience. While the joint venture offers fleet management solutions to buyers of Boeing 737, 747, 777 and 787 aircraft, SIA Engineering Company will have a strategic, competitive advantage in securing MRO business at the point of aircraft purchase.

Another strategic initiative was unfolded in February 2016 – the signing of an agreement with Airbus to form a joint venture in Singapore, which will be positioned as Airbus' Centre of Excellence for Airbus A380 and A350 heavy maintenance in Asia. The agreement, pending regulatory approvals from the relevant jurisdictions, will enhance our technical support to operators of the latest-generation Airbus aircraft.

These tie-ups with the world's leading aircraft manufacturers are key strategic moves, important to the Group's continued and long-term growth. While they may not be accretive in the initial years, these joint ventures will leverage on the competitive advantage and customer base of our OEM partners to access a larger market.

In the initial years of our Pratt & Whitney and Roll-Royce joint ventures, almost all their work came from Singapore Airlines (SIA). Today, work from the SIA Group airlines forms about 22% of their business, with the remaining volume coming from third-party airlines. In like manner, as our new airframe OEM joint ventures grow, we are confident they will access the larger global OEM market and contribute to the Group's profitability and growth in the longer term.

In February, Rolls-Royce appointed SIA Engineering Company as its approved On-Wing Services provider within the Rolls-Royce Trent Service Network. This will enable us to bring added value to our customers, leveraging on our international line maintenance network at 35 airports in seven countries. In the same month, we signed a Memorandum of Understanding to form a joint venture with Moog Incorporated, a world-leading flight control components OEM, to serve operators of new-generation aircraft.

Apart from accessing technology through OEM collaborations, with the support of the Singapore Economic Development Board, we are investing

STEPHEN LEE CHING YEN
Chairman

"A CHANGING ENVIRONMENT PRESENTS OPPORTUNITIES FOR THOSE WHO ARE READY TO MAKE THE MOVES. WE ARE LEVERAGING ON OUR HOME BASE IN THE SINGAPORE AVIATION HUB, STRATEGIC PARTNERSHIPS AND STRONG BALANCE SHEET TO POSITION THE GROUP FOR THE FUTURE."

in innovation initiatives and technology adoption projects in aerospace maintenance, repair and overhaul. These investments are aimed at developing innovative solutions to enhance customers' fleet efficiencies and reliability, while generating higher productivity and process improvements in our businesses.

More remains to be done. While the seeds of future growth have been planted, the key to success lies with the excellence in execution. I am encouraged by the progress made thus far and we must continue to work hard to build on the pace and momentum.

Dividends

The Board of Directors is recommending a final ordinary dividend of 8 cents per share. Together with the interim dividend of 6 cents per share paid at mid-year, the total payout for FY2015/16 will be 14 cents per share.

Appreciation

On behalf of the Directors, I thank shareholders, customers and business associates for your confidence and support. To management, staff and unions, I extend my appreciation of your dedication and cohesive teamwork. I would also like to thank my fellow Directors for their commitment and service to the Company. As part of the Board renewal process, our long-serving Directors, Mr Ron Foo (Chairman of the Audit Committee till 21 July 2016) and Mr Oo Soon Hee (Chairman of the Board Safety & Risk Committee and the Nominating Committee till 21 July 2016), both of whom had joined the Board in 2007, will be retiring at the next Annual General Meeting on 22 July 2016. On behalf of the Board, I thank Ron and Soon Hee for their invaluable contributions to Board deliberations and dedicated services to SIA Engineering Company. Their stewardship of the key Board Committees has strengthened the Company's corporate governance framework and practices. I wish them all the best in their future endeavours.

Market conditions remain challenging as the MRO industry transitions through structural changes brought about by technology and market forces. A changing environment presents opportunities for those who are ready to make the moves. We are leveraging on our home base in the Singapore aviation hub, strategic partnerships and strong balance sheet to position the Group for the future. Adaptability and resilience have been our hallmarks. We will continue to seize opportunities in the dynamic landscape to achieve enhanced value for our shareholders, sustainable growth for the Group and value creation for our customers.

STEPHEN LEE CHING YEN
Chairman

BOARD OF DIRECTORS

Stephen Lee Ching Yen

Chairman
Chairman, Compensation & HR Committee

Goh Choon Phong

Director

Ron Foo Siang Guan

Chairman, Audit Committee

Oo Soon Hee

Chairman,
Nominating Committee
Board Safety & Risk Committee

Ng Chin Hwee

Director

Manohar Khiatani

Director

Chew Teck Soon

Director

Christina Ong

Director

Tong Chong Heong

Director

KEY EXECUTIVES

Png Kim Chiang

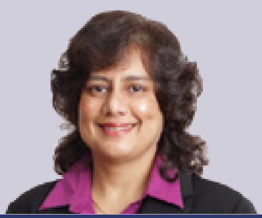
Chief Executive Officer

Ivan Neo Seok Kok

Executive Vice President
Operations

Anne Ang Lian Choo

Senior Vice President
Finance & Chief Financial Officer



Zarina Piperdi

Senior Vice President
Human Resources

Wong Yue Jeen

Senior Vice President
Partnership Management &
Business Development

THE YEAR IN REVIEW

SIA Engineering Company earned an operating profit of $104.4 million for the financial year ended 31 March 2016, a 24.3% increase from the preceding year, while profit attributable to equity shareholders decreased 3.7% to $176.6 million.

Financial Year Operating Results

The Group revenue of $1,112.7 million was 0.7% lower than the preceding year. Revenues from Line Maintenance and Fleet Management businesses improved, mitigating the revenue decline in Airframe and Component Services.

Share of profits from associated and joint venture companies at $94.2 million saw a decrease of 11.4%.

Operating Performance

During the year in review, the number of flights handled by Line Maintenance at Changi Airport increased by 2.8% to 137,867 flights. The Group's international line maintenance network covers 35 airports in 7 countries.

Under Aircraft & Component Services, the number of maintenance checks performed at the six hangars in Singapore totalled 463 compared to 461 in the preceding year.

As of 31 March 2016, the fleet size of the 10 airline customers managed under the Company's Fleet Management business stood at 156 aircraft.

Outlook

The operating environment for the MRO industry remains challenging. The Group will continue to invest in new competencies and capabilities to meet the changing technological demands as airlines replace their older fleets with the new-generation Airbus A350 and Boeing 787. With the lower work content and longer check intervals of these technologically advanced fleets, measures to strengthen competitiveness, gain market share and manage costs will remain key priorities.

The recent joint ventures with Boeing and Airbus are key strategic moves, important to the Group's continued and long-term growth. While they may not be accretive in the initial years, these joint ventures will leverage on the combined strengths of the companies to access a larger market.

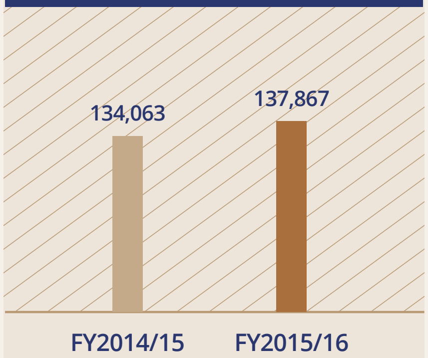
With a strong balance sheet, the Group will continue to pursue strategic investments and partnerships.

Dividends

The Board of Directors recommends a final ordinary dividend of 8.0 cents per share. Together with the interim dividend of 6.0 cents per share paid earlier, the total dividend payment for FY2015/16 will be 14.0 cents per share. Payment of the final dividend, which amounts to approximately $89.7 million, is subject to shareholders' approval at the Annual General Meeting on 22 July 2016. The dividend will be paid on 12 August 2016.

BUSINESS SEGMENTS

Line Maintenance
Flights handled at Changi Airport



Revenue increased 4.0% to $460.1 million compared to the previous year. The international line maintenance network covers 35 airports in 7 countries.

Line Maintenance

In the year under review, SIA Engineering Company's licensed aircraft engineers and technicians at Line Maintenance Division serviced a total of 137,867 flights, a 2.8% improvement compared to the previous year. Revenue increased 4.0% to $460.1 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'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, carried out AOG engine changes for airline customers in Singapore and overseas.

In FY2015/16, Roll-Royce appointed SIA Engineering Company as a Rolls-Royce approved On-Wing Services provider within its Trent Service Network. With this appointment for the Trent family of engines, including the Trent 1000 and Trent XWB, the Company will be supporting an increasing number of Rolls-Royce civil engines fuelled by the growing fleets of new-generation aircraft, such as the Boeing 787 Dreamliner and Airbus 350 XWB.

Aircraft & Component Services

Aircraft are mandated to undergo scheduled checks to maintain their airworthiness certifications with international 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 forged a strategic collaboration with Airbus to develop a joint venture which will be established as Airbus' Centre of Excellence for the A380 and A350 heavy maintenance in Asia. The transaction is subject to regulatory approvals being obtained in the relevant jurisdictions.

The Workshops Division of SIA Engineering Company comprises 21 in-house workshops, providing inspection, repair, modification and test services for a wide range of aircraft components.

At the Singapore Airshow in February 2016, SIA Engineering Company signed a Memorandum of Understanding 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.

Typical maintenance check intervals (for A380):

Check A	Every 1,500 flying hours or 3 months
Check C	Every 12,000 flying hours or 2 years
Check D / Heavy Maintenance Visit	Every 6 years

Aircraft & Component Services
Number of Checks performed in Singapore

	A	C	D	Total
FY 2015/16	373	74	16	**463**
FY 2014/15	376	68	17	**461**

Revenue decreased 8.0% to $450.9 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.

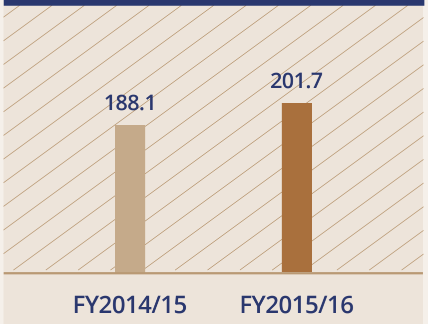
These services are grouped under Fleet Management Division's two main departments – fleet technical management and inventory technical management.

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 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 on-site spares and all other necessary logistics set-up.

As of 31 March 2016, the Division manages a total of 156 aircraft, comprising A320/330s and Boeing 737/747/777s, belonging to 10 airlines customers.

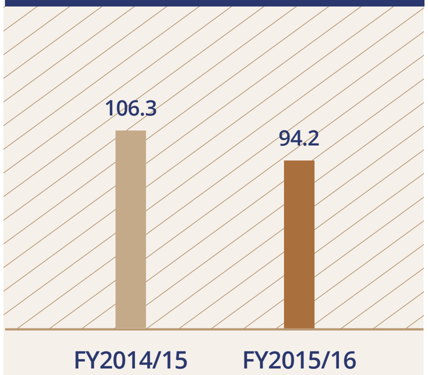
In October 2015, the Company incorporated a fleet management joint venture formed with The Boeing Company, which offers fleet management solutions and MRO services at the point of aircraft sale. Through this unique SIA Engineering Company/Boeing collaboration, airlines are able to procure the full spectrum of engineering, materials management and fleet support solutions, thereby deriving higher operating efficiencies and greater certainty in their fleet servicing costs.

Fleet Management
Revenue ($M)



Revenue increased 7.2% to $201.7 million compared to the preceding year. As at 31 March 2016, the fleet management fleet size stood at 156 aircraft.

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



The combined revenue of the joint venture and associated companies totalled $2.8 billion, of which 79% was derived from non-SIA airline customers.

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 34 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.

Airframe Maintenance

SIA Engineering (Philippines) Corporation, a subsidiary of SIA Engineering Company, currently operates two narrow-body hangars at Clark, Philippines, to provide heavy and light maintenance checks to airlines operating out of the Philippines and in the region. A third hangar, capable of accommodating wide-body aircraft, is operational in FY2016/17. Another airframe maintenance joint venture, Singapore Jamco Services, located in Singapore, specialises in the maintenance of aircraft galleys and cabin equipment. Jamco Aero Design & Engineering, also based in Singapore, provides turnkey solutions for aircraft interior modifications.

Component Repair & Overhaul

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

Engine and Engine Part Repair & Overhaul

SIA Engineering Company has forged eight 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 eight engine overhaul/component joint ventures, seven are located in Singapore, including engine overhaul centres Singapore Aero Engine Services Limited and Eagle Services Asia, which are the Asia Pacific Centres of Excellence for Rolls-Royce and Pratt & Whitney respectively, two of the world's largest engine manufacturers.

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

Fleet Management

- Boeing Asia Pacific Aviation Services
Singapore 49%

Line & Airframe Maintenance

- Aircraft Maintenance Services Australia
Australia 100%
- Aviation Partnership (Philippines)
Philippines 51%
- Pan Asia Pacific Aviation Services
Hong Kong 47.1%
- Southern Airports Aircraft Maintenance Services
Vietnam 49%
- SIA Engineering (USA)
United States 100%
- SIA Engineering (Philippines)
Philippines 65%
- PT JAS Aero-Engineering Services
Indonesia 49%
- Singapore Jamco Services
Singapore 80%

Engine & Engine Part Repair & Overhaul

- Singapore Aero Engine Services
Singapore 50%
- Hong Kong Aero Engine Services
Hong Kong 10%
- International Engine Component Overhaul
Singapore 50%
- Asian Surface Technologies
Singapore 29%
- Asian Compressor Technology Services
Taiwan 24.5%
- Eagle Services Asia
Singapore 49%
- Component Aerospace Singapore
Singapore 49%
- International Aerospace Tubes-Asia
Singapore 33.3%
- Turbine Coating Services
Singapore 24.5%

Component Repair & Overhaul and Knowledge-based

- Jamco Singapore
Singapore 20%
- JAMCO Aero Design & Engineering
Singapore 45%
- Safran Electronics Asia
Singapore 40%
- Messier Services Asia
Singapore 40%
- Fuel Accessory Service Technologies
Singapore 49%
- Goodrich Aerostructures Service Centre-Asia
Singapore 40%
- Aerospace Component Engineering Services
Singapore 51%
- Panasonic Avionics Services Singapore
Singapore 42.5%

JV Partners

- Pratt & Whitney
- Rolls-Royce
- Boeing
- Cebu Pacific
- Jamco
- Safran
- Others
- Wholly-Owned

(SIAEC's equity share in joint venture as at 31 March 2016 is shown above in %)

SUSTAINABILITY

SIA Engineering Company is currently developing its sustainability reporting framework, which will take into account the new Listing Rules to be announced and, to the extent applicable, internationally recognised guidelines. Through our reporting, we aim to uphold stakeholders' confidence in the Company and demonstrate our commitment towards conducting our business in a safe manner, minimising environmental impact and supporting the communities in which we operate.

Safety & Health

We regard safety as an essential part of our operations and work towards continual strengthening of the safety culture amongst our staff and business partners.

SIA Engineering Company also collaborated with international safety experts to enhance its safety culture. In line with our Occupational Health & Safety (OHS) policy and to demonstrate our commitment to our internal and external stakeholders, the Company has in place an Occupational Health & Safety Management System as per the OHSAS 18001:2007 and Safety Management System requirements as per the Workplace Safety & Health Act and related regulation requirements.

The Company's OHS Management System aims to significantly reduce hazards and risks at the workplace, through a three-pronged approach:

1. Hazard identification and risk assessment
2. Evaluating legal requirements and ensuring compliance
3. Continual improvement programmes

SIA Engineering Company works towards integrating good practices that takes care of the health and safety aspects of its staff and customers. Various initiatives lead to identification of areas for improvement, which will be institutionalised as part of our continuous improvement process. In addition, the Company also organises health and safety awareness activities for its staff and contractors to reiterate the importance of observing workplace health and safety regulations, and safe working procedures.

SIA Engineering Company recognises that good sustainable work practices promote good operational health and well-being of the staff, which will in turn give rise to higher productivity and employee engagement.

Environment

At SIA Engineering Company, we are focused on balancing our goals of creating value in our business with the commitment to minimise the impact that our business activities have on the environment.

The Company adopts a three-point balanced approach towards managing its impact to the environment while facilitating operational requirements:

1. Adherence to standards and setting a clear environmental policy
2. Identification of areas for improvement
3. Planning and implementation of initiatives to address the identified areas for improvement

Our Environment Management System (EMS) has been aligned to ISO 14001 standards since 1998. The certification of our EMS affirms our commitment to environmental issues and that our approach is in line with international best practices.

There are three areas identified for continual improvements: Waste Management, Water Management and Energy Management.

Waste Management

A three-pronged plan is used to address waste management: Reduce, Recycle, Manage. Education and facilitation of waste reduction are conducted through new and ongoing efforts aimed at reducing usage. This is done in conjunction with ongoing efforts to recycle and reuse materials. The initiatives are complemented by an integrated waste management programme, which caters to the handling of both hazardous and non-hazardous substances.

Water Management

Water management employs the same three-pronged approach. Education and facility upgrades are continually implemented to reduce water usage. In addition, ways are continually being explored to recycle water within our operations. These measures include the collection of rainwater in water tanks on hangar rooftops, which is then used for general cleaning and watering of plants.

To manage wastewater, our hangars are equipped with standalone wastewater treatment plants to treat wastewater before discharge into the public sewer system. The wastewater treatment facilities have been upgraded to further improve the quality of the discharged water.

Energy Management

There is continual review of our facilities and equipment, to ensure that they are energy efficient. Ongoing programmes include the replacement of air-conditioning chillers and the installation of energy-efficient lights in the hangars and offices.

The Company continues to take proactive initiatives in the conservation of energy resources in its operations.

People Development

SIA Engineering Company values the development of its staff. In FY2015/16, it devoted over $10 million on staff training, covering a total of 27,800 training days. Of these, 24,100 were dedicated to technical training, with the remaining 3,700 training days focused on soft skills training, to provide a holistic development regime.

As an approved Maintenance Training Organisation recognised by seven civil aviation authorities around the world and the Singapore Workforce Development Agency, the Company is focused on enhancing the technical and soft skills competency of its workforce.

The Company continues to invest in ab-initio training programmes to maintain an adequate stream of trained technical personnel to support its growth. The Training Academy of the Company also offers aircraft system training, using the latest training devices and courseware from Airbus and Boeing, to create new competencies for existing staff to enhance their roles, thereby maximising their potential. Recognizing the need to sustain the proficiency of critical skills set in the workforce, we have implemented a recurrent training curriculum to ensure that the workforce remains current in their knowledge and skills.

During the year, we successfully supported the entry-into-service training requirements for SilkAir's Boeing 737NG, Scoot's Boeing 787 Dreamliner and Singapore Airlines' Airbus A350 fleets. The Company continue to expand its pool of qualified licensed aircraft engineers and technicians through regularly scheduled aircraft type courses, in preparation for the growing fleets. The aircraft type training is approved by the Civil Aviation Authority of Singapore, as well as the aviation regulatory authorities of Europe, China, Australia and other major aviation jurisdictions, which equip our engineers with the necessary authorisation to handle aircraft from a wide range of countries.

The Company has 37 courses accredited under the Singapore Workforce Skills Qualifications system. Tapping on its experience in the Singapore Airworthiness Requirements Part 66 training programme, SIA Engineering Company participates actively in the developmental efforts of the Workforce Development Agency to promulgate higher levels of certification in aerospace competency. This stands to benefit new entrants, as well as existing personnel seeking technical upgrading.

Community Engagement

In FY2015/16, the Company's Corporate Social Responsibility (CSR) initiatives focused on improving lives by taking action against hunger and homelessness. We partnered with 'Food from the Heart', Community Chest and 'Habitat for Humanity' to meet the basic physical needs of the poor through food and housing aid.

1. **Run For Food 2015**
   SIAEC's annual charity run "Run for Food 2015" was held on 17 October 2015 at Gardens by the Bay (East). The event drew 2,142 registrants. With the Government's dollar-for-dollar matching for the registration fees, the total funds raised for charity was $163,820. The proceeds were donated to Community Chest and 'Food from the Heart'.

2. **Food Goodie Bags Programme**
   Every month, the Company provides food supplies 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 packs 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 2015**
   SIAEC supported the 'Food from the Heart' Toy Buffet for the fourth year on 13 November 2015 at Loyang Primary School. Pre-loved and new toys collected from our staff and by other organisations were distributed to 2,300 underprivileged students (7-12 years old) from 18 neighbourhood schools.

CORPORATE CALENDAR

2015

3 FEB
Announcement of FY2014/15 third-quarter financial results

12 MAY
Announcement of FY2014/15 full-year financial results

13 MAY
Analyst briefing on FY2014/15 full-year financial results

29 JUN
Despatch of Annual Report to shareholders

24 JUL
33rd Annual General Meeting

27 JUL
Announcement of FY2015/16 first-quarter financial results

13 AUG
Payment of FY2014/15 final dividend

2 NOV
Announcement of FY2015/16 second-quarter financial results

3 NOV
Analyst briefing on FY2015/16 second-quarter financial results

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

STATISTICAL HIGHLIGHTS

	2015-16	2014-15	% Change
FINANCIAL STATISTICS [R1]			
Financial Results ($ million)			
Revenue	1,112.7	1,120.6	- 0.7
Expenditure	1,008.3	1,036.6	- 2.7
Operating profit	104.4	84.0	+ 24.3
Profit before taxation	202.0	205.4	- 1.7
Profit attributable to owners of the parent	176.6	183.3	- 3.7
Financial Position ($ million)			
Equity attributable to owners of the parent	1,485.5	1,324.9	+ 12.1
Total assets	1,822.1	1,656.6	+ 10.0
Return on equity holders' funds (%) [R2]	12.6	13.6	- 1.0 pts
Value added ($ million)	709.1	725.2	- 2.2
Per Share Data (cents)			
Earnings after tax - basic [R3]	15.74	16.36	- 3.8
- diluted [R4]	15.70	16.28	- 3.6
Net asset value [R5]	132.4	118.1	+ 12.1
Dividends (cents per share)			
Interim dividend	6.0	6.0	–
Final dividend	8.0#	8.5	- 5.9
PRODUCTIVITY AND EMPLOYEE DATA			
Average number of employees	6,188	6,315	- 2.0
Revenue per employee ($)	179,810	177,449	+ 1.3
Value added per employee ($)	114,589	114,841	- 0.2

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, and the acquisition and disposal of investments.

In the discharge of its duties, the Board is supported by five Board Committees, namely the Audit Committee, the Board Safety & Risk Committee, the Compensation & HR Committee, the Nominating Committee and the Board Committee, each constituted with written terms of reference, defining the duties delegated to it by the Board and other procedural matters. Each Board Committee is responsible for ensuring compliance with legislative and regulatory requirements in relation to matters under its purview, including requirements under the rules of the listing manual (the “Listing Manual”) of the SGX-ST. 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. There is a clear demarcation of responsibilities between the Board and Management.

CORPORATE GOVERNANCE

The Board meets quarterly to review and approve, inter alia, the financial results of the Group. The Chairman meets the Independent Directors twice yearly in the absence of Management and the Non-Independent Directors. In FY15/16, there were nine Non-Executive Directors, all of whom worked with Management to develop constructive proposals on strategy and reviewed the achievement 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 is sent to an incoming Director upon appointment, setting out his or 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 Nominating Committee identifies relevant training programmes for the consideration of the 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 FY15/16, some Directors attended the SID's launch of the Remuneration Committee ("RC") Guide with a presentation on "RC Guide and Remuneration Issues" and the TMS Academy's Directors-in-Dialogue forum on "The New Age Board: Turning Uncertainty into Breakthrough Opportunities". 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 current Board and Board Committees, and attendance at meetings held in FY15/16 is as shown below:

Name	Main Board			Audit Committee		Nominating Committee		Compensation & HR Committee		Board Safety & Risk Committee		Board Committee (ii)
	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			
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
Ron Foo Siang Guan (last re-appointed on 21 Jul 2014, first appointed on 1 Aug 2007)	Non-executive / Independent	Member	5/5	Chairman	4/4							Member
Oo Soon Hee (last re-appointed on 24 Jul 2015, first appointed on 1 Aug 2007)	Non-executive / Independent	Member	5/5			Chairman	5/5			Chairman	4/4	
Ng Chin Hwee (last re-appointed on 24 Jul 2015, first appointed on 18 Jul 2008)	Non-executive / Non-Independent	Member	5/5			Member	5/5			Member	4/4	
Manohar Khiatani (last re-appointed on 21 Jul 2014, first appointed on 1 Apr 2013)	Non-executive / Independent	Member	5/5	Member	3/4					Member	4/4	
Chew Teck Soon (last re-appointed on 21 Jul 2014, first appointed on 1 May 2013)	Non-executive / Independent	Member	5/5	Member	4/4	Member	5/5			Member	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	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	4/5	Member	4/4	Member (wef 2 Nov 2015)	1/1	
Total Number of Meetings Held In FY15/16			5		4		5		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 FY15/16.

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

CORPORATE GOVERNANCE

Of the nine Non-Executive Directors, six (or two thirds) 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, and experience in key markets. 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 insight. From time to time, the Company has had suitably qualified female Directors on the Board, including the current Director, Mrs Christina Ong. The Chairman and the two Singapore Airlines ("SIA") appointed Directors also bring to the Company a wealth of airline industry experience. Directors' profiles appear on pages 48 to 56.

Directors are subject to retirement and re-election at least once every three years. One-third of the longest serving Directors will retire by rotation at every Annual General Meeting ("AGM"). For information on Directors who are proposed for re-election at the AGM, please refer to page 40.

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 the Directors' independence and objectivity, and is satisfied that none of them applies 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 Chief Executive Officer ("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 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.

CORPORATE GOVERNANCE

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

By virtue of his position as the Chairman of SIA, the Chairman is considered to be Non-Independent. However, the Chairman and the CEO are separate persons, are not related to each other, and the Chairman is not involved in the day-to-day running of the Company's business and operations. The Chairman is therefore considered to be independent of Management. Moreover, a majority of the members of the Board and the Board Committees, including the Chairman of each of the Board Committees, are Independent Directors or deemed to be independent (as in the case of the Compensation & HR Committee Chairman, 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 fourteenth year of evaluating Board performance. For FY15/16, 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, and incorporates a peer assessment of individual performance, including each Director's engagement in decision-making, devotion of time to the affairs of the Company and his/her contributions 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.

CORPORATE GOVERNANCE

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 disclosure documents, budgets and forecasts are also provided to the Directors, and in respect of budgets, any material variance between the projections and actual results are explained and monitored. The Board has a process for Directors, either individually or collectively, to seek independent advice at the Company's expense in furtherance of their duties.

Directors have separate and independent access to the Company Secretary. The Company Secretary, whose appointment and 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.

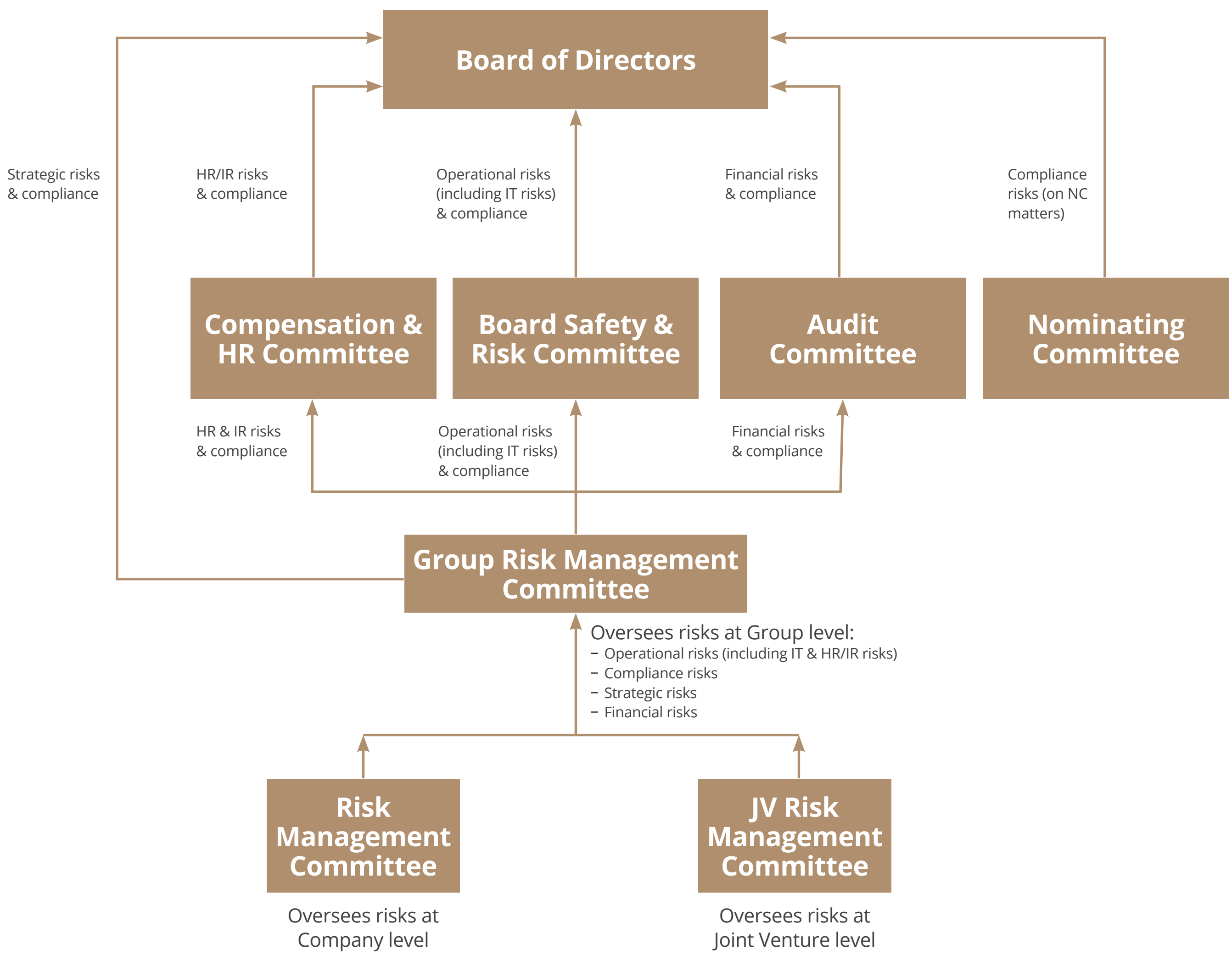
The Company has established written procedures to ensure compliance with the legislative and regulatory requirements, including the Listing Manual.

CORPORATE GOVERNANCE

RISK MANAGEMENT (Principle 11)

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

SIAEC GROUP RISK MANAGEMENT FRAMEWORK



CORPORATE GOVERNANCE

The Board Safety & Risk Committee was formed in 2013 to assist the Board in overseeing the adequacy and effectiveness of the Group's risk management framework and policies, with the objective of maintaining a sound system of risk management to safeguard shareholders' interests and the Group's assets.

At Management level, the Risk Management Committee reviews the key risks of the Company, while the risks of subsidiary, joint venture and associated companies are under the purview of the Joint Ventures Risk Management Committee. Both Committees report to the Group Risk Management Committee, which is chaired by the CEO.

Management is responsible for the effective implementation of the risk management strategy, policies and processes to facilitate the achievement of the Group's business and strategic objectives. Key risks are proactively identified, addressed and reviewed 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.

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/company/SIAEC_risk_management_framework.pdf

BOARD SAFETY & RISK COMMITTEE

The Committee comprises five Non-Executive Directors, four of whom, including the Chairman, are independent. The members of the Board Safety & Risk Committee in FY15/16 were:

Chairman:	Mr Oo Soon Hee
Members:	Mr Ng Chin Hwee
	Mr Chew Teck Soon
	Mr Manohar Khiatani
	Mr Tong Chong Heong (appointed on 2 Nov 2015)

The Board Safety & Risk Committee held four meetings in FY15/16.

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, human resources/industrial relations and compliance 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 Board and the respective Board Committees also oversee the compliance risks related to matters under their purview.

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-making. Management is responsible for the identification and management of risks. A holistic approach to identifying and managing risks aims to instil 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.

CORPORATE GOVERNANCE

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 oversight 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 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 with 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 in aircraft Maintenance, Repair and Overhaul ("MRO"), safety and quality are key focus areas for the management of operational risks. The Company is committed to building and maintaining a strong and effective safety and quality management system, with compliance according to 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 29 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. In FY15/16, an international safety consultant was engaged to work with our safety and quality teams on a long-term programme to further enhance our safety culture.

CORPORATE GOVERNANCE

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 2016. The Board has found no significant evidence to suggest that these risks are not being satisfactorily managed.

AUDIT COMMITTEE (Principle 12)

The Audit Committee comprises four Non-Executive Directors, all of whom are Independent Directors. The members of the Audit Committee during FY15/16 were:

Chairman:	Mr Ron Foo Siang Guan
Members:	Mr Manohar Khiatani
	Mr Chew Teck Soon
	Mrs Christina Ong

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

The Audit Committee met four times during the 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 auditor.

(b) External Audit

The Audit Committee discussed with the external auditor the audit plan, and the report on the audit of the year-end financial statements; reviewed the external auditor's management letter and Management's responses thereto; and reviewed the external auditor's objectivity and independence from Management and the Company. In assessing independence, the Audit Committee reviewed the fees paid to the auditor, including fees paid for non-audit services during the year. Fees of $309,000 were paid to the external auditor of the Group during the year for audit and non-audit services. Of this, fees for non-audit services amounted to $34,000. The Audit Committee is of the opinion that the amount of fees paid for non-audit services has not compromised the auditor's independence.

CORPORATE GOVERNANCE

The Audit Committee considered and recommended to the Board the re-appointment of the external auditor, and the audit fee for the year ended 31 March 2016.

The Company has complied with Rules 712 and 716 of the Listing Manual in relation to its engagement of auditors for the year ended 31 March 2016.

(c) Internal Audit

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

(d) Internal Controls and Risk Management

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

In line with its responsibilities under the Company's Group Risk Management 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 audit department 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.

CORPORATE GOVERNANCE

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 operation controls, reliability of financial information processes, and compliance with policies and procedures of the Company, its subsidiary and joint venture and associated companies, and applicable laws and regulations.

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.

SIA Internal Audit is a member of the Singapore chapter of the Institute of Internal Auditors ("IIA") and is staffed by persons with the relevant qualifications and experience. Information technology audits are managed by internal auditors who are Certified Information System Auditors. In FY14/15, the internal audit function went through a Quality Assessment Review by an external auditing firm and was found to be in compliance with all the standards of the IIA.

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

CORPORATE GOVERNANCE

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 29 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 FY15/16, the Company underwent 67 audits by the authorities and 115 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 2016 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 2016.

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. Although Mr Stephen Lee Ching Yen, the Chairman of the Compensation & HR Committee, is not considered independent under the Code by virtue of his position as the Chairman of SIA, the Board and the Nominating Committee are of the view that Mr Lee, being a Non-Executive Chairman, is able to exercise independent judgement and take an objective view from Management in deciding on remuneration matters under the purview of the Compensation & HR Committee. Two other members of the Compensation & HR Committee are Independent Directors. The members of the Compensation & HR Committee during FY15/16 were:

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

CORPORATE GOVERNANCE

The Compensation & HR Committee, guided by the principles of the Code, and in accordance with the terms of reference under its Charter as delegated by the Board, reviews and recommends the general framework of remuneration and the specific remuneration of the Non-Executive Directors, the CEO and the relevant Key Executives who hold the rank of SVP and above, for the endorsement of the Board. The Compensation & HR Committee covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits in kind. The Compensation & HR Committee also reviews and recommends to the Board the key terms and conditions of appointment of the CEO and Key Executives, scope of duties, and compensation, and decides on the compensation packages to recruit, retain and motivate senior management staff who hold the rank of Vice President ("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 FY15/16, Carrots Consulting Pte Ltd was engaged to provide such services, the principal adviser being Johan Grundlingh. Carrots Consulting Pte Ltd only provides remuneration consulting services to the Company, and has no other relationship with the Company which could affect its independence and objectivity.

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

During FY15/16 the Compensation & HR Committee held four meetings and performed, inter alia, the following main functions:

(a) conducted a review of the FY13/14 and FY14/15 RSP performance to-date;
(b) conducted a review of the FY12/13, FY13/14 and FY14/15 PSP performance to-date;
(c) determined the allotment for the 10th RSP and PSP grants for FY15/16;
(d) reviewed the payouts under the EBIP;
(e) conducted the annual performance and compensation review for Key Executives;
(f) reviewed and recommended the total compensation framework for FY15/16 for Key Executives for the Board's approval;
(g) reviewed the new total compensation structure for FY16/17 to FY18/19 for Key Executives;
(h) reviewed the fees payable to Directors for FY15/16;
(i) reviewed and endorsed the 2016 Succession Development Plan for the Company, including the CEO/SVP/VP Succession Plan;
(j) reviewed the HR Strategy for 2016;
(k) reviewed and endorsed the new Profit Sharing Bonus ("PSB") Formula for FY14/15 to FY16/17;
(l) reviewed and endorsed the re-organisation of the Company;
(m) reviewed the CHRC mandate for share buy back ("SBB");
(n) reviewed the Company's compliance with guidelines under the Code, the ASEAN Corporate Governance Scorecard and the SGX-ST Disclosure Guide on Remuneration Matters;
(o) reviewed the Company's obligations in the event of termination of any Executive Director's or Key Executive's contracts of service to ensure fair and reasonable terms are accorded; and
(p) reviewed all HR Risk Management activities and the measures that are put in place to mitigate the human resource and industrial relations risks.

CORPORATE GOVERNANCE

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.

Non-Executive Directors' remuneration for FY15/16 was derived using the same rates as FY14/15. Information on the rates and the actual fees paid are shown in the tables below:

Type of Appointment	Directors' Fees (per annum)
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 fee due to him or her shall be pro-rated accordingly.

The remuneration in respect of each Director for FY15/16 is as shown:

	Fee ($)	Salary ($)	Bonuses ($)	Benefits ($)	Shares ($)	Total ($)
Stephen Lee Ching Yen	150,000	-	-	-	-	150,000
Goh Choon Phong(i)	90,000	-	-	-	-	90,000
Ron Foo Siang Guan	110,000	-	-	-	-	110,000
Oo Soon Hee	110,000	-	-	-	-	110,000
Ng Chin Hwee(i)	90,000	-	-	-	-	90,000
Manohar Khiatani	100,000	-	-	-	-	100,000
Chew Teck Soon	110,000	-	-	-	-	110,000
Christina Ong	100,000	-	-	-	-	100,000
Tong Chong Heong	94,126	-	-	-	-	94,126

Note:

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

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

There were no employees who were immediate family members of a Director or the CEO, and whose remuneration exceeded $50,000 for the financial year ended 31 March 2016.

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, including the CEO, for FY15/16 is shown in the table below, in bands of $250,000. The Company is of the opinion that, for the time being, it is not in its best interest to disclose fuller details of the remuneration of the CEO due to the competiveness in the MRO industry for key talent:

Remuneration Bands & Key Executives	Salary (%)	Bonuses[1] (%)	Benefits (%)	Shares[2] (%)	Total (%)
$1,250,000 - $1,500,000					
Png Kim Chiang Chief Executive Officer	43	42	5	10	100
$750,000 - $1,000,000					
Zarina Piperdi SVP (Human Resources & Fleet Management)	40	46	2	12	100
Anne Ang Lian Choo SVP (Finance)/CFO	40	46	2	12	100
$500,000 - $750,000					
Ivan Neo Seok Kok SVP (Aircraft & Component Services)	43	42	2	13	100
Wong Yue Jeen[3] SVP (Partnership Management & Business Development)	45	44	3	8	100
<$250,000					
Chow Kok Wah[4] SVP (Line Maintenance & Information Technology)	64	33	3	0	100

Note:

1 Comprises EBIP amount declared for the FY, STIP and PSB declared for the FY.

2 Comprises shares awarded under the RSP and PSP during FY15/16; the value of awards is based on the fair value of the shares awarded under the RSP ($3.45) and PSP ($3.06). Shares awarded under the RSP and PSP are subject to performance targets and other terms and conditions being met under the respective share plans.

3 Mr Wong Yue Jeen was appointed SVP (Partnership Management and Business Development) with effect from 1 September 2015. His remuneration includes the amount paid during his appointment as a VP before 1 September 2015.

4 Mr Chow Kok Wah retired on 5 July 2015. Pursuant to the rules of the share plans, the PSP and RSP granted to Mr Chow will be released during the relevant vesting periods.

CORPORATE GOVERNANCE

For FY15/16, other than the in-service and post-retirement travel benefits for Key Executives and a limited value and fixed term post-retirement travel benefit allowance for the immediate-past CEO, there were no termination, retirement and post-employment benefits granted to Directors, the CEO[1] and the Key Executives.

Note:

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

For FY15/16, the aggregate total remuneration for the six Key Executives listed above amounted to S$4,375,668.

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 FY15/16, the actual performance of the Group met the pre-determined targets, and the resulting annual incentive declared under the EBIP reflects the performance level achieved.

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

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

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 divisional-focused 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.

CORPORATE GOVERNANCE

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

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

Note:

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

The achievement factor for the RSP awards which vested in FY15/16 reflects the extent to which the pre-determined target performance level was partially met for the performance period from FY14/15 to FY15/16.

The achievement factor for the PSP awards which vested in FY15/16 reflects the extent to which the pre-determined target performance level was partially met for the performance period from FY13/14 to FY15/16.

CORPORATE GOVERNANCE

The inability to fully meet the RSP and PSP targets was largely due to the challenging operating environment which led to revenue and profit decline 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 page 68 and pages 167 to 168 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

For FY15/16, the Compensation & HR Committee engaged a remuneration consultant, Carrots Consulting Pte Ltd, to conduct a Pay-for Performance Alignment study. The Committee concluded that there was adequate linkage of the executive remuneration to the performance of the Group and the Company for FY15/16.

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
Chief Executive Officer

Mr Png was appointed Chief Executive Officer of SIA Engineering Company (SIAEC) on 1 April 2015. He joined Singapore Airlines Ltd (SIA) in 1975. He served in various departments of the Engineering Division of SIA and was appointed Vice President Engineering Supplies in 1998. In April 2001, Mr Png was transferred to SIAEC as its Senior Vice President (Services). He was appointed Senior Vice President (Commercial) in September 2005, Senior Vice President (Aircraft and Component Services) in April 2009 and Executive Vice President (Operations) in April 2010.

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, Hong Kong Aero Engine Services Ltd and Jamco Singapore Pte Ltd (until 16 May 2016).

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 Ivan Neo joined Singapore Airlines in 1975 and served in various capacities in the Engineering Division of the Airline. In 1992, Mr Neo was transferred to SIA Engineering Company 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 Pan Asia Pacific Aviation Services Ltd (Hong Kong) and Aerospace Component Engineering Services Pte Ltd, Deputy Chairman of Goodrich Aerostructures Service Center – Asia Pte Ltd, 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 SIA Engineering Company's Chief Financial Officer on 16 May 2008. She joined the Company from Singapore Airlines, 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.

CORPORATE GOVERNANCE

Ms Zarina Piperdi
Senior Vice President (Human Resources)

Ms Zarina Piperdi is the Senior Vice President (Human Resources) of SIA Engineering Company. She joined Singapore Airlines 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 SIA Engineering Company and was appointed Senior Vice President (Human Resources) in November 2006. She is currently responsible for the Human Resources and Training Academy Divisions.

Ms Piperdi is the Chairperson of Fuel Accessory Service Technologies Pte Ltd and a Director of Component Aerospace Singapore Pte Ltd, International Engine Component Overhaul Pte Ltd, International Aerospace Tubes-Asia Pte Ltd and Boeing Asia Pacific Aviation Services Pte Ltd (until 1 June 2016).

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 SIA Engineering Company 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, Panasonic Avionics Services Singapore Pte Ltd, Safran Electronics Asia Pte Ltd (until 1 June 2016) and Southern Airports Aircraft Maintenance Services Company Ltd (until 1 June 2016).

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, Certified Public Accountants Australia and Malaysian Institute of Accountants.

CORPORATE GOVERNANCE

Mr Chow Kok Wah
Senior Vice President (Special Projects) (until 4 July 2015)

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

Mr Chow was appointed Senior Vice President (Line Maintenance and Information Technology) in SIA Engineering Company in February 2012, and was responsible for Line Maintenance Division's operations in Singapore and overseas, and the Information Technology Division. He was appointed Senior Vice President (Special Projects) on 1 April 2015 and retired from the Company on 5 July 2015. Mr Chow holds a Bachelor of Engineering (Honours) degree in Electrical Engineering from Monash University (Australia).

NOMINATING COMMITTEE (Principle 4)

The Nominating Committee comprises four Non-Executive Directors, three of whom are independent, including the Chairman. 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 FY15/16 were:

Chairman:	Mr Oo Soon Hee
Members:	Mr Ng Chin Hwee
	Mr Chew Teck Soon
	Mr Tong Chong Heong

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

Having reviewed the contributions of each Director 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 FY15/16, 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.

Pursuant to Article 83 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 84, 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 90 of the Company's Constitution.

CORPORATE GOVERNANCE

Mr Ron Foo Siang Guan, Mr Manohar Khiatani and Mr Chew Teck Soon will be retiring under Article 83 of the Company's Constitution at the 34th AGM to be held on 22 July 2016. With effect from 21 July 2016, Mr Foo will relinquish his chairmanship of the Audit Committee and cease to be a member of the Board Committee.

At the 34th AGM to be held on 22 July 2016, Mr Oo Soon Hee, who is over 70 years old, will be retiring under the resolution passed at the AGM held on 24 July 2015 as pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore which was then in force, such resolution could only permit the re-appointment of the Director to hold office until this 34th AGM. Mr Oo has decided not to offer himself for re-appointment. With effect from 21 July 2016, Mr Oo will relinquish his chairmanships of the Nominating Committee and the Board Safety & Risk Committee, respectively.

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 Manohar Khiatani and Mr Chew Teck Soon who 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 appointment of Mr Tong Chong Heong as member of the Board Safety & Risk Committee with effect from 2 November 2015;
(c) reviewed and affirmed the independence/non-independence of each Director based on his/her declaration;
(d) considered and agreed that, given the prevailing circumstances (as explained in page 22), the appointment of a Lead Independent Director was not necessary for the time being;
(e) considered and recommended Directors to retire by rotation and seek re-election at the AGM;
(f) considered ongoing training of Directors;
(g) 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;
(h) reviewed the report and findings of the consultant on Board performance evaluation; and
(i) reviewed the compliance of the Nominating Committee with the relevant requirements of the Code.

BOARD COMMITTEE

The Board Committee deputises for the Board on routine matters to facilitate day-to-day administration and to expedite decisions thereon, including the opening of bank accounts, affixing the Company's seal on documents requiring the Company's seal, authorising specific officers to sign pertinent documents on behalf of the Company and approving nominations to the boards of key Group companies and appointments of the Company's corporate representatives. The Board Committee also approves capital expenditures from $1.5 million to $5 million. Approvals of values below the base level of $1.5 million are referred to the Senior Management Committee. The members of the Board Committee during FY15/16 were:

Members: Mr Goh Choon Phong
Mr Ron Foo Siang Guan

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.

CORPORATE GOVERNANCE

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

MANAGEMENT COMMITTEES

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

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

The Company is committed to the disclosure of material or price-sensitive information in a clear, detailed and timely manner. The Company holds analyst briefings for its mid-year and full-year results. 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 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 2016 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 otherwise 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. 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 auditor will be in attendance at these meetings to address questions from shareholders. Minutes of shareholders' meetings are made available to shareholders on request.

CORPORATE GOVERNANCE

SECURITIES TRANSACTIONS

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

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

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

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

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 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

CORPORATE GOVERNANCE

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
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	✓	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
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

CORPORATE GOVERNANCE

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Principle 4: Board Membership **There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.**	✓	39
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.	✓	39
Guideline 4.4 The maximum number of listed company Board representations which Directors may hold.	–	39
Guideline 4.6 Process for the selection, appointment and re-appointment of new Directors to the Board, including the search and nomination process.	✓	39
Guideline 4.7 Key information regarding Directors, including which Directors are Executive, Non-Executive or considered by the NC to be Independent.	✓	20, 48-56
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
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

CORPORATE GOVERNANCE

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
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.**	✓	30-31
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	✓	30-31
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	✓	31
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.**	✓	32-36
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.**	✓	32-36
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		32-36
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	✓	32
• CEO's remuneration	–	33

CORPORATE GOVERNANCE

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	✓	33-34
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	✓	32
Guideline 9.5 Details and important terms of employee share schemes	✓	35-36
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	✓	36
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.**	✓	24-26, 29-30
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.	✓	30
• 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	✓	30

CORPORATE GOVERNANCE

Code Principles & Guidelines with Specific Disclosure Requirements	Compliance	Page Reference
Principle 12: Audit Committee ("AC") **The Board should establish an AC with written terms of reference which clearly set out its authority and duties.**	✓	27-28
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	✓	27-28
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	✓	27
Guideline 12.7 The existence of a whistle-blowing policy	✓	28
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	✓	27-28
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
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.**	✓	41
Guideline 14.3 Allow corporations which provide nominee or custodial services to appoint more than 2 proxies	✓	41
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.**	✓	41
Guideline 15.4 Steps taken to solicit and understand shareholders' views, eg through analyst briefings, investor road shows or Investors' Day briefings	✓	41
Guideline 15.5 • Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders.	-	41
• Where dividends are not paid, the Company must disclose its reasons	✓	41
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.**	✓	41
Guideline 16.1 Companies should allow for absentia voting at general meetings of shareholders	-	41

CORPORATE GOVERNANCE

FURTHER INFORMATION ON BOARD OF DIRECTORS

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

Mr Lee was appointed Director on 1 December 2005 and Chairman on 1 January 2006. He is the Chairman of Singapore Airlines Ltd, Shanghai Commercial Bank Ltd (Hong Kong) and NTUC Income Insurance Co-operative Ltd. 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 China National Petroleum Corporation (Beijing), and an Alternate 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: 69

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

Current Directorships In Other Listed Companies

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

Other 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.	China National Petroleum Corporation, Beijing	Director
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.	NTUC-ARC (Administration & Research Unit)	Member, Board of Trustees
11.	Dr Goh Keng Swee Scholarship Fund	Board Member
12.	Council of Presidential Advisers, Singapore	Alternate Member

Directorships/Principal Commitments in the past 3 years

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

CORPORATE GOVERNANCE

MR RON FOO SIANG GUAN
CHAIRMAN, AUDIT COMMITTEE

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

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

Age: 68

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/Principal Commitments in the past 3 years
Nil

CORPORATE GOVERNANCE

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

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

Mr Oo is presently an Executive Director of NSL Ltd and a Director on the Boards of ComfortDelGro Corporation Ltd, Bangkok Cogeneration Company Ltd, Eastern Pretech Pte Ltd and NatSteel Holdings Pte Ltd.

Age: 72

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.	NSL Ltd	Executive Director
2.	Bangkok Cogeneration Company Ltd	Director
3.	Eastern Pretech Pte Ltd	Director
4.	NatSteel Holdings Pte Ltd	Director

Directorships/Principal Commitments in the past 3 years

	Organisation/Company	Title
1.	Bangkok Synthetics Co., Ltd	Director
2.	BST Elastomers Co., Ltd	Director
3.	BST Specialty Co., Ltd	Director
4.	NatSteel Asia Pte Ltd	Director
5.	NSL Chemicals Ltd	Director
6.	York Transport Equipment (Asia) Pte Ltd	Director

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 Chairman-elect of the Board of Governors of the International Air Transport Association, of which he is a Member of the Strategy and Policy Committee, Chair Committee and Audit Committee.

Age: 52

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	Member, Board of Governors
3.	National Council of Social Service	Member, Care & Share @ SG50 Steering Committee
4.	National University of Singapore	Member, Board of Trustees

Directorships/Principal Commitments in the past 3 years

	Organisation/Company	Title
1.	Mount Alvernia Hospital	Director
2.	Virgin Australia Holdings Ltd	Director

CORPORATE GOVERNANCE

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 and was promoted to Executive Vice President for Human Resources and Planning on 1 January 2008. He was appointed Executive Vice-President Human Resources and Operations on 1 February 2011 and took charge of the divisions of Cabin Crew, Engineering, Flight Operations and Human Resources.

Mr Ng is presently the Chairman of Singapore Airlines Cargo Pte Ltd and a Director of Budget Aviation Holdings Pte Ltd and NokScoot Airlines Co., Ltd.

Age: 55

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

Directorships/Principal Commitments 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

CORPORATE GOVERNANCE

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 US$13 billion. He was previously the Chief Executive Officer of JTC 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: 56

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 Holdings (Manila) Pte Ltd	Director
9.	Ascendas Vietnam Investments Pte Ltd	Director
10.	Ascendas (Korea) Pte Ltd	Director
11.	Ascendas Media Hub Pte Ltd	Director
12.	Ascendas-Citramas Pte Ltd	Director
13.	Ascendas Property Fund Trustee Pte Ltd	Director
14.	Ascendas Funds Management (S) Ltd	Director
15.	Ascendas Hospitality Fund Management Pte Ltd	Director
16.	Ascendas Hospitality Trust Management Pte Ltd	Director
17.	Ascendas IT Park (Chennai) Limited	Director
18.	Information Technology Park Limited	Director
19.	Nusajaya Tech Park Sdn Bhd	Director

Directorships/Principal Commitments 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

CORPORATE GOVERNANCE

MR CHEW TECK SOON
DIRECTOR

Mr Chew joined the Board as an Independent Director on 1 May 2013. He devoted almost 38 years of international experience in the auditing profession. He joined the Singapore firm of Coopers & Lybrand in January 1972, qualified in its UK firm as a Certified and Chartered Accountant in 1976, and admitted as an audit partner in 1985 following an attachment to the US firm. 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: 64

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.	IL&FS Wind Power Management Ptd Ltd	Director and Chairman, Audit Committee
2.	Leap Philanthropy Ltd	Director and Chairman, Audit Committee
3.	Stroke Support Station Ltd	Director and Chairman, Audit Committee
4.	JW Marriott Phuket Beach Club	Chairman, Advisory Committee

Directorships/Principal Commitments in the past 3 years

	Organisation/Company	Title
1.	Nee Soon Town Council	Town Councillor and Chairman, Audit Committee

CORPORATE GOVERNANCE

MRS CHRISTINA ONG
DIRECTOR

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

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

Age: 64

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	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

Directorships/Principal Commitments in the past 3 years
Nil

CORPORATE GOVERNANCE

MR TONG CHONG HEONG
DIRECTOR

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 Keppel Integrated Engineering Ltd and Keppel Infrastructure Holdings Pte Ltd. He is also 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: 69

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
- Member, Nippon Kaiji Kyokai (Class NK)

Other Principal Commitments

	Organisation/Company	Title
1.	Keppel Integrated Engineering Ltd	Director
2.	Keppel Infrastructure Holdings Pte Ltd	Director
3.	ITE Education Services Pte Ltd	Director
4.	NTUC-U Care Fund	Member, Board of Trustees
5.	Singapore Institute Of International Affairs	Advisor
6.	KOM Alumni	Chairman

Directorships/Principal Commitments in the past 3 years

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

FINANCIALS

FINANCIAL REVIEW

EARNINGS

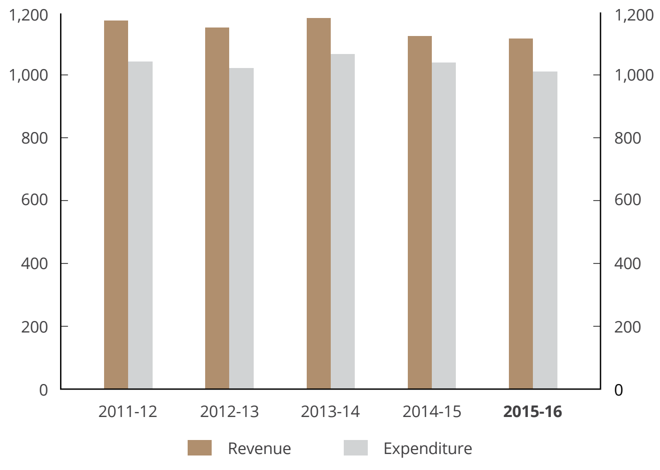
The Group posted a profit attributable to owners of the parent of $176.6 million, $6.7 million or 3.7% lower than the previous year.

Group revenue was $1,112.7 million, a decrease of 0.7% or $7.9 million. Expenditure of $1,008.3 million decreased at a higher rate of 2.7% or $28.3 million, in spite of an exchange loss incurred compared to an exchange gain in the previous year. The higher rate of decrease in expenditure than revenue contributed to a $20.4 million or 24.3% increase in operating profit to $104.4 million.

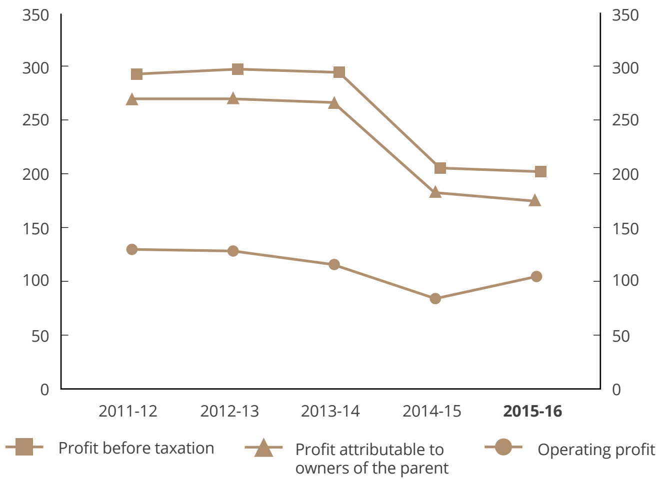
Although operating profit increased, profit attributable to owners of the parent declined, as the Group was impacted by a $12.1 million or 11.4% decrease in share of profits from associated and joint venture companies. In addition, the Group recognized a $4.3 million loss on the closure of an associated company, and made a $2.5 million provision for impairment for another associated company. The Group also recorded a $2.8 million surplus on the partial disposal of an associated company during the year, compared to a $5.8 million gain recognized from the restructuring of one of its subsidiaries in the previous year.

Basic earnings per share for the Group decreased by 0.62 cents (-3.8%) to 15.74 cents.

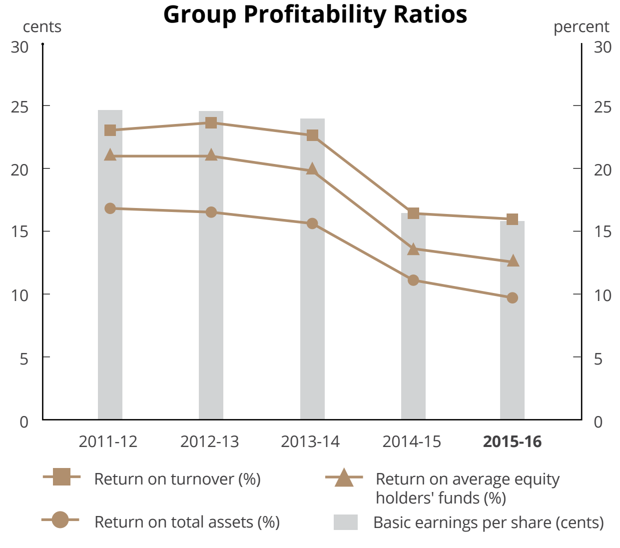
Group Revenue and Expenditure ($ million)



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:

	2015-16 %	2014-15 %	Change % points
Return on turnover	15.9	16.4	- 0.5
Return on average equity holders' funds	12.6	13.6	- 1.0
Return on total assets	9.7	11.1	- 1.4

FINANCIAL REVIEW

REVENUE

The Group’s revenue composition is as follows:

	2015-16 $ million	2014-15 $ million	Change $ million	%
Airframe maintenance and component overhaul services	450.9	490.3	- 39.4	- 8.0
Fleet management programme	201.7	188.1	+ 13.6	+ 7.2
Repair and overhaul	652.6	678.4	- 25.8	- 3.8
Line maintenance	460.1	442.2	+ 17.9	+ 4.0
Total	1,112.7	1,120.6	- 7.9	- 0.7

Revenue from the repair and overhaul segment fell by $25.8 million (-3.8%) to $652.6 million, primarily due to lower revenue from airframe maintenance and component overhaul services with a decline in aircraft checks support and component overhaul, repairs and testing work. The decrease was mitigated in part by higher fleet management revenue. Line maintenance revenue increased $17.9 million (+4.0%) to $460.1 million, with more flights handled as well as services provided during the Singapore Airshow.

EXPENDITURE

The Group's expenditure decreased $28.3 million (-2.7%) to $1,008.3 million.

	2015-16 $ million	2014-15 $ million	Change $ million	%
Staff costs	462.9	476.7	- 13.8	- 2.9
Material costs	188.8	176.7	+ 12.1	+ 6.8
Subcontract costs	161.3	178.5	- 17.2	- 9.6
Overheads	195.3	204.7	- 9.4	- 4.6
Total	1,008.3	1,036.6	- 28.3	- 2.7

Staff costs decreased $13.8 million (-2.9%) to $462.9 million. Material costs increased $12.1 million (+6.8%) to $188.8 million with higher material usage, while subcontract costs fell $17.2 million (-9.6%), in line with the lower airframe maintenance and component overhaul workload. In spite of an exchange loss of $12.7 million incurred in 2015-16 compared to a $4.8 million exchange gain in 2014-15, overheads were lower by $9.4 million (-4.6%) with a writeback of provision for impairment of trade debtors of $3.3 million in 2015-16 compared to a $6.3 million provision made in 2014-15 and decreases in other expenses.

OPERATING PROFIT

The Group’s operating profit by segment was as follows:

	2015-16 $ million	2014-15 $ million	Change $ million	%
Repair and overhaul	(3.4)	(14.3)	+ 10.9	+ 76.2
Line maintenance	107.8	98.3	+ 9.5	+ 9.7
Total	104.4	84.0	+ 20.4	+ 24.3

Repair and overhaul segment incurred an operating loss of $3.4 million, an improvement of $10.9 million with lower overheads and staff costs. Line maintenance’s operating profit grew 9.7% to $107.8 million on the back of higher revenue.

FINANCIAL REVIEW

SHARE OF PROFITS OF ASSOCIATED AND JOINT VENTURE COMPANIES

Share of profits of associated and joint venture companies fell by $12.1 million (-11.4%) to $94.2 million. Contributions from the engine repair and overhaul centres decreased $16.9 million or 25.0%, mainly due to lower work content on the engines serviced by Singapore Aero Engine Services Pte Ltd (“SAESL”). The Group’s share of SAESL’s profit after tax dropped $16.0 million (-28.1%) to $41.0 million in 2015-16.

SAESL’s engine shipments were 167 in 2015-16, compared with 149 in 2014-15. Eagle Services Asia Private Limited ("ESA")’s engine shipments were 121 in 2015-16, compared with 124 in 2014-15.

TAXATION

The Group’s tax provision was $20.8 million for the financial year 2015-16, an increase of $0.8 million (+4.0%) compared to last year.

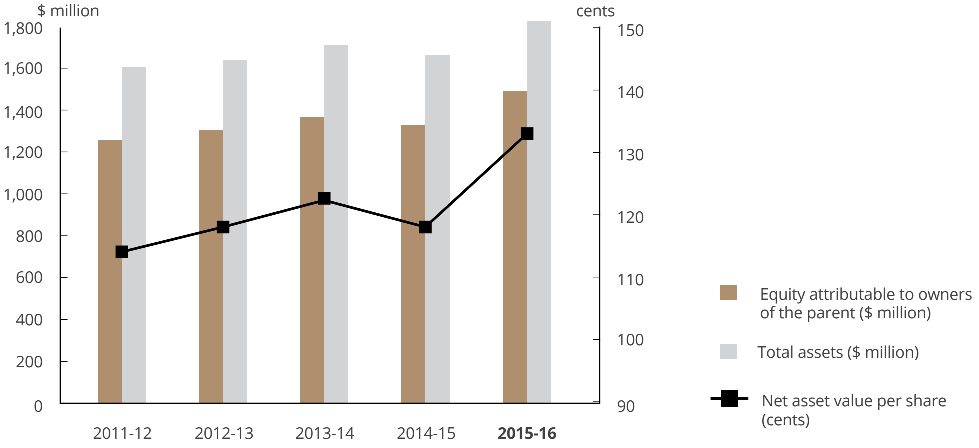
FINANCIAL POSITION

Equity attributable to owners of the parent increased $160.6 million (+12.1%) to $1,485.5 million as at 31 March 2016, mainly due to a fair value adjustment for the Group’s interest in Hong Kong Aero Engine Services Limited (“HAESL”). Following the announcement on 23 November 2015 on the proposed divestment of its 10% stake in HAESL to Rolls-Royce Overseas Holdings Limited (“RROH”) and Hong Kong Aircraft Engineering Company Limited (“HAECO”), the Group increased the carrying value of HAESL to $156.5 million as at 31 March 2016, an increase of $141.9 million from 31 March 2015. The Group’s equity interest in HAESL was reclassified from “Long-term investments” to “Non-current asset held for sale”. The completion of this transaction is subject to the satisfaction of conditions to completion, including finalisation of relevant transaction agreements.

As of 31 March 2016, total Group assets amounted to $1,822.1 million, $165.5 million or 10.0% higher than a year ago, mainly due to the $141.9 million increase in the carrying value of HAESL. The cash balance of the Group was $393.9 million. Total investment in associated companies amounted to $344.0 million, and this included a capital contribution of $23.5 million during the year into Boeing Asia Pacific Aviation Services, our joint venture with Boeing.

Net asset value per share of the Group at 132.4 cents was 14.3 cents (+12.1%) higher compared to 31 March 2015.

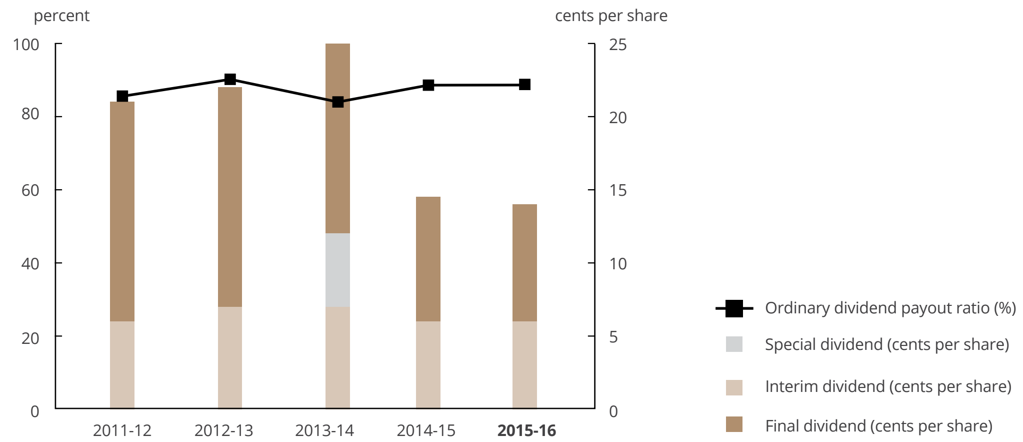
Equity Attributable to Owners of the Parent, Total Assets and Net Asset Value Per Share



FINANCIAL REVIEW

DIVIDENDS

An interim dividend of 6.0 cents per share, amounting to $67.4 million, was paid on 24 November 2015. The Board recommends a final dividend of 8.0 cents for 2015-16. The final dividend (amounting to approximately $89.7 million), if approved by shareholders during the Annual General Meeting to be held on 22 July 2016, will be paid on 12 August 2016. This translates to a payout of approximately 89.0 percent, an increase of 0.2 percentage points compared to the 2014-15 payout ratio of 88.8 percent.

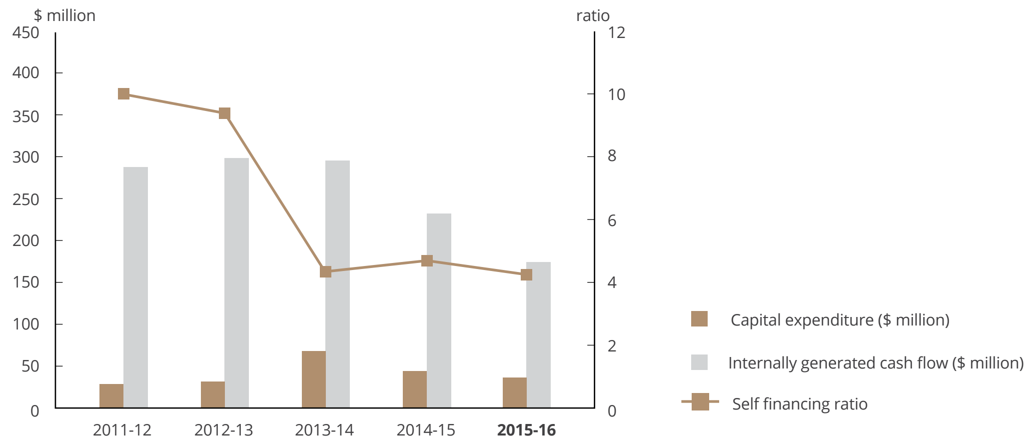


CAPITAL EXPENDITURE AND CASH FLOW

Capital expenditure by the Group fell by $8.6 million (-17.4%) to $40.9 million in 2015-16. Approximately 73% of the expenditure was spent on plant, equipment and tooling and building projects, while 22% was on aircraft rotable spares.

Internally generated cash flow decreased $57.6 million (-24.8%) to $174.4 million. The self-financing ratio of cash flow to capital expenditure was 4.3 times, compared to 4.7 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:

	2015-16	2014-15	% change
Revenue per employee ($)	179,810	177,449	+ 1.3
Value added per employee ($)	114,589	114,841	- 0.2
Staff costs per employee ($)	74,808	75,482	- 0.9
Average number of employees	6,188	6,315	- 2.0

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

	2015-16	2014-15
Revenue	1,112.7	1,120.6
Less:		
Purchase of goods and services	(501.6)	(517.1)
Value added on operations	611.1	603.5
Add:		
Dividend income from long-term investment	6.1	8.1
Interest income	2.1	1.4
Surplus on disposal of a subsidiary company	–	5.8
Surplus on partial disposal of an associated company	2.8	–
Loss on liquidation of an associated company	(4.3)	–
Provision for impairment in an associated company	(2.5)	–
(Loss)/Surplus on disposal of property, plant and equipment	(0.4)	0.1
Share of profits of associated and joint venture companies, net of tax	94.2	106.3
Total value added available for distribution	709.1	725.2
Applied as follows:		
To employees		
- Salaries and other staff costs	462.9	476.7
To government		
- Corporate taxes	20.8	20.0
To suppliers of capital		
- Interest charges	0.3	0.3
- Interim and proposed dividends	157.1	162.6
- Non-controlling interests	4.6	2.1
Retained for future capital requirements		
- Depreciation	42.2	41.4
- Amortisation of intangibles	1.7	1.4
- Retained profit	19.5	20.7
Total value added	709.1	725.2
Value added per $ revenue ($)	0.64	0.65
Value added per $ employment cost ($)	1.53	1.52
Value added per $ investment in property, plant and equipment ($)	0.88	0.92

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 2016.

In our opinion:

(a) the financial statements set out on pages 73 to 168 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group 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 names of the directors in office at the date of this report are:

Stephen Lee Ching Yen	Chairman (Non-independent)
Goh Choon Phong	(Non-independent)
Ron Foo Siang Guan	(Independent)
Oo Soon Hee	(Independent)
Ng Chin Hwee	(Non-independent)
Manohar Khiatani	(Independent)
Chew Teck Soon	(Independent)
Christina Hon Kwee Fong (Christina Ong)	(Independent)
Tong Chong Heong	(Independent)

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. 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.

DIRECTORS' STATEMENT

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

The following Directors who held office at the end of the financial year had, according to the register of Directors' shareholdings required to be kept under Section 164 of the 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	1.4.2015	31.3.2016	1.4.2015	31.3.2016
Interest in Singapore Airlines Limited ("SIA")				
Ordinary shares				
Stephen Lee Ching Yen	9,400	9,400	–	–
Goh Choon Phong	559,667	617,224	–	–
Ron Foo Siang Guan	–	–	22,200	22,200
Ng Chin Hwee	194,660	237,009	–	–
Manohar Khiatani	4,000	4,000	–	–
Conditional award of Restricted Share Plan (RSP) shares (Note 1)				
Goh Choon Phong				
– Base Awards	122,976	121,488	–	–
– Final Awards (Pending Release)	18,950	29,118	–	–
Ng Chin Hwee				
– Base Awards	61,488	60,744	–	–
– Final Awards (Pending Release)	9,475	14,561	–	–
Conditional award of Performance Share Plan (PSP) shares (Note 2)				
Goh Choon Phong				
– Base Awards	236,728	251,592	–	–
Ng Chin Hwee				
– Base Awards	94,690	100,636	–	–
Award of time-based restricted shares				
Goh Choon Phong				
– Base Awards	27,135	–	–	–
Ng Chin Hwee				
– Base Awards	27,135	–	–	–
Conditional award of deferred restricted shares (Note 3)				
Goh Choon Phong				
– Base Awards	61,607	74,777	–	–
Ng Chin Hwee				
– Base Awards	28,148	35,728	–	–
Number of ordinary shares eligible for subscription under the option to subscribe ("SIA OTS") pursuant to SIA's Voluntary Unconditional General Offer for Tiger Airways Holdings Limited				
Ng Chin Hwee	–	4,052	–	–

Notes:

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

DIRECTORS' STATEMENT

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

	Direct interest		Deemed interest	
Name of Director	**1.4.2015**	**31.3.2016**	**1.4.2015**	**31.3.2016**
Interest in SIA Engineering Company Limited				
Ordinary shares				
Ron Foo Siang Guan	15,000	15,000	25,000	25,000
Oo Soon Hee	–	–	2,000	2,000
Ng Chin Hwee	10,000	10,000	–	–
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Stephen Lee Ching Yen	190	190	190	190
Goh Choon Phong	1,610	1,610	–	–
Ron Foo Siang Guan	20,000	20,000	–	–
Oo Soon Hee	9,010	9,010	5,480	5,480
Ng Chin Hwee	2,840	2,840	1,360	1,360
Chew Teck Soon	190	190	–	–
Interest in Singapore Technologies Engineering Limited				
Ordinary shares				
Goh Choon Phong	6,000	6,000	–	–
Ron Foo Siang Guan	45,000	45,000	–	–
Oo Soon Hee	–	–	5,000	5,000
Christina Ong	1	1	–	–
Interest in Neptune Orient Lines Limited				
Ordinary shares				
Stephen Lee Ching Yen	30,000	30,000	–	–
Manohar Khiatani	14,000	14,000	–	–
Tong Chong Heong	40,000	80,000	–	–
Interest in Mapletree Logistics Trust				
Units				
Oo Soon Hee	23,405	23,405	84,963	84,963
Ng Chin Hwee	2,000	2,000	–	–

DIRECTORS' STATEMENT

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

	Direct interest		Deemed interest	
Name of Director	**1.4.2015**	**31.3.2016**	**1.4.2015**	**31.3.2016**
Interest in Olam International Limited				
Ordinary shares				
Ron Foo Siang Guan	100,000	100,000	–	–
Ng Chin Hwee	2,000	2,000	–	–
Warrants issued at an exercise price of US$1.25 for each new share				
Ron Foo Siang Guan	59,895	59,895	–	–
$250 million 6% Bonds due 2018				
Ron Foo Siang Guan	$250,000	$250,000	–	–
Ng Chin Hwee	$1,000,000	$1,000,000	–	–
Interest in StarHub Limited				
$220 million 3.08% Fixed Rate Note due 2022				
Ron Foo Siang Guan	$250,000	$250,000	–	–
Interest in Tiger Airways Holdings Limited				
Ordinary shares				
Ng Chin Hwee	100,000	–	–	–
Interest in Ascendas Hospitality Trust (Note 4)				
Units				
Manohar Khiatani	–	52,000	–	–

Notes:

4. Ascendas Hospitality Trust became a related corporation during the financial year.

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

Between the end of the financial year and 21 April 2016, Mr Ng Chin Hwee's interest in the SIA OTS lapsed.

Except as disclosed above, there were no changes in any of the above-mentioned interests between the end of the financial year and 21 April 2016.

DIRECTORS' STATEMENT

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 16,870,588 unissued shares in the Company were outstanding:

Number of options to subscribe for unissued ordinary shares

Date of grant	Balance at 1.4.2015	Cancelled	Exercised	Balance at 31.3.2016	Exercise price*	Exercisable period
01.07.2005	1,385,325	(26,000)	(1,359,325)	–	$2.10	01.07.2006 - 30.06.2015
03.07.2006	3,964,448	(19,600)	(331,200)	3,613,648	$3.29	03.07.2007 - 02.07.2016
02.07.2007	8,808,144	(240,800)	–	8,567,344	$4.52	02.07.2008 - 01.07.2017
01.07.2008	4,824,796	(53,600)	(81,600)	4,689,596	$3.59	01.07.2010 - 30.06.2018
	18,982,713	(340,000)	(1,772,125)	16,870,588		

* 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.

DIRECTORS' STATEMENT

4. EQUITY COMPENSATION PLANS OF THE COMPANY (continued)

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

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

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

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

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

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

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

DIRECTORS' STATEMENT

5. AUDIT COMMITTEE

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

Ron Foo Siang Guan – Chairman
Manohar Khiatani
Chew Teck Soon
Christina Ong

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 submissions 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 accounting control system.

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

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

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

DIRECTORS' STATEMENT

6. AUDITORS

With the approval of shareholders obtained at the Annual General Meeting held on 24 July 2015, KPMG LLP was appointed as auditors of the Company in place of Ernst and Young LLP for the financial year ended 31 March 2016 and to hold office until the conclusion of the next Annual General Meeting of the Company.

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

On behalf of the Board,

STEPHEN LEE CHING YEN
Chairman

GOH CHOON PHONG
Director

10 May 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company
SIA Engineering Company Limited

Report on the Financial Statements

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 2016, 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 73 to 168.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 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.

Other matters

The financial statements of the Group for the year ended 31 March 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 12 May 2015.

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.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
10 May 2016

CONSOLIDATED INCOME STATEMENT

For the Financial Year Ended 31 March 2016 (in thousands of $)

	Notes	The Group 2015-16	The Group 2014-15
REVENUE	4	1,112,667	1,120,591
EXPENDITURE			
Staff costs	5	462,910	476,670
Material costs		188,764	176,651
Depreciation	15	42,236	41,416
Amortisation of intangibles	16	1,650	1,451
Company accommodation		49,706	53,043
Subcontract costs		161,326	178,491
Other operating expenses		101,696	108,906
		1,008,288	1,036,628
OPERATING PROFIT	6	104,379	83,963
Interest income	7	2,057	1,425
Interest on external borrowings		(296)	(274)
(Loss)/Surplus on disposal of property, plant and equipment		(424)	145
Surplus on disposal of a subsidiary company	17	–	5,771
Surplus on partial disposal of an associated company	18	2,798	–
Loss on liquidation of an associated company	18	(4,321)	–
Provision for impairment in an associated company	18	(2,538)	–
Dividend from long-term investment		6,142	8,130
Share of profits of associated companies, net of tax		50,371	45,501
Share of profits of joint venture companies, net of tax		43,817	60,751
PROFIT BEFORE TAXATION		201,985	205,412
Taxation expense	8	(20,776)	(20,044)
PROFIT FOR THE FINANCIAL YEAR		181,209	185,368
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		176,634	183,276
Non-controlling interests		4,575	2,092
		181,209	185,368
BASIC EARNINGS PER SHARE (CENTS)	9	15.74	16.36
DILUTED EARNINGS PER SHARE (CENTS)	9	15.70	16.28

The accompanying accounting policies and explanatory notes on pages 83 to 168 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2016 (in thousands of $)

	Notes	The Group 2015-16	The Group 2014-15
PROFIT FOR THE FINANCIAL YEAR		181,209	185,368
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR			
Item that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on remeasurement of defined benefit plan		284	(55)
		284	(55)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		(11,136)	48,059
Realisation of foreign currency translation reserves on liquidation of an associated company		4,321	–
Net fair value adjustment on cash flow hedges		7,359	(5,610)
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	–
Share of other comprehensive income of associated/ joint venture companies		6,523	(7,985)
		148,159	34,464
Other comprehensive income, net of tax		148,443	34,409
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		329,652	219,777
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		325,496	215,649
Non-controlling interests		4,156	4,128
		329,652	219,777

The accompanying accounting policies and explanatory notes on pages 83 to 168 form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2016 (in thousands of $)

	Notes	The Group 2016	The Group 2015	The Company 2016	The Company 2015
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	11	416,503	410,721	416,503	410,721
Treasury shares	12	(6,094)	–	(6,094)	–
Capital reserve	13	198	–	198	–
Share-based compensation reserve	13	18,404	20,294	18,404	20,294
Foreign currency translation reserve	13	(87,953)	(81,727)	–	–
Fair value reserve	13	140,747	(14,213)	143,091	(5,360)
Equity transaction reserve	13	(2,377)	(2,377)	–	–
General reserve	13	1,006,073	992,185	673,155	674,700
		1,485,501	1,324,883	1,245,257	1,100,355
NON-CONTROLLING INTERESTS		26,405	24,717	–	–
TOTAL EQUITY		1,511,906	1,349,600	1,245,257	1,100,355
NON-CURRENT LIABILITIES					
Deferred taxation	14	29,525	26,617	27,163	24,309
Long-term bank loan	30	24,462	23,928	–	–
		53,987	50,545	27,163	24,309
		1,565,893	1,400,145	1,272,420	1,124,664
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	15	340,911	344,083	280,927	289,042
INTANGIBLES	16	63,395	61,542	4,735	4,226
SUBSIDIARY COMPANIES	17	–	–	109,096	104,206
ASSOCIATED COMPANIES	18	343,962	327,656	193,084	180,978
JOINT VENTURE COMPANIES	19	147,502	136,176	56,599	56,599
LONG-TERM INVESTMENTS	20	*	14,606	*	14,606
CURRENT ASSETS					
Trade debtors	21	76,769	82,833	52,383	64,251
Prepayments and other debtors	22	14,191	12,741	10,832	5,306
Immediate holding company	23	61,657	44,010	60,250	43,150
Amounts owing by related parties	24	68,067	44,664	66,421	44,372
Inventories	25	40,662	37,514	31,411	28,793
Work-in-progress		114,405	87,051	112,764	86,662
Short-term deposits	26	317,140	403,148	311,740	396,250
Cash and bank balances	27	76,846	60,592	58,082	44,062
		769,737	772,553	703,883	712,846
Non-current asset held for sale	28	156,530	–	156,530	–
		926,267	772,553	860,413	712,846
Less:					
CURRENT LIABILITIES					
Trade and other creditors	29	227,592	227,434	197,263	204,750
Amounts owing to related parties	24	1,768	2,389	19,928	18,350
Bank loans	30	8,810	9,288	–	–
Tax payable		17,974	17,360	15,243	14,739
		256,144	256,471	232,434	237,839
NET CURRENT ASSETS		670,123	516,082	627,979	475,007
		1,565,893	1,400,145	1,272,420	1,124,664

* Amount less than $1,000

The accompanying accounting policies and explanatory notes on pages 83 to 168 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2016 (in thousands of $)

	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve
The Group					
Balance at 1 April 2015		410,721	–	–	20,294
Profit for the year		–	–	–	–
Actuarial gain on remeasurement of defined benefit plan		–	–	–	–
Foreign currency translation		–	–	–	–
Realisation of foreign currency translation reserves on liquidation of an associated company		–	–	–	–
Net fair value adjustment on cash flow hedges		–	–	–	–
Net changes in fair value of cash flow hedges reclassified to carrying amount of an associated company		–	–	–	–
Net fair value adjustment on non-current asset held for sale		–	–	–	–
Share of other comprehensive income of associated/joint venture companies		–	–	–	–
Other comprehensive income for the year, net of tax		–	–	–	–
Total comprehensive income for the financial year		–	–	–	–
Capital contribution		–	–	–	–
Share-based compensation expense	11,13	–	–	–	634
Share awards released	11,13	1,241	–	–	(1,241)
Share options exercised	11,13	4,541	–	–	(1,018)
Share options lapsed		–	–	–	(2)
Purchase of treasury shares	12	–	(6,873)	–	–
Treasury shares reissued pursuant to equity compensation plans	12	–	779	198	(263)
Dividends	10	–	–	–	–
Total contributions by and distributions to owners		5,782	(6,094)	198	(1,890)
Balance at 31 March 2016		416,503	(6,094)	198	18,404

The accompanying accounting policies and explanatory notes on pages 83 to 168 form an integral part of the financial statements.

Attributable to Owners of the Parent						
Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total	Non-controlling interests	Total equity
(81,727)	(14,213)	(2,377)	992,185	1,324,883	24,717	1,349,600
–	–	–	176,634	176,634	4,575	181,209
–	–	–	128	128	156	284
(10,561)	–	–	–	(10,561)	(575)	(11,136)
4,321	–	–	–	4,321	–	4,321
–	7,359	–	–	7,359	–	7,359
–	(832)	–	–	(832)	–	(832)
–	141,924	–	–	141,924	–	141,924
14	6,509	–	–	6,523	–	6,523
(6,226)	154,960	–	128	148,862	(419)	148,443
(6,226)	154,960	–	176,762	325,496	4,156	329,652
–	–	–	–	–	1,505	1,505
–	–	–	–	634	–	634
–	–	–	–	–	–	–
–	–	–	–	3,523	–	3,523
–	–	–	2	–	–	–
–	–	–	–	(6,873)	–	(6,873)
–	–	–	–	714	–	714
–	–	–	(162,876)	(162,876)	(3,973)	(166,849)
–	–	–	(162,874)	(164,878)	(2,468)	(167,346)
(87,953)	140,747	(2,377)	1,006,073	1,485,501	26,405	1,511,906

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2016 (in thousands of $)

	Notes	Share capital	Share-based compensation reserve	Foreign currency translation reserve
The Group				
Balance at 1 April 2014		387,358	23,936	(127,716)
Profit for the year		–	–	–
Actuarial loss on remeasurement of defined benefit plan		–	–	–
Foreign currency translation		–	–	45,996
Net fair value adjustment on cash flow hedges		–	–	–
Share of other comprehensive income of associated/ joint venture companies		–	–	(7)
Other comprehensive income for the year, net of tax		–	–	45,989
Total comprehensive income for the financial year		–	–	45,989
Share-based compensation expense	11,13	–	2,547	–
Share awards released	11,13	1,908	(1,908)	–
Share options exercised	11,13	21,455	(4,277)	–
Share options lapsed		–	(4)	–
Dividends	10	–	–	–
Total contributions by and distributions to owners		23,363	(3,642)	–
Disposal of a subsidiary company	17	–	–	–
Acquisition of non-controlling interests without a change in control	17	–	–	–
Total changes in ownership interests in subsidiaries		–	–	–
Balance at 31 March 2015		410,721	20,294	(81,727)

The accompanying accounting policies and explanatory notes on pages 83 to 168 form an integral part of the financial statements.

Attributable to Owners of the Parent					
Fair value reserve	Equity transaction reserve	General reserve	Total	Non-controlling interests	Total equity
(625)	–	1,077,926	1,360,879	29,583	1,390,462
–	–	183,276	183,276	2,092	185,368
–	–	(28)	(28)	(27)	(55)
–	–	–	45,996	2,063	48,059
(5,610)	–	–	(5,610)	–	(5,610)
(7,978)	–	–	(7,985)	–	(7,985)
(13,588)	–	(28)	32,373	2,036	34,409
(13,588)	–	183,248	215,649	4,128	219,777
–	–	–	2,547	–	2,547
–	–	–	–	–	–
–	–	–	17,178	–	17,178
–	–	4	–	–	–
–	–	(268,993)	(268,993)	(4,156)	(273,149)
–	–	(268,989)	(249,268)	(4,156)	(253,424)
–	–	–	–	(3,832)	(3,832)
–	(2,377)	–	(2,377)	(1,006)	(3,383)
–	(2,377)	–	(2,377)	(4,838)	(7,215)
(14,213)	(2,377)	992,185	1,324,883	24,717	1,349,600

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2016 (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		–	–	–	–	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 on pages 83 to 168 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2016 (in thousands of $)

	Notes	Share capital	Share-based compensation reserve	Fair value reserve	General reserve	Total
The Company						
Balance at 1 April 2014		387,358	23,936	250	747,991	1,159,535
Profit for the year		–	–	–	195,698	195,698
Other comprehensive income for the year, net of tax:						
Net fair value adjustment on cash flow hedges		–	–	(5,610)	–	(5,610)
Total comprehensive income for the financial year		–	–	(5,610)	195,698	190,088
Share-based compensation expense	11,13	–	2,547	–	–	2,547
Share awards released	11,13	1,908	(1,908)	–	–	–
Share options exercised	11,13	21,455	(4,277)	–	–	17,178
Share options lapsed		–	(4)	–	4	–
Dividends	10	–	–	–	(268,993)	(268,993)
Total contributions by and distributions to owners		23,363	(3,642)	–	(268,989)	(249,268)
Balance at 31 March 2015		410,721	20,294	(5,360)	674,700	1,100,355

The accompanying accounting policies and explanatory notes on pages 83 to 168 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2016 (in thousands of $)

	Notes	The Group 2015-16	2014-15
NET CASH PROVIDED BY OPERATING ACTIVITIES	31	77,104	96,063
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(40,938)	(49,499)
Purchase of intangible assets		(4,608)	(4,052)
Proceeds from disposal of property, plant and equipment		159	329
Proceeds from disposal of a subsidiary company, net of cash disposed		–	8,922
Proceeds from partial disposal of an associated company		4,866	–
Investment in an associated company		(24,348)	–
Dividend received from a long-term investment		6,142	8,130
Dividends received from associated companies		42,293	58,082
Dividends received from joint venture companies		36,275	54,197
Interest received from deposits		1,936	1,649
NET CASH PROVIDED BY INVESTING ACTIVITIES		21,777	77,758
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(162,876)	(268,993)
Dividends paid by subsidiary companies to non-controlling interests		(3,973)	(4,156)
Proceeds from exercise of share options		4,237	17,178
Proceeds from issuance of share capital by a subsidiary company to non-controlling interests		1,505	–
Acquisition of additional interest in a subsidiary company		–	(3,383)
Interest paid		(296)	(274)
Proceeds from borrowings		4,977	8,773
Repayment of borrowings		(4,232)	–
Purchase of treasury shares		(6,873)	–
NET CASH USED IN FINANCING ACTIVITIES		(167,531)	(250,855)
NET CASH OUTFLOW		(68,650)	(77,034)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		463,740	535,665
Effect of exchange rate changes		(1,104)	5,109
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		393,986	463,740
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short-term deposits	26	317,140	403,148
Cash and bank balances	27	76,846	60,592
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		393,986	463,740

The accompanying accounting policies and explanatory notes on pages 83 to 168 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

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 2016 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 and component overhaul services, the provision of line maintenance and technical ground handling services, fleet management programme and investment holdings. The principal activities of the subsidiary companies are disclosed in Note 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 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 10 May 2016.

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) 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 2015, 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 2015. 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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 ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

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

Description	Effective for annual periods beginning on or after
FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 1: Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: Investment entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 16: Property, Plant and Equipment and FRS 41: Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 111: Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Improvements to FRS (November 2014)	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Except for FRS 115 and FRS 109, 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 nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below:

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115.

FRS 109 Financial Instruments

In December 2014, the Accounting Standards Council issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The Group is currently assessing the impact of FRS 109.

(d) Basis of consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing 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.

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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. 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.

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation (continued)

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

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

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.

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.

Transactions with non-controlling interests

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

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. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Subsidiary, associated and joint venture companies

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

Subsidiary companies

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

Thus, the Group controls an investee if and only if the Group has all of the following:
- Power over the investee
- Exposure, or rights or variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns

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

Associated and joint venture companies

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Associated and joint venture companies (continued)

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets

Computer software

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

Deferred engine development cost

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

Goodwill

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

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

In respect of associated and joint venture companies, impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associated and joint venture companies. Therefore, it is viewed as one CGU. The entire amount of the investment in the associated and joint venture companies is tested for impairment as a single asset when there is objective evidence that the investment in associated and joint venture companies may be impacted.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets (continued)

<u>Others</u>

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

(g) Functional and foreign currencies

The Management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Functional and foreign currencies (continued)

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.

(h) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. 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(ae).

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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.

Leasehold land and buildings

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

Plant, equipment and engine overhaul tooling

These are depreciated over 3 to 15 years.

Aircraft rotable spares

These are depreciated over 3 to 15 years.

Other fixed assets

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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.

(k) 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.

(l) Work-in-progress

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial assets

The Group initially recognises loans and receivables on the date they are originated. All other financial assets are recognised on the balance sheets when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

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

A financial asset is derecognised when the contractual right to receive cash flows expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards from ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income statement.

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

Financial assets and liabilities are offset and the net amount presented in the balance sheets when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial assets (continued)

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category, or not classified in any other categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income, except that impairment losses and interest are recognised in the income statement.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment when the financial asset is derecognised.

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

(n) Long-term investments

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

(o) Trade debtors and other receivables

Trade debtors, including amounts owing by subsidiary, associated and joint venture companies, deposits and other debtors are classified and accounted for as loans and receivables. Other non-current receivables are also classified and accounted for in the same way. The accounting policy for this category of financial assets is stated in Note 2(m).

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

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with immediate holding company and banks and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and are used by the Group in the management of its short-term commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances and deposits with immediate holding company and banks.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Derivative financial instruments and hedging

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

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

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

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

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

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

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

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value reserve (Note 13), while the ineffective portion is recognised immediately in profit or loss.

Amounts taken to the fair value reserve are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. If the hedged item is a non-financial asset or liability, the amounts taken to the fair value reserve are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) 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 income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(s) Impairment of financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associated and joint venture company, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is 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 and that it can be estimated reliably.

<u>Financial assets carried at amortised cost</u>

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

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

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

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

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

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

Financial assets carried at cost

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

Available-for-sale financial assets

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

If an available-for-sale financial asset is 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 income statement, is transferred from other comprehensive income to the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement; increases in the fair value after impairment are recognised directly in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Impairment of financial assets (continued)

Available-for-sale financial assets (continued)

In the case of non-equity investments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a non-equity investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed in the income statement.

(t) Financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the financial instrument.

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

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

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, 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) Loans, notes payable and borrowings

Loans, notes payable and other borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

(w) Trade and other creditors

Trade and other creditors and amounts owing to subsidiary and associated companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

(x) Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Provisions (continued)

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.

(y) 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.

(z) 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.

(aa) 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.

(ab) Taxation

<u>Current income tax</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ab) Taxation (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ab) Taxation (continued)

Deferred tax (continued)

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.

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.

(ac) 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 airframe maintenance and component overhaul is recognised based on the percentage of completion of the projects. The percentage of completion of the projects is determined based on the number of man-hours incurred to-date against the estimated man-hours needed to complete the projects.

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

Revenue from fleet management programme is recognised on a time proportion basis and in accordance with the period in which services have been rendered.

(ad) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ae) 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.

(af) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(af) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ag) 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.

(ah) 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).

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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.

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 2016 was approximately $149,369,000 (2015: $159,847,000) and $139,335,000 (2015: $143,895,000) 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.

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 2016 were approximately $17,974,000 (2015: $17,360,000) and $29,525,000 (2015: $26,617,000) respectively.

The carrying amounts of the Company's current tax payable and deferred tax liabilities as at 31 March 2016 were approximately $15,243,000 (2015: $14,739,000) and $27,163,000 (2015: $24,309,000) respectively.

Work-in-progress

Work-in-progress is stated at cost plus estimated profit earned, based on the estimated percentage of completion and total estimated budgeted costs. Management made reference to labour hours incurred and the physical stage of maintenance, repair and overhaul in estimating the percentage of completion and budgeted cost. The carrying amount of the Group's and Company's work-in-progress as at 31 March 2016 was approximately $114,405,000 (2015: $87,051,000) and $112,764,000 (2015: $86,662,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

3. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS (continued)

Impairment of deferred engine development costs

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

Management estimated the recoverable amount using value in use calculation which is based on a discounted cash flow model. The cash flows are derived from the budget approved by the management. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows. Further details of the key assumptions applied in the impairment assessment of deferred engine development costs, are given in Note 16 to the financial statements.

4. REVENUE (in thousands of $)

	The Group	
	2015-16	2014-15
Airframe maintenance and component overhaul services	450,846	490,283
Line maintenance and technical ground handling	460,098	442,216
Fleet management programme	201,723	188,092
	1,112,667	1,120,591

5. STAFF COSTS (in thousands of $)

	The Group	
	2015-16	2014-15
Salary, bonuses and other costs	422,984	433,912
CPF and other defined contributions	39,292	40,211
Share-based compensation expense	634	2,547
	462,910	476,670

The Group contributes to unfunded, non-contributory, defined benefit plans for some of the regular employees. Defined benefit expenses for the Group were approximately $433,000 (2014-15: $398,000). As these amounts are not material to the total staff costs of the Group for 2015-16 and 2014-15, additional disclosures of the defined benefit plan are not presented. Disclosures relating to share-based compensation expense are in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

6. OPERATING PROFIT (in thousands of $)

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

	The Group	
	2015-16	2014-15
Net exchange loss/(gain)*	12,717	(4,849)
Operating lease expenses	7,566	6,921
Provision for obsolete stocks, net	3,250	6,222
Professional fee paid to a firm in which a director is a member	218	446
Audit fees		
– Auditors of the Company	221	212
– Other auditors	54	102
Non-audit fees		
– Auditors of the Company	34	116
– Other auditors	–	24

* Amount includes a net fair value loss on forward currency contracts used for hedging purposes of approximately $6,908,000 (2014-15: net fair value loss of $2,711,000), which was realised in the current financial year.

7. INTEREST INCOME (in thousands of $)

	The Group	
	2015-16	2014-15
Deposits placed with immediate holding company	1,972	1,358
Deposits placed with banks	85	67
	2,057	1,425

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

8. TAXATION EXPENSE (in thousands of $)

The major components of income tax expense for the years ended 31 March 2016 and 2015 are as follows:

	The Group	
	2015-16	**2014-15**
Current tax		
Provision for the financial year	(19,932)	(19,291)
Over-provision in respect of prior years	457	487
	(19,475)	(18,804)
Deferred tax		
Movement in temporary differences	(955)	(972)
Under-provision in respect of prior years	(346)	(268)
	(1,301)	(1,240)
Income tax expense recognised in profit or loss	(20,776)	(20,044)
Deferred tax related to other comprehensive income:		
Net change in the fair value of derivative financial instruments designated as cash flow hedges	(1,337)	1,149

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	
	2015-16	**2014-15**
Profit before taxation	201,985	205,412
Less: share of results of associated and joint venture companies	(94,188)	(106,252)
	107,797	99,160
Taxation at statutory tax rate of 17.0% (2015: 17.0%)	(18,325)	(16,857)
Adjustments		
Income not subject to tax	1,010	1,999
Income subject to concessionary tax rate	1,006	262
Deferred tax assets not recognised	(460)	(2,123)
Expenses not deductible for tax purposes	(2,142)	(1,535)
Effects of difference in tax rates of other countries	(1,529)	(934)
Over-provision in relation to prior years	111	219
Provision of withholding tax expense	(1,537)	(1,458)
Tax incentives	1,392	434
Others	(302)	(51)
Taxation	(20,776)	(20,044)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

9. EARNINGS PER SHARE

	The Group	
	2015-16	2014-15
Profit attributable to owners of the parent (in thousands of $)	176,634	183,276
Weighted average number of ordinary shares in issue used for computing basic earnings per share*	1,122,450,555	1,120,111,750
Adjustment for dilutive potential ordinary shares	2,673,851	5,393,801
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	1,125,124,406	1,125,505,551
Basic earnings per share (cents)	15.74	16.36
Diluted earnings per share (cents)	15.70	16.28

* 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.

8,567,344 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. There are no share options that were anti-dilutive for the previous year.

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

	The Group and Company	
	2015-16	2014-15
Dividends Paid:		
Final dividend of 8.5 cents per share in respect of 2014-15 (2014-15: 18.0 cents per share, comprising an ordinary dividend of 13.0 cents per share and a special dividend of 5.0 cents per share in respect of 2013-14)	95,478	201,731
Interim dividend of 6.0 cents per share in respect of 2015-16 (2014-15: 6.0 cents per share in respect of 2014-15)	67,398	67,262
	162,876	268,993

The directors propose a final tax exempt (one-tier) dividend of 8.0 cents per share (2014-15: 8.5 cents per share), amounting to approximately $89,729,000 (2014-15: $95,478,000) to be paid for the financial year ended 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

11. SHARE CAPITAL (in thousands of $)

	The Group and Company 31 March 2016	2015
Issued and fully paid		
Balance at 1 April		
1,121,440,784 shares (2014: 1,115,561,658 shares)	410,721	387,358
1,555,325 share options exercised during the year (2014-15: 5,358,899)	4,541	21,455
316,278 share awards released during the year (2014-15: 520,227)	1,241	1,908
Balance at 31 March		
1,123,312,387 shares (2015: 1,121,440,784 shares)	416,503	410,721

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 1,772,125 shares (2014-15: 5,358,899), out of which, 216,800 shares (2014-15: nil) were reissued treasury shares, upon the exercise of options granted under the Employee Share Option Plan. In addition, the Company issued 316,278 shares (2014-15: 520,227) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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:

	2015-16		2014-15	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at 1 April	18,982,713	$3.85	24,556,312	$3.75
Exercised	(1,772,125)	$2.39	(5,358,899)	$3.17
Cancelled	(340,000)	$4.12	(214,700)	$4.19
Outstanding at 31 March	16,870,588	$4.00	18,982,713	$3.85*
Exercisable at 31 March	16,870,588	$4.00	18,982,713	$3.85*

* Weighted average exercise price of $3.85 has been adjusted for special dividend of $0.05 declared on 21 July 2014.

The range of exercise prices for options outstanding at the end of the year was $3.29 - $4.52 (2014-15: $2.10 - $4.52). The weighted average remaining contractual life for these options is 1.32 years (2014-15: 2.15 years).

The weighted average share price for options exercised during the year was $3.74 (2014-15: $4.54).

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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

(a) Share Option Plan (continued)

Terms of share options outstanding as at 31 March 2016:

Exercisable period	Exercise price ($)	Number outstanding	Number exercisable
03.07.2007 - 02.07.2016	3.29	160,175	160,175
03.07.2008 - 02.07.2016	3.29	3,095,173	3,095,173
03.07.2009 - 02.07.2016	3.29	173,250	173,250
03.07.2010 - 02.07.2016	3.29	185,050	185,050
02.07.2008 – 01.07.2017	4.52	171,550	171,550
02.07.2009 – 01.07.2017	4.52	8,028,794	8,028,794
02.07.2010 – 01.07.2017	4.52	183,500	183,500
02.07.2011 – 01.07.2017	4.52	183,500	183,500
01.07.2010 – 30.06.2018	3.59	4,689,596	4,689,596
Total number of options outstanding/exercisable		16,870,588 @	16,870,588

@ The total number of options outstanding includes 2,759,325 (2014-15: 3,334,490) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

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

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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 1.4.2015/date of grant	Adjustment*	Cancelled	Released	Balance at 31.3.2016
01.07.2011	71,332	–	–	(71,332)	–
02.07.2012	148,556	–	(1,126)	(78,792)	68,638
08.07.2013	760,804	(532,558)	(12,980)	(118,332)	96,934
07.07.2014	750,430	–	(29,386)	–	721,044
06.07.2015	758,440	–	(36,660)	–	721,780
	2,489,562	(532,558)	(80,152)	(268,456)	1,608,396

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

PSP

	Number of Performance Shares				
Date of grant	Balance at 1.4.2015/date of grant	Adjustment#	Cancelled	Released	Balance at 31.3.2016
02.07.2012	124,012	(75,649)	(541)	(47,822)	–
08.07.2013	137,645	–	–	–	137,645
07.07.2014	134,917	–	–	–	134,917
06.07.2015	62,080	–	–	–	62,080
	458,654	(75,649)	(541)	(47,822)	334,642

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

Fair value of RSP and PSP awards

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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 2015 and July 2014 award:

	July 2015 Award		July 2014 Award	
	RSP	PSP	RSP	PSP
Expected dividend yield (%)	Management's forecast in line with dividend policy			
Expected volatility (%)	16.72	16.72	16.83	16.83
Risk-free interest rate (%)	0.86 – 1.60	1.14	0.36 – 0.83	0.52
Expected term (years)	2.00 – 4.00	3.00	2.00 – 4.00	3.00
Share price at date of grant ($)	3.87	3.87	5.06	5.06

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 $3.27 to $3.56 (2014-15: $4.19 to $4.60) and the estimated fair value at date of grant for each share granted under the PSP is $3.06 (2014-15: $4.01).

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 2016, were 1,608,396 (2015: 1,731,122) and 334,642 (2015: 396,574) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 2,329,808 (2014-15: 2,486,739) and 669,284 (2014-15: 793,148) fully-paid ordinary shares for RSP and PSP respectively.

For the current financial year, the Group has provided approximately $634,000 (2014-15: $2,547,000) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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	
	2015-16	2014-15
Share-based compensation expense		
− Restricted share plan	555	2,402
− Performance share plan	79	145
	634	2,547

12. TREASURY SHARES (in thousands of $)

	The Group and Company 31 March	
	2016	2015
Balance at 1 April	–	–
Purchase of treasury shares	(6,873)	–
Treasury shares reissued pursuant to equity compensation plans:		
− For cash on exercise of employee share options	714	–
− Transferred from share-based compensation reserve	263	–
− Gain on reissuance of treasury shares	(198)	–
	779	–
Balance at 31 March	(6,094)	–

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

During the financial year, the Company purchased 1,913,700 (2014-15: nil) of its ordinary shares by way of on-market purchases at share prices ranging from $3.43 to $3.70 (2014-15: nil). The total amount paid to purchase the shares was approximately $6,873,000 (2014-15: nil) and this is presented as a component within equity attributable to owners of the Parent.

The Company reissued 216,800 (2014-15: nil) treasury shares pursuant to its employee share option plans at a weighted average exercise price of $3.30 (2014-15: nil) each. The number of treasury shares as at 31 March 2016 was 1,696,900 (2015: nil).

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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	
	2016	2015
Balance at 1 April	(14,213)	(625)
Net gain/(loss) on fair value adjustment	451	(8,321)
Recognised in "other operating expenses" in profit or loss on occurrence of foreign currency contracts	6,908	2,711
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	–
Share of other comprehensive income of joint venture companies	6,509	(7,978)
Balance at 31 March	140,747	(14,213)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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

(d) Fair value reserve (continued)

	The Company 31 March 2016	2015
Balance at 1 April	(5,360)	250
Net gain/(loss) on fair value adjustment	451	(8,321)
Recognised in "other operating expenses" in profit or loss on occurrence of foreign currency contracts	6,908	2,711
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	–
Balance at 31 March	143,091	(5,360)

(e) Equity transaction reserve

	The Group 31 March 2016	2015
Balance at 1 April	(2,377)	–
Acquisition of additional interest in a subsidiary company	–	(2,377)
Balance at 31 March	(2,377)	(2,377)

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

(f) General reserve

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

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	
	2016	2015	2015-16	2014-15	2016	2015
Deferred tax liability						
Differences in depreciation	29,106	27,364	1,742	1,227	28,963	27,180
Revaluation of forward currency contracts to fair value	239	–	–	–	239	–
Undistributed profits of a subsidiary company	659	565	94	98	–	–
Undistributed profits of overseas associated companies	2,098	2,035	63	120	–	–
Other items	–	54	(54)	54	–	–
Deferred tax asset						
Revaluation of forward currency contracts to fair value	–	(1,098)	–	–	–	(1,098)
Provisions	(2,039)	(1,773)	(266)	(29)	(2,039)	(1,773)
Other items	(538)	(530)	(278)	(230)	–	–
	29,525	26,617			27,163	24,309
Deferred income tax expense			1,301	1,240		

The Group has tax losses of approximately $21,244,000 (2014-15: $19,716,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets are recognised due to uncertainty of its recoverability. The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

At the end of the reporting period, deferred tax liability of $659,000 (2015: $565,000) 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 $7,130,000 (2015: $5,887,000). The deferred tax liability is estimated to be $2,139,000 (2015: $1,766,000).

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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 2014	275,156	248,606	173,571	32,512	7,904	19,327	757,076
Additions	300	19,471	18,517	1,213	288	9,710	49,499
Transfers	76	1,710	249	4,890	–	(6,925)	–
Disposals	–	(14,414)	(602)	(397)	(1,169)	–	(16,582)
Disposal of a subsidiary	(8,727)	(1,923)	–	(663)	(29)	–	(11,342)
Exchange differences	2,104	2,213	483	135	76	1,503	6,514
At 31 March 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
Accumulated depreciation							
At 1 April 2014	115,288	208,764	65,871	24,937	5,016	–	419,876
Depreciation	9,290	13,519	14,219	3,655	733	–	41,416
Transfers	–	49	–	(49)	–	–	–
Disposals	–	(14,102)	(204)	(394)	(1,154)	–	(15,854)
Disposal of a subsidiary	(4,203)	(1,681)	–	(597)	(29)	–	(6,510)
Exchange differences	414	1,258	341	101	40	–	2,154
At 31 March 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
Net book value							
At 31 March 2015	148,120	47,856	111,991	10,037	2,464	23,615	344,083
At 31 March 2016	138,684	43,869	105,500	12,283	2,510	38,065	340,911

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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

	The Group 31 March 2016	The Group 31 March 2015
Net book value of property, plant & equipment acquired under finance lease:		
− Plant, equipment and engine overhaul tooling	34	37
− Motor vehicles	13	16

	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 2014	243,356	223,386	168,378	29,693	6,284	5,710	676,807
Additions	–	13,552	18,475	848	276	6,672	39,823
Transfers	76	1,275	–	4,966	–	(6,317)	–
Disposals	–	(14,248)	(405)	(325)	(1,113)	–	(16,091)
At 31 March 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
Accumulated depreciation							
At 1 April 2014	107,154	194,024	62,458	22,816	4,315	–	390,767
Depreciation	8,303	10,537	13,687	3,293	529	–	36,349
Disposals	–	(14,056)	(132)	(322)	(1,109)	–	(15,619)
At 31 March 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
Net book value							
At 31 March 2015	127,975	33,460	110,435	9,395	1,712	6,065	289,042
At 31 March 2016	119,672	34,966	104,369	11,571	1,796	8,553	280,927

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

16. INTANGIBLES (in thousands of $)

	Computer software	Deferred engine development costs	Other intangibles	Advance and progress payments	Total
The Group					
Cost					
At 1 April 2014	44,392	49,995	4,213	1,143	99,743
Additions	683	1,998	–	1,371	4,052
Transfers	2,151	–	–	(2,151)	–
Disposal of a subsidiary	(1,296)	–	–	–	(1,296)
Exchange differences	119	4,731	–	6	4,856
At 31 March 2015	46,049	56,724	4,213	369	107,355
Additions	63	2,620	–	1,925	4,608
Transfers	1,408	–	–	(1,408)	–
Disposal	(62)	–	–	–	(62)
Exchange differences	(37)	(1,094)	–	–	(1,131)
At 31 March 2016	47,421	58,250	4,213	886	110,770
Accumulated amortisation					
At 1 April 2014	41,248	–	4,213	–	45,461
Amortisation	1,451	–	–	–	1,451
Disposal of a subsidiary	(1,196)	–	–	–	(1,196)
Exchange differences	97	–	–	–	97
At 31 March 2015	41,600	–	4,213	–	45,813
Amortisation	1,650	–	–	–	1,650
Disposal	(59)	–	–	–	(59)
Exchange differences	(29)	–	–	–	(29)
At 31 March 2016	43,162	–	4,213	–	47,375
Net book value					
At 31 March 2015	4,449	56,724	–	369	61,542
At 31 March 2016	4,259	58,250	–	886	63,395

Impairment testing of deferred engine development costs

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

The recoverable amount of the cash-generating unit (the aircraft engine development project) has been determined based on value in use calculations using cash flow projections from the business plan approved by management for the next 46 years (2014-15: 47 years). The pre-tax discount rate applied to cash flow projections is 7% (2014-15: 7%).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

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

Impairment testing of deferred engine development costs (continued)

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

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

Number 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.

The recoverable amount is still expected to exceed its carrying amount if the discount rate increases by 0.8%.

	Computer software	Other intangibles	Advance and progress payments	Total
The Company				
Cost				
At 1 April 2014	41,975	2,871	1,008	45,854
Additions	223	–	1,370	1,593
Transfers	2,010	–	(2,010)	–
At 31 March 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
Accumulated amortisation				
At 1 April 2014	39,067	2,871	–	41,938
Amortisation	1,283	–	–	1,283
At 31 March 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
Net book value				
At 31 March 2015	3,858	–	368	4,226
At 31 March 2016	3,847	–	888	4,735

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

17. SUBSIDIARY COMPANIES (in thousands of $)

	The Company 31 March 2016	The Company 31 March 2015
Unquoted shares, at cost	109,264	103,481
Loan to a subsidiary company	5,089	5,982
Impairment loss	(5,257)	(5,257)
	109,096	104,206

The subsidiary companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2016	Cost 2015	Percentage equity held by the Group 2016	Percentage equity held by the Group 2015
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	11,196	100.0	100.0
NexGen Network (2) Holding Pte Ltd *	Investment holding	Singapore	46,399	43,679	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
SIA Engineering (Philippines) Corporation ^	Provide airframe maintenance and component overhaul services	Philippines	20,092	17,296	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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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

Name of company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2016	2015	2016	2015
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 other 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*

During the financial year:

1. The Company invested approximately $267,000 and $2,720,000 in NexGen Network (1) Holding Pte Ltd ("NGN1") and NexGen Network (2) Holding Pte Ltd ("NGN2") respectively, in accordance with an agreement.

2. The loan extended to a subsidiary company bears an effective interest ranging from 4.77% to 4.94% (2015: 4.77% to 4.94%) per annum. This loan is non-trade related, unsecured and repayable in 2 tranches by 31 March 2018 and 31 March 2020 respectively.

3. Aircraft Maintenance Services Australia Pty Ltd ("AMSA") repaid approximately $1,002,000 of the loan.

4. The Company invested approximately $2,796,000 in SIA Engineering (Philippines) Corporation ("SEPC").

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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

The Group completed the restructuring of one of its subsidiary companies, Singapore Jamco Pte Ltd ("SJAMCO") on 16 May 2014.

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

	As at date of disposal
Property, plant and equipment	4,832
Intangibles	100
Trade and other receivables	4,496
Work-in-progress	1,780
Inventories	3,440
Total assets	14,648
Trade and other creditors	(3,375)
Deferred taxation	(325)
Total liabilities	(3,700)
Net assets derecognised	10,948
Less: Non-controlling interest	(3,832)
Net assets disposed	7,116
Gain on disposal:	
Cash received	8,922
Net assets disposed	(7,116)
Fair value of retained interest	3,965
Gain on disposal	5,771

The gain attributable to measuring the retained interest amounting to $1,775,000 was included in "Surplus on disposal of a subsidiary company" in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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

Acquisition of non-controlling interests

The following summarises the effect of the change in the Group's ownership interest in SJAMCO Services on the equity attributable to owners of the Company.

	As at date of disposal
Consideration paid for acquisition of non-controlling interests	3,383
Decrease in equity attributable to non-controlling interests	(1,006)
Decrease in equity attributable to owners of the Company	2,377

18. ASSOCIATED COMPANIES (in thousands of $)

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Unquoted shares, at cost	198,593	183,769	195,802	180,978
Share of post-acquisition reserves	245,577	240,837	–	–
Share of other comprehensive income	318	304	–	–
Goodwill written-off to reserves	(24,398)	(25,237)	–	–
Translation adjustment	(73,590)	(72,017)	–	–
Impairment loss	(2,538)	–	(2,718)	–
	343,962	327,656	193,084	180,978

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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

The associated companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2016	Cost 2015	Percentage equity held by the Group 2016	Percentage equity held by the Group 2015
Component Aerospace Singapore Pte Ltd [## +]	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	3,011	3,011	49.0	49.0
Eagle Services Asia Private Limited [## ++]	Repair and overhaul of aircraft engines	Singapore	71,588	71,588	49.0	49.0
Fuel Accessory Service Technologies Pte Ltd [## +]	Repair and overhaul of engine fuel components and accessories	Singapore	5,071	5,071	49.0	49.0
PT Jas Aero-Engineering Services [^^ ++]	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	3,675	3,675	49.0	49.0
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
Boeing Asia Pacific Aviation Services Pte Ltd [^^^++]	Provide engineering, material management and fleet support solutions	Singapore	23,516	–	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
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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

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

The associated companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2016	2015	2016	2015
Safran Electronics Asia Pte Ltd ^^^ ++	Provide avionics maintenance, repair and overhaul services	Singapore	11,004	13,479	40.0	49.0
Messier Services Asia Private Limited **++	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	13,971	13,971	40.0	40.0
Asian Surface Technologies Pte Ltd ^ ++	Repair and overhaul of aircraft engine fan blades	Singapore	2,718	2,718	39.2	39.2
International Aerospace Tubes - Asia Pte Ltd ## ++	Repair of tubes, ducts and manifolds for aircraft engines and airframe application	Singapore	5,286	5,286	33.3	33.3
Asian Compressor Technology Services Co Ltd # ++	Repair and overhaul of aircraft engine high pressure compressor stators	Taiwan	4,104	4,104	24.5	24.5
Turbine Coating Services Private Limited ## +	Repair and overhaul of aircraft engine turbine airfoils	Singapore	5,671	5,671	24.5	24.5
Jamco Singapore Pte Ltd ^^^^+++	Manufacturing and sales of aircraft cabin equipment	Singapore	3,965	3,965	20.0	20.0
PWA International Limited ### +	Repair, overhaul and re-manufacture of aircraft turbine engine cases, components and related parts	Ireland	–	6,217	–	49.0

@ *Audited by KPMG LLP, Singapore*
# *Audited by PriceWaterhouseCoopers, Taiwan*
Audited by PriceWaterhouseCoopers, Singapore
Audited by PriceWaterhouseCoopers, Ireland
* *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*

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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

During the financial year:

1. The Company sold 9% of its interest in Safran Electronics Asia Pte Ltd ("SEA") to Sagem Défense Sécurité ("Sagem") for a cash consideration of approximately $4,866,000. The Company's residual interest in the shares of SEA is 40%, with the remaining 60% held by Sagem. The gain on sale of the investment at the Group level is approximately $2,798,000.

2. The Company, together with Boeing, incorporated an entity, Boeing Asia Pacific Aviation Services Pte Ltd ("BAPAS"). The Company holds a 49% equity stake in BAPAS and Boeing holds the remaining 51%. The Company assessed the classification of the investment and recorded it as an associated company. As at year end, the Company had a total capital contribution in BAPAS of approximately $23,516,000.

3. The Company, together with Pratt & Whitney Ireland Holdings ("PWIH"), as members of PWA International Limited ("PWAI"), have resolved to close PWAI in the financial year. The Company had since deemed the investment in PWAI to be liquidated.

4. The Company made a provision for impairment for an associated company.

The carrying amount of the material investment is as follows:

	The Group 31 March 2016	2015
Eagle Services Asia Private Limited ("ESA")	146,055	145,904
Other associated companies	197,907	181,752
	343,962	327,656

The activities of ESA complement the Group's activities.

Dividends of approximately $6,866,000 (2014-15: $21,739,000) were received from ESA.

Summarised financial information in respect of ESA is as follows:

	31 March 2016	2015
Summarised balance sheet		
Funds employed:		
Current assets	290,330	273,071
Non-current assets	47,780	52,799
	338,110	325,870
Current liabilities	(38,058)	(26,686)
Non-current liabilities	(1,981)	(1,421)
	298,071	297,763
Financed by:		
Shareholders' equity	298,071	297,763

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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

	31 March 2015-16	31 March 2014-15
Summarised statement of comprehensive income		
Revenue	832,100	828,161
Profit after taxation from continuing operations	19,818	21,687
Total comprehensive income	19,818	21,687

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.

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

	The Group 31 March 2016	The Group 31 March 2015
Group's share of 49% of net assets	146,055	145,904

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 2016	The Group 31 March 2015
Summarised balance sheet		
Funds employed:		
Current assets	183,166	177,417
Non-current assets	62,077	60,337
	245,243	237,754
Current liabilities	(47,592)	(52,586)
Non-current liabilities	(2,755)	(6,427)
	194,896	178,741
Financed by:		
Shareholders' equity	194,896	178,741

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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

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

	The Group 2015-16	The Group 2014-15
Summarised statement of comprehensive income		
Profit or loss after tax from continuing operations	40,659	34,874
Other comprehensive income	14	(7)
Total comprehensive income	40,673	34,867

19. JOINT VENTURE COMPANIES (in thousands of $)

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Unquoted shares, at cost	56,599	56,599	56,599	56,599
Share of post-acquisition reserves	108,533	100,991	–	–
Share of other comprehensive income	(2,344)	(8,853)	–	–
Translation adjustment	(15,286)	(12,561)	–	–
	147,502	136,176	56,599	56,599

The joint venture companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2016	2015	2016	2015
International Engine Component Overhaul Pte Ltd	Repair and overhaul of aero engine components and parts	Singapore	10,067	10,067	50.0	50.0
Singapore Aero Engine Services Pte Ltd	Repair and overhaul of aircraft engines	Singapore	46,532	46,532	50.0	50.0

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

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

The carrying amount of the material investment is as follows:

	The Group 31 March 2016	2015
Singapore Aero Engine Services Pte Ltd ("SAESL")	135,997	126,097
Other joint venture company	11,505	10,079
	147,502	136,176

The Group has 50% (2015: 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 $33,896,000 (2014-15: $49,802,000) were received from SAESL.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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

Summarised financial information in respect of SAESL is as follows:

	31 March 2016	31 March 2015
Summarised balance sheet		
Funds employed:		
Cash and short-term deposit	31,191	64,794
Other current assets	544,322	312,958
Total current assets	575,513	377,752
Non-current assets	251,285	223,975
Total assets	826,798	601,727
Current financial liabilities (excluding trade, other payables and provisions)	(173,897)	(77,176)
Other current liabilities	(258,853)	(144,367)
Total current liabilities	(432,750)	(221,543)
Non-current financial liabilities	(122,054)	(127,990)
Total liabilities	(554,804)	(349,533)
Net assets	271,994	252,194
Financed by:		
Shareholders' equity	271,994	252,194

	2015-16	2014-15
Summarised statement of comprehensive income		
Revenue	1,326,335	1,443,459
Depreciation and amortisation	(12,636)	(10,743)
Interest income	80	104
Interest expense	(1,568)	(1,188)
Profit before tax	82,242	115,146
Taxation	(190)	(1,096)
Profit after taxation	82,052	114,050
Other comprehensive income	10,653	(12,795)
Total comprehensive income	92,705	101,255

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.

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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	
	2016	2015
Group's share of 50% of net assets	135,997	126,097

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	
	2016	2015
Summarised balance sheet		
Funds employed:		
Current assets	5,352	4,830
Non-current assets	9,876	9,871
	15,228	14,701
Current liabilities	(3,285)	(4,317)
Non-current liabilities	(438)	(305)
	11,505	10,079
Financed by:		
Shareholders' equity	11,505	10,079

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

	The Group	
	2015-16	2014-15
Summarised statement of comprehensive income		
Profit or loss after tax from continuing operations	2,791	3,726
Other comprehensive income	1,183	(1,581)
Total comprehensive income	3,974	2,145

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20. LONG-TERM INVESTMENTS (in thousands of $)

	The Group and Company 31 March	
	2016	2015
Unquoted equity investment, at cost	*	*
Unquoted equity investment, at fair value (2015: at cost)	156,530	14,606
Disclosure in balance sheets		
Long-term investments	*	14,606
Non-current asset held for sale (Note 28)	156,530	–
	156,530	14,606

* Amount less than $1,000

Included in the balance for unquoted equity investment, at fair value for the Company and the Group is an amount of approximately $156,530,000 (2015: $14,606,000) representing a 10% (2015: 10%) investment in ordinary shares of Hong Kong Aero Engine Services Limited ("HAESL"), which is incorporated and operates in Hong Kong Special Administrative Region of the People's Republic of China. At 31 March 2015, the investment in HAESL shares was carried at cost.

During the financial year, the Company entered into a conditional sale and purchase agreement with Rolls-Royce Overseas Holdings Limited and Hong Kong Aircraft Engineering Company Limited to divest its 10% stake in HAESL. The Company remeasured its investment in HAESL to its fair value of approximately $156,530,000, and recognised a gain of approximately $141,924,000 in other comprehensive income. The divestment is expected to complete in the financial year ending 31 March 2017. In accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations, the Company's and Group's equity interest in HAESL are classified as part of "Non-current asset held for sale" in the balance sheets (Note 28).

Included in the balance for unquoted equity investment, at cost for the Company and the Group is a 0.15% equity interest in PT Mandala Airlines at $1.

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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	
	2016	2015	2016	2015
Not past due and not impaired	39,672	48,273	25,644	33,804
Past due but not impaired*	37,097	34,560	26,739	30,447
	76,769	82,833	52,383	64,251
Impaired trade debtors – collectively assessed	4,240	8,717	3,171	6,975
Less: Accumulated impairment losses	(4,240)	(8,717)	(3,171)	(6,975)
	–	–	–	–
Total trade debtors, net	76,769	82,833	52,383	64,251
* Aging of trade debtors that are past due but not impaired				
Less than 30 days	21,103	18,573	17,687	18,224
30 days to 60 days	8,871	5,791	6,816	5,089
61 days to 90 days	3,950	1,723	2,007	1,096
More than 90 days	3,173	8,473	229	6,038
	37,097	34,560	26,739	30,447

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	
	2016	2015	2016	2015
Balance at 1 April	8,717	5,975	6,975	5,215
(Write-back)/Charge to profit or loss, net	(3,270)	6,313	(3,503)	5,245
Provision utilised during the year	(1,207)	(3,571)	(301)	(3,485)
Balance at 31 March	4,240	8,717	3,171	6,975

There were no bad debts written off directly to profit or loss during the year.

As at 31 March 2016, 81% of trade debtors (2015: 92%) were held in United States dollars by the Group.

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

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Prepayments	5,130	7,188	2,794	2,404
Other debtors	9,061	5,553	8,038	2,902
	14,191	12,741	10,832	5,306

Included in other debtors are deposits of approximately $1,305,000 (2015: $1,720,000) and fair value change of forward contracts of approximately $1,946,000 (2015: nil) for the Group and deposits of approximately $334,000 (2015: $309,000) and fair value change of forward contracts of approximately $1,946,000 (2015: nil) for the Company.

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 2016			The Company 31 March 2016		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Receivables	123,238	(61,581)	61,657	121,831	(61,581)	60,250
Payables	61,581	(61,581)	–	61,581	(61,581)	–

	The Group 31 March 2015			The Company 31 March 2015		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Receivables	113,548	(69,538)	44,010	112,679	(69,529)	43,150
Payables	69,538	(69,538)	–	69,529	(69,529)	–

NOTES TO THE FINANCIAL STATEMENTS
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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	
	2016	2015	2016	2015
Amounts owing by related parties				
− Fellow subsidiaries	58,688	39,277	57,255	39,114
− Subsidiaries	–	–	91	–
− Joint venture/associated companies	7,620	5,251	7,316	5,122
− Others	1,759	136	1,759	136
	68,067	44,664	66,421	44,372
Amounts owing to related parties				
− Subsidiaries	–	–	(18,195)	(16,012)
− Joint venture/associated companies	(915)	(618)	(914)	(594)
− Others	(853)	(1,771)	(819)	(1,744)
	(1,768)	(2,389)	(19,928)	(18,350)

NOTES TO THE FINANCIAL STATEMENTS
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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 2016			The Company 31 March 2016		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Amounts owing by related parties						
– Fellow subsidiaries	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)

	The Group 31 March 2015			The Company 31 March 2015		
	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet	Gross carrying amounts	Gross amounts offset in the balance sheet	Net amounts in the balance sheet
Amounts owing by related parties						
– Fellow subsidiaries	43,780	(4,503)	39,277	43,575	(4,461)	39,114
– Joint venture/ associated companies	5,620	(369)	5,251	5,491	(369)	5,122
– Others	136	–	136	136	–	136
	49,536	(4,872)	44,664	49,202	(4,830)	44,372
Amounts owing to related parties						
– Subsidiaries	–	–	–	(19,715)	3,703	(16,012)
– Joint venture/ associated companies	(1,267)	649	(618)	(1,243)	649	(594)
– Others	(1,771)	–	(1,771)	(1,744)	–	(1,744)
	(3,038)	649	(2,389)	(22,702)	4,352	(18,350)

NOTES TO THE FINANCIAL STATEMENTS

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25. INVENTORIES (in thousands of $)

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Aircraft and component spares	36,743	33,222	31,187	28,723
Consumable stores and stocks	3,839	4,254	224	70
Raw materials	80	38	–	–
Total inventories at lower of cost and net realisable value	40,662	37,514	31,411	28,793

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	
	2016	2015	2016	2015
Balance at 1 April	22,479	18,717	21,611	17,884
Charge to profit or loss, net	3,250	6,222	3,087	5,582
Provision utilised during the year	(3,476)	(2,460)	(3,477)	(1,855)
Balance at 31 March	22,253	22,479	21,221	21,611

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

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Deposits placed with the immediate holding company	310,236	394,747	310,236	394,747
Fixed deposits placed with banks	6,904	8,401	1,504	1,503
	317,140	403,148	311,740	396,250

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 0.03% to 1.5% (2015: 0.01% to 1.5%) per annum and can be withdrawn on demand. The interest rates are repriced at varying periods ranging from 1 to 12 months (2015: 1 to 12 months).

As at 31 March 2016, 24% of short-term deposits (2015: 13%) were held in United States dollars by the Group.

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31 March 2016

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% (2015: 0.0% to 0.25%) per annum.

As at 31 March 2016, 45% of cash and bank balances (2015: 40%) were held in United States dollars by the Group.

28. NON-CURRENT ASSET HELD FOR SALE

This comprised the Company's and Group's 10% equity interest in Hong Kong Aero Engine Services Limited ("HAESL"), which was reclassified from long-term investments as disclosed in Note 20.

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

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Trade	78,950	67,500	67,295	63,231
Accruals	148,455	159,747	129,781	141,332
Provision for warranty claims	187	187	187	187
	227,592	227,434	197,263	204,750

These amounts are non-interest bearing.

Included in trade and other creditors are fair value change of forward contracts of approximately $6,458,000 for the Group and the Company in 2015.

The contract/notional amounts of the forward currency contracts as at 31 March 2015 were approximately $74,886,000 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 2016, 22% of trade creditors (2015: 22%) were held in United States dollars by the Group.

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31 March 2016

30. BANK LOANS (in thousands of $)

	The Group 31 March	
	2016	2015
Current liabilities		
Revolving credit facilities	8,810	9,288
Non-current liability		
Long-term bank loan	24,462	23,928

The revolving credit facilities denominated in United States dollars taken by a subsidiary company are unsecured and bear fixed interest ranging from 2.75% to 3.03% per annum (2015: 2.75% per annum). The current revolving credit facilities shall be repayable within 12 months after the reporting date.

The long-term bank loan denominated in United States dollars taken by a subsidiary company is unsecured and bears interest at an average floating rate of 1.80% per annum (2015: 1.47% per annum), re-priced quarterly. This loan is repayable by 29 April 2022.

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

	The Group	
	2015-16	2014-15
Profit before taxation	201,985	205,412
Adjustments for:		
Interest income	(2,057)	(1,425)
Interest on external borrowings	296	274
Depreciation	42,236	41,416
Amortisation of intangibles	1,650	1,451
Share of profits of associated and joint venture companies, net of tax	(94,188)	(106,252)
Dividend income from a long-term investment	(6,142)	(8,130)
Loss/(Surplus) on disposal of property, plant and equipment	424	(145)
Surplus on disposal of a subsidiary company	–	(5,771)
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	–
Exchange differences	12,717	(4,849)
Share-based compensation expense	634	2,547
Operating profit before working capital changes	161,616	124,528
(Increase)/Decrease in debtors	(2,955)	22,500
Increase in inventories and work-in-progress	(30,502)	(22,860)
Increase/(Decrease) in creditors	9,086	(19,089)
(Increase)/Decrease in amounts owing by immediate holding company	(17,525)	12,296
(Increase)/Decrease in amounts owing by related parties, net	(24,025)	2,003
Cash generated from operations	95,695	119,378
Income taxes paid	(18,591)	(23,315)
Net cash provided by operating activities	77,104	96,063

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

32. CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure commitments

The Group and the Company have commitments for capital expenditures, with an aggregate value of approximately $54,404,000 (2015: $63,269,000) for the Group and $30,712,000 (2015: $18,175,000) for the Company.

In addition, the Group's share of a joint venture company's purchase commitments for capital expenditure totalled approximately $6,177,000 (2015: $24,172,000).

(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	
	2016	2015
Within one year	16,537	16,747
After one year but less than five years	21,543	19,283
More than five years	50,818	53,106
	88,898	89,136

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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:

	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
Short-term deposits	317,140	–	–	–	317,140
Cash and bank balances	76,846	–	–	–	76,846
Total financial assets	607,594	*	1,946	–	609,540
Non-current asset held for sale					156,530
Total non-financial assets					1,055,967
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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

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					
2015					
Assets					
Unquoted equity investments	–	14,606	–	–	14,606
Trade debtors	82,833	–	–	–	82,833
Other debtors	5,553	–	–	–	5,553
Immediate holding company	44,010	–	–	–	44,010
Amounts owing by related parties	44,664	–	–	–	44,664
Short-term deposits	403,148	–	–	–	403,148
Cash and bank balances	60,592	–	–	–	60,592
Total financial assets	640,800	14,606	–	–	655,406
Total non-financial assets					1,001,210
Total assets					1,656,616
Liabilities					
Trade and other creditors	–	–	6,458	220,789	227,247
Amounts owing to related parties	–	–	–	2,389	2,389
Bank loans	–	–	–	9,288	9,288
Long-term bank loan	–	–	–	23,928	23,928
Total financial liabilities	–	–	6,458	256,394	262,852
Total non-financial liabilities					44,164
Total liabilities					307,016

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

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
Short-term deposits	311,740	–	–	–	311,740
Cash and bank balances	58,082	–	–	–	58,082
Total financial assets	560,057	*	1,946	–	562,003
Non-current asset held for sale					156,530
Total non-financial assets					786,321
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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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					
2015					
Assets					
Unquoted equity investments	–	14,606	–	–	14,606
Loan to a subsidiary company	5,982	–	–	–	5,982
Trade debtors	64,251	–	–	–	64,251
Other debtors	2,902	–	–	–	2,902
Immediate holding company	43,150	–	–	–	43,150
Amounts owing by related parties	44,372	–	–	–	44,372
Short-term deposits	396,250	–	–	–	396,250
Cash and bank balances	44,062	–	–	–	44,062
Total financial assets	600,969	14,606	–	–	615,575
Total non-financial assets					746,928
Total assets					1,362,503
Liabilities					
Trade and other creditors	–	–	6,458	198,105	204,563
Amounts owing to related parties	–	–	–	18,350	18,350
Total financial liabilities	–	–	6,458	216,455	222,913
Total non-financial liabilities					39,235
Total liabilities					262,148

NOTES TO THE FINANCIAL STATEMENTS
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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 that the Group can access at the measurement date;

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS
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33. FINANCIAL INSTRUMENTS (in thousands of $) (continued)

(b) Fair values (continued)

Financial instruments carried at fair value (continued)

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 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

	The Group and the Company 31 March 2015			
	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	–	6,458	–	6,458
	–	6,458	–	6,458

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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
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 approximation of their fair values due to their short-term nature: cash and bank balances, short-term deposits, amounts owing by/to related parties, immediate holding company, loans, trade and other debtors and creditors.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

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 2016, these accounted for 32% of total revenue (2014-15: 33%) and 21% of total operating expenses (2014-15: 19%). The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Group and Company also hold cash and cash equivalents in foreign currency, denominated mainly in USD, for working capital purposes. At the end of the reporting period, such USD balances amounted to approximately $109,724,000 (2015: $75,911,000) and $90,697,000 (2015: $62,988,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

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

(a) Foreign currency risk (continued)

Cash flow hedges

The Company enters into forward currency contracts to hedge against foreign currency risk for a portion of the forecast net cash generation of USD in the next 12 months. The Company sets aside USD in short-term deposits to hedge against foreign currency risk on highly probable forecast transactions. These transactions pertain to USD capital injections in an associated company.

The cash flow hedges of the expected inflows and outflows in USD in the next 12 months and the highly probable USD capital injections in an associated company were assessed to be highly effective and at 31 March 2016, a net fair value gain before tax of $1,406,000 (2015: net fair value loss before tax of $6,458,000) with a related deferred tax liability of $239,000 (2014-15: deferred tax asset of $1,098,000), 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.

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	
	2016	2015	2016	2015
Effect of weakening of SGD against USD				
Profit before taxation R1	899	698	972	838
Equity R2	(703)	(813)	(703)	(813)
Effect of strengthening of SGD against USD				
Profit before taxation R1	(899)	(698)	(972)	(838)
Equity R2	703	813	703	813

R1 Sensitivity analysis on significant outstanding USD denominated monetary items.

R2 Sensitivity analysis on outstanding USD hedging contracts.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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

(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 2016, other than those short-term deposit 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 $132,000 (2015: $102,000) higher/lower, arising mainly as a result of lower/higher interest expense on the floating rate loan.

(c) Credit and Counterparty risk

The Group's and Company's maximum exposure to credit risk in the event that counterparties fail to perform their contractual obligations as at 31 March 2016 in relation to each class of recognised financial assets are as follows:

	The Group 31 March		The Company 31 March	
	2016	2015	2016	2015
Unquoted equity investments	*	14,606	*	14,606
Loan to a subsidiary company	–	–	5,089	5,982
Trade debtors	76,769	82,833	52,383	64,251
Other debtors	9,061	5,553	8,038	2,902
Immediate holding company	61,657	44,010	60,250	43,150
Amounts owing by related parties	68,067	44,664	66,421	44,372
Short-term deposits	317,140	403,148	311,740	396,250
Cash and bank balances	76,846	60,592	58,082	44,062
	609,540	655,406	562,003	615,575

* Amount less than $1,000

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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

(c) Credit and Counterparty risk (continued)

Surplus funds are invested in interest-bearing bank deposits and deposits with immediate holding company. Counterparty risks are managed by limiting aggregated exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counterparties.

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 2016, the only trade debtor exceeding 15% of the Group's trade debtors was an amount of approximately $61,657,000 (2015: 44,010,000) due from its immediate holding company, Singapore Airlines Limited.

The Group determines concentrations of credit risk by monitoring the industry, country and credit rating of its counterparties. The table below shows an analysis of credit risk exposure of balances that exceed 5% of the financial assets of the Group and the Company as at 31 March:

	The Group				The Company			
	Outstanding balance		Percentage of total financial assets		Outstanding balance		Percentage of total financial assets	
	2016	2015	2016	2015	2016	2015	2016	2015
Counterparty profiles								
By industry:								
Airlines	496,575	542,381	82%	83%	469,570	523,084	84%	85%
Financial institutions	82,242	67,482	13%	10%	58,082	44,062	10%	7%
Others	21,662	25,384	4%	4%	21,224	24,939	4%	4%
	600,479	635,247	99%	97%	548,876	592,085	98%	96%
By region:								
East Asia	558,845	583,176	92%	89%	518,838	550,298	93%	89%
Europe	18,234	25,101	3%	4%	18,088	24,998	3%	4%
South West Pacific	6,959	10,346	1%	1%	3,048	6,341	1%	1%
Americas	8,943	10,958	2%	2%	1,431	4,940	0%	1%
West Asia and Africa	7,498	5,666	1%	1%	7,471	5,508	1%	1%
	600,479	635,247	99%	97%	548,876	592,085	98%	96%
By Moody's credit ratings:								
Investment grade (A to Aaa)	78,930	57,931	13%	9%	58,082	44,062	10%	7%
Non-rated	521,549	577,316	86%	88%	490,794	548,023	88%	89%
	600,479	635,247	99%	97%	548,876	592,085	98%	96%

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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 2016, the Group had at its disposal, cash and short-term deposits amounting to approximately $393,986,000 (2015: $463,740,000). In addition, the Group had available short-term credit facilities of approximately $26,962,000 (2015: $27,323,000).

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							
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

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
The Group							
2015							
Financial liabilities							
Trade and other creditors	220,789	–	–	–	–	–	220,789
Amounts owing to related parties	2,389	–	–	–	–	–	2,389
Bank loans	9,315	–	–	–	–	–	9,315
Derivative financial instruments:							
Forward currency contracts – gross receipts	(74,885)	–	–	–	–	–	(74,885)
Forward currency contracts – gross payments	81,343	–	–	–	–	–	81,343
Long-term bank loan	1,279	2,214	3,136	3,096	4,719	10,915	25,359
Total undiscounted financial liabilities	240,230	2,214	3,136	3,096	4,719	10,915	264,310

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

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							
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

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
The Company							
2015							
Financial liabilities							
Trade and other creditors	198,105	–	–	–	–	–	198,105
Amounts owing to related parties	18,350	–	–	–	–	–	18,350
Derivative financial instruments:							
Forward currency contracts – gross receipts	(74,885)	–	–	–	–	–	(74,885)
Forward currency contracts – gross payments	81,343	–	–	–	–	–	81,343
Total undiscounted financial liabilities	222,913	–	–	–	–	–	222,913

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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.

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 2016 and 31 March 2015 and certain assets information of the operating segments as at those dates.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

35. SEGMENT INFORMATION (in thousands of $) (continued)

Operating Segments

	Notes	Repair and overhaul	Line maintenance	Total segments	Consolidation eliminations & adjustments	Per consolidated financial statements
2015-16						
TOTAL REVENUE						
External revenue		652,569	460,098	1,112,667	–	1,112,667
Inter-segment revenue	(a)	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 income from long-term investment						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						(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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

35. SEGMENT INFORMATION (in thousands of $) (continued)

Operating Segments (continued)

	Notes	Repair and overhaul	Line maintenance	Total segments	Consolidation eliminations & adjustments	Per consolidated financial statements
2014-15						
TOTAL REVENUE						
External revenue		678,375	442,216	1,120,591	–	1,120,591
Inter-segment revenue	(a)	243	9,269	9,512	(9,512)	–
		678,618	451,485	1,130,103	(9,512)	1,120,591
RESULTS						
Segment results		(14,326)	98,289	83,963		83,963
Interest income						1,425
Surplus on disposal of a subsidiary company						5,771
Dividend income from long-term investment						8,130
Share of profits of associated companies, net of tax		42,644	2,857	45,501		45,501
Share of profits of joint venture companies, net of tax		60,751	–	60,751		60,751
Other unallocated expense	(b)					(129)
Profit before taxation						205,412
Taxation						(20,044)
Profit for the financial year						185,368
Other segment items						
Depreciation		34,113	7,303	41,416		41,416
Amortisation of intangibles		867	584	1,451		1,451
Segment assets						
Property, plant and equipment		304,120	39,963	344,083		344,083
Intangibles		59,736	1,806	61,542		61,542
Investment in associated/joint venture companies		454,499	9,333	463,832		463,832
Other unallocated assets	(c)					787,159
Total assets		818,355	51,102	869,457		1,656,616

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

35. SEGMENT INFORMATION (in thousands of $) (continued)

Operating Segments (continued)

Notes:

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

(b) The following items are added to/(deducted from) segment result to arrive at "profit before taxation" presented in the consolidated income statement:

	The Group 2015-16	The Group 2014-15
Interest on external borrowings	(296)	(274)
(Loss)/Surplus on disposal of property, plant and equipment	(424)	145
	(720)	(129)

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

	The Group 31 March 2016	The Group 31 March 2015
Long-term investments	*	14,606
Current assets	926,267	772,553
	926,267	787,159

* 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 31 March	
	2015-16	2014-15	2016	2015
East Asia#	913,306	880,929	835,768	820,628
Europe	131,909	119,633	–	4,858
South West Pacific	28,375	53,693	1,252	1,181
Americas	17,684	27,250	58,750	57,396
West Asia and Africa	21,393	39,086	–	–
Total	1,112,667	1,120,591	895,770	884,063

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

35. SEGMENT INFORMATION (in thousands of $) (continued)

Major customers

Revenue from one major customer amounted to approximately $452,648,000 (2014-15: $457,021,000), 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 2016, the Company made a total dividend payment to shareholders of approximately $162,876,000 (2014-15: $268,993,000).

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 2016 and 31 March 2015.

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	
	2016	2015	2016	2015
Total debt:				
Bank loans	8,810	9,288	–	–
Long-term bank loan	24,462	23,928	–	–
	33,272	33,216	–	–
Total capital:				
Share capital	416,503	410,721	416,503	410,721
Reserves	1,068,998	914,162	828,754	689,634
	1,485,501	1,324,883	1,245,257	1,100,355
Capital and total debt	1,518,773	1,358,099	1,245,257	1,100,355

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

37. RELATED PARTY TRANSACTIONS (in thousands of $)

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 2015-16	The Group 2014-15	The Company 2015-16	The Company 2014-15
Income				
Sales of services and related materials to:				
- the immediate holding company and fellow subsidiaries	717,736	681,947	705,999	670,799
- associated companies	6,064	4,832	4,881	4,624
- joint venture companies	12,004	12,087	12,004	12,087
- others	–	26,401	–	26,190
Interest income from the immediate holding company	1,973	1,358	1,973	1,358
Equipment fee charged to the immediate holding company	438	2,068	438	2,068
Rental of office space charged to the immediate holding company	152	296	152	296

NOTES TO THE FINANCIAL STATEMENTS

31 March 2016

37. RELATED PARTY TRANSACTIONS (in thousands of $) (continued)

Sale and purchase of goods and services (continued)

	The Group		The Company	
	2015-16	2014-15	2015-16	2014-15
Expense				
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases	8,757	9,959	8,757	9,959
Rental of hangars, workshops and office space charged by the immediate holding company	18,232	18,773	18,232	18,773
Purchases of materials from the immediate holding company and fellow subsidiaries	123,066	117,027	123,066	117,027
Purchases of goods from:				
- associated companies	28,031	34,240	27,936	33,037
- joint venture companies	116	–	116	–
- others	20,984	24,388	20,618	24,178
Services rendered by:				
- the immediate holding company	13,611	13,721	13,611	13,721

Compensation of key management personnel

Directors' and key executives' remuneration of the Company

	The Company	
	2015-16	2014-15
Directors		
Directors' fees	954	964
Key executives		
Salary, bonuses and other costs	3,851	2,810
CPF and other defined contributions	64	56
Share-based compensation expense	128	455

NOTES TO THE FINANCIAL STATEMENTS
31 March 2016

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	352,100	102,800
Zarina Piperdi	106,700	–	106,700
Anne Ang Lian Choo	–	–	–
Wong Yue Jeen^	–	–	–
Chow Kok Wah*	–	–	–

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 2015 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2016/ cessation of employment = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Png Kim Chiang	33,326	24,220	15,653	41,893	177,412
Ivan Neo Seok Kok	38,072	14,000	17,875	34,197	164,204
Zarina Piperdi	32,013	14,000	17,875	28,138	160,045
Anne Ang Lian Choo	32,013	14,000	17,875	28,138	152,545
Wong Yue Jeen^	32,740	12,300	15,350	29,690	98,156
Chow Kok Wah*	32,013	–	17,875	14,138	32,013

^ Mr Wong Yue Jeen appointed as Senior Vice President (SVP) on 1 September 2015. The base awards granted and vested during the financial year were in his capacity as Vice President (VP), prior to 1 September 2015.

* Mr Chow Kok Wah retired on 5 July 2015.

NOTES TO THE FINANCIAL STATEMENTS

31 March 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 2015 (a)	Final Awards granted during the financial year# (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2016/ 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	6,168	4,696	6,658	4,206	105,962
Ivan Neo Seok Kok	6,247	5,363	6,907	4,703	99,994
Zarina Piperdi	6,247	5,363	6,907	4,703	102,198
Anne Ang Lian Choo	6,247	5,363	6,907	4,703	97,836
Wong Yue Jeen^	5,408	4,605	5,880	4,133	32,688
Chow Kok Wah*	–	5,363	2,700	2,663	2,700

(c) PSP Base Awards

Name of participant	Balance as at 1 April 2015 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2016/ 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	57,360	20,080	20,197	57,243	175,832	109,650
Ivan Neo Seok Kok	50,191	14,000	17,673	46,518	131,833	84,024
Zarina Piperdi	46,656	14,000	17,673	42,983	137,898	91,224
Anne Ang Lian Choo	46,656	14,000	17,673	42,983	96,472	42,170
Wong Yue Jeen^	–	–	–	–	–	–
Chow Kok Wah*	28,983	–	–	28,983	28,983	–

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 Wong Yue Jeen appointed as SVP on 1 September 2015. The final awards granted and vested during the financial year were in his capacity as VP, prior to 1 September 2015.

* Mr Chow Kok Wah retired on 5 July 2015.

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 2015/16 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	–	3,032,313
SilkAir (Singapore) Pte Ltd	–	197,000
Scoot Pte Ltd	–	34,023
Singapore Airlines Cargo Pte Ltd	–	2,059
Tiger Airways Group		
Tiger Airways Singapore Pte Ltd	–	46,566
Temasek Holdings (Private) Limited and Associates		
AETOS Training Academy Pte Ltd	–	355
Singapore Technologies Engineering Group		
ST Aerospace Supplies Pte Ltd	–	595
SMRT Corporation		
SMRT Taxis Pte Ltd	–	960
Total	–	**3,313,871**

2. MATERIAL CONTRACTS

Since the end of the previous financial year, the Company and its subsidiaries did not enter into any material contracts involving interests of the Chief Executive Officer, Directors or controlling shareholders and no such material contracts still subsist at the end of the financial year.

QUARTERLY RESULTS OF THE GROUP

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue:						
2015-16	($ million)	277.3	266.0	275.2	294.2	1,112.7
	(%)	24.9	23.9	24.7	26.5	100.0
2014-15	($ million)	294.1	285.2	265.3	276.0	1,120.6
	(%)	26.2	25.5	23.7	24.6	100.0
Expenditure:						
2015-16	($ million)	256.4	239.0	246.2	266.7	1,008.3
	(%)	25.4	23.7	24.4	26.5	100.0
2014-15	($ million)	273.4	269.3	241.0	252.9	1,036.6
	(%)	26.4	26.0	23.2	24.4	100.0
Operating profit:						
2015-16	($ million)	20.9	27.0	29.0	27.5	104.4
	(%)	20.0	25.9	27.8	26.3	100.0
2014-15	($ million)	20.7	15.9	24.3	23.1	84.0
	(%)	24.7	18.9	28.9	27.5	100.0
Profit before taxation:						
2015-16	($ million)	46.9	50.4	56.9	47.8	202.0
	(%)	23.2	24.9	28.2	23.7	100.0
2014-15	($ million)	59.6	47.1	52.1	46.6	205.4
	(%)	29.0	22.9	25.4	22.7	100.0
Profit attributable to owners of the parent:						
2015-16	($ million)	41.3	44.5	49.4	41.4	176.6
	(%)	23.4	25.2	28.0	23.4	100.0
2014-15	($ million)	53.5	42.1	46.3	41.4	183.3
	(%)	29.2	23.0	25.2	22.6	100.0
Earnings (after tax) per share - basic:						
2015-16	(cents)	3.68	3.96	4.40	3.69	15.74
	(%)	23.4	25.2	28.0	23.4	100.0
2014-15	(cents)	4.79	3.75	4.13	3.69	16.36
	(%)	29.3	22.9	25.2	22.6	100.0

FIVE-YEAR FINANCIAL SUMMARY OF THE GROUP

	2015-16	2014-15	2013-14	2012-13	2011-12
Income statement ($ million)					
Revenue	1,112.7	1,120.6	1,178.2	1,146.7	1,169.9
Expenditure	1,008.3	1,036.6	1,062.6	1,018.6	1,040.3
Operating profit	104.4	84.0	115.6	128.1	129.6
Other income	3.4	15.1	15.8	18.8	16.6
Share of profits of associated and joint venture companies, net of tax	94.2	106.3	162.6	150.1	146.3
Profit before tax	202.0	205.4	294.0	297.0	292.5
Profit attributable to owners of the parent	176.6	183.3	265.7	270.1	269.1
Balance sheet ($ million)					
Share capital	416.5	410.7	387.3	348.1	317.3
Treasury shares	(6.1)	–	–	–	–
Capital reserve	0.2	–	–	–	–
Share-based compensation reserve	18.4	20.2	23.9	31.9	38.2
Foreign currency translation reserve	(87.9)	(81.7)	(127.7)	(134.5)	(129.2)
Fair value reserve	140.7	(14.2)	(0.6)	(0.6)	(0.9)
Equity transaction reserve	(2.4)	(2.4)	–	–	–
General reserve	1,006.1	992.3	1,078.0	1,057.0	1,028.9
Equity attributable to owners of the parent	1,485.5	1,324.9	1,360.9	1,301.9	1,254.3
Non-controlling interests	26.4	24.7	29.6	27.3	25.5
Total equity	1,511.9	1,349.6	1,390.5	1,329.2	1,279.8
Property, plant and equipment	340.9	344.1	337.2	305.5	308.8
Intangibles	63.4	61.5	54.3	49.0	37.7
Associated companies	344.0	327.7	309.4	306.2	304.8
Joint venture companies	147.5	136.2	126.5	120.8	113.2
Long-term investments	*	14.6	14.6	14.6	14.6
Current assets	926.3	772.5	865.1	836.6	820.2
Total assets	1,822.1	1,656.6	1,707.1	1,632.7	1,599.3
Non-current liabilities	54.0	50.5	40.4	25.3	26.4
Current liabilities	256.2	256.5	276.2	278.2	293.1
Total liabilities	310.2	307.0	316.6	303.5	319.5
Net assets	1,511.9	1,349.6	1,390.5	1,329.2	1,279.8
Cash flow statement ($ million)					
Cash flow from operations	95.7	119.4	136.6	160.3	157.7
Internally generated cash flow [R1]	174.4	232.0	294.8	298.0	287.1
Capital expenditure	40.9	49.5	67.9	31.8	28.8

* 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

	2015-16	2014-15	2013-14	2012-13	2011-12
Profitability ratios (%)					
Return on equity holders' funds [R2]	12.6	13.6	20.0	21.1	21.1
Return on total assets	9.7	11.1	15.6	16.5	16.8
Return on turnover	15.9	16.4	22.6	23.6	23.0
Productivity and employee data					
Value added ($ million)	709.1	725.2	839.6	830.1	803.2
Value added per employee ($)	114,589	114,841	131,085	132,346	130,619
Revenue per employee ($)	179,810	177,449	183,952	182,831	190,257
Average number of employees	6,188	6,315	6,405	6,272	6,149
Per share data (cents)					
Earnings after tax - basic [R3]	15.74	16.36	23.88	24.51	24.56
Earnings after tax - diluted [R4]	15.70	16.28	23.69	24.30	24.36
Net asset value [R5]	132.4	118.1	122.0	117.7	114.3
Gross dividends (cents per share)					
Interim dividend	6.0	6.0	7.0	7.0	6.0
Final dividend - ordinary	8.0#	8.5	13.0	15.0	15.0
Final dividend - special	–	–	5.0	–	–
Total dividends	14.0	14.5	25.0	22.0	21.0

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 2016

SIA Engineering Company Limited

Subsidiary Companies

100%	Aircraft Maintenance Services Australia Pty Ltd
100%	NexGen Network (1) Holding Pte 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%	SIA Engineering (Philippines) Corporation
51%	Aerospace Component Engineering Services Pte Limited
51%	Aviation Partnership (Philippines) Corporation

Joint Venture Companies

50%	International Engine Component Overhaul Pte Ltd
50%	Singapore Aero Engine Services Pte Ltd

Associated Companies

49%	Component Aerospace Singapore Pte Ltd
49%	Eagle Services Asia Private Limited
49%	Fuel Accessory Service Technologies Pte Ltd
49%	PT Jas Aero-Engineering Services
49%	Southern Airports Aircraft Maintenance Services Company Limited
49%	Boeing Asia Pacific Aviation Services Pte Ltd
47.1%	Pan Asia Pacific Aviation Services Ltd
45%	JAMCO Aero Design & Engineering Pte Ltd
42.5%	Panasonic Avionics Services Singapore Pte. Ltd.
40%	Goodrich Aerostructures Service Center - Asia Pte Ltd
40%	Safran Electronics Asia Pte Ltd
40%	Messier Services Asia Private Limited
39.2%	Asian Surface Technologies Pte Ltd
33.3%	International Aerospace Tubes-Asia Pte Ltd
24.5%	Asian Compressor Technology Services Co Ltd
24.5%	Turbine Coating Services Private Limited
20%	Jamco Singapore Pte Ltd

SHAREHOLDINGS STATISTICS

as at 1 June 2016

NO. OF ISSUED SHARES : 1,123,312,387
NO. OF ISSUED SHARES (EXCLUDING TREASURY SHARES) : 1,122,257,110
NO. / PERCENTAGE OF TREASURY SHARES : 1,055,277 (0.09%)

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	30	0.17	559	0.00
100 - 1,000	6,318	36.56	6,110,570	0.54
1,001 - 10,000	8,900	51.50	37,003,639	3.30
10,001 - 1,000,000	2,022	11.70	67,634,888	6.03
1,000,001 and above	13	0.07	1,011,507,454	90.13
	17,283	100.00	1,122,257,110	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 1 JUNE 2016

No.	Name	No. of Shares	% (1)
1.	Singapore Airlines Limited	870,000,000	77.52
2.	DBS Nominees (Private) Limited	77,475,777	6.90
3.	Citibank Nominees Singapore Pte Ltd	31,157,435	2.78
4.	HSBC (Singapore) Nominees Pte Ltd	8,096,989	0.72
5.	Raffles Nominees (Pte) Limited	5,188,150	0.46
6.	United Overseas Bank Nominees (Private) Limited	5,170,950	0.46
7.	DBSN Services Pte Ltd	4,970,795	0.44
8.	DB Nominees (Singapore) Pte Ltd	2,653,156	0.24
9.	OCBC Nominees Singapore Private Limited	1,787,102	0.16
10.	Bank Of Singapore Nominees Pte Ltd	1,655,000	0.15
11.	DBS Vickers Securities (Singapore) Pte Ltd	1,222,100	0.11
12.	Gralf Max Hans Sieghold	1,080,000	0.10
13.	Wong Ket Seong @ Wong Ket Yin	1,050,000	0.09
14.	Merrill Lynch (Singapore) Pte Ltd	938,936	0.08
15.	Phillip Securities Pte Ltd	854,508	0.08
16.	Yim Chee Chong	660,000	0.06
17.	BNP Paribas Securities Services	623,003	0.05
18.	Choo Si Sen	525,000	0.05
19.	OCBC Securities Private Ltd	521,242	0.05
20.	Gemas Bahru Estates Sdn Bhd	500,000	0.04
		1,016,130,143	90.54

SUBSTANTIAL SHAREHOLDERS

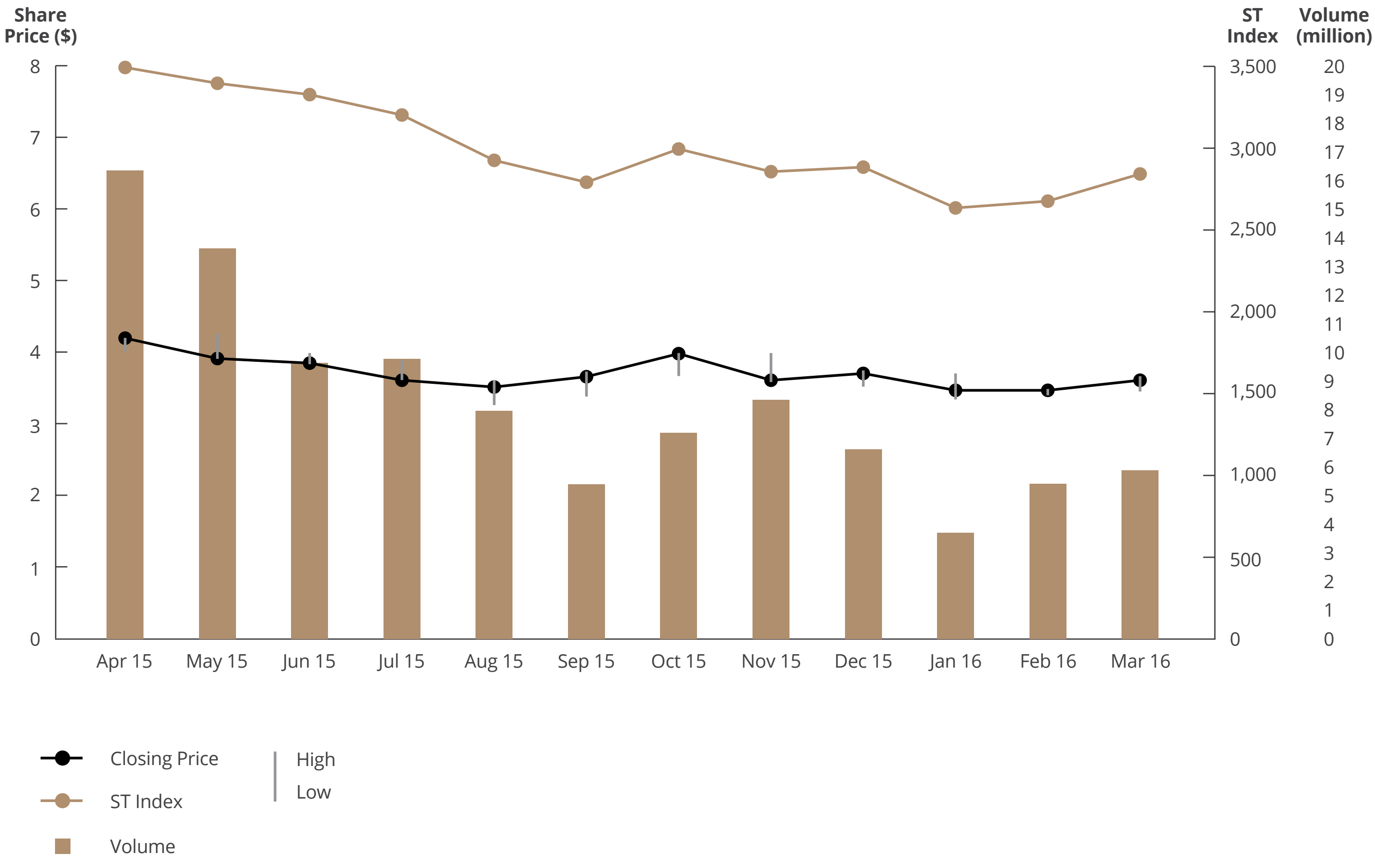
	Number of Shares					
Substantial Shareholder	Direct Interest	% (1)	Deemed Interest (2)	% (1)	Total Interest	% (1)
Singapore Airlines Limited	870,000,000	77.52	–	–	870,000,000	77.52
Temasek Holdings (Private) Limited	–	–	871,122,600	77.62	871,122,600	77.62

Notes:
(1) Based on 1,122,257,110 issued ordinary shares (excluding 1,055,277 shares held in treasury) as at 1 June 2016.
(2) Temasek is deemed to be interested in 870,000,000 shares held by Singapore Airlines Limited, and in 1,122,600 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 2016, 22.31 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 2015/16	FY 2014/15
Highest closing price	4.25	5.14
Lowest closing price	3.26	3.91
31 March closing price	3.60	4.01
Market Value Ratios*		
Price/Earnings	22.88	24.51
Price/Book Value	2.72	3.39
Price/Cash Earnings**	18.32	19.86

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 34th Annual General Meeting of SIA Engineering Company Limited (the "**Company**") will be held at Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Friday, 22 July 2016 at 2.30 p.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 2016 and the Auditors' Report thereon.

2. To declare a final ordinary dividend of 8 cents per ordinary share for the financial year ended 31 March 2016.

3. To re-elect the following Directors who are retiring by rotation pursuant to Article 83 of the Constitution of the Company and who, being eligible, offer themselves for re-election as Directors pursuant to Article 84 of the Constitution of the Company:

   3.1 Mr Manohar Khiatani
   3.2 Mr Chew Teck Soon

4. To approve the Directors' fees of up to S$1,134,000 for the financial year ending 31 March 2017 (FY2015/16: up to S$1,134,000).

5. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modifications, the following resolutions, of which Resolutions 6.1, 6.2, 6.3 and 6.4 will be proposed as Ordinary Resolutions and Resolution 6.5 will be proposed as a Special Resolution:

   6.1 That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

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) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the 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.

6.2 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) from time to time;

NOTICE OF ANNUAL GENERAL MEETING

(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) 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.

6.3 That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are "entities at risk" (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of interested person transactions described in Appendix 1 to the Letter to Shareholders dated 28 June 2016 (the "**Letter**") with any party who is of the class of interested persons described in Appendix 1 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.

6.4 That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire 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**");

NOTICE OF ANNUAL GENERAL MEETING

(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 any Shares which are held as treasury shares as at that date); 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 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.

6.5 That the regulations contained in the new Constitution submitted to this meeting and, for the purpose of identification, subscribed to by the Company Secretary, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution.

By Order of the Board

DEVIKA RANI DAVAR
Company Secretary
28 June 2016
Singapore

NOTICE OF ANNUAL GENERAL MEETING

CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders being obtained at the 34th Annual General Meeting of the Company for the payment of the final ordinary dividend, the Share Transfer Books and the Register of Members of the Company will be closed on 1 August 2016 for the preparation of dividend warrants.

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 29 July 2016 will be registered to determine shareholders' entitlements to the proposed dividend. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with ordinary shares of the Company as at 5.00 p.m. on 29 July 2016 will be entitled to the proposed dividend. The Company will pay the proposed dividend to CDP, which will, in turn, distribute the entitlements to the proposed dividend to CDP account-holders in accordance with its normal practice.

The proposed final dividend, if approved by shareholders, will be paid on 12 August 2016.

EXPLANATORY NOTES:

1. In relation to Ordinary Resolution Nos. 3.1 and 3.2, Mr Manohar Khiatani and Mr Chew Teck Soon will be retiring from office at the Annual General Meeting pursuant to Article 83 of the Constitution of Company and will be standing for re-election at the Annual General Meeting. Mr Khiatani will, upon re-election, continue to serve as a member of the Audit Committee and the Board Safety & Risk Committee. Mr Chew will, upon re-election, continue to serve as a member of the Audit Committee, the Nominating Committee and the Board Safety & Risk Committee. Mr Khiatani and Mr Chew are considered Independent Directors. Please refer to the sections on Board of Directors and Corporate Governance in the FY15/16 Annual Report for information on Mr Khiatani and Mr Chew.

   Mr Ron Foo Siang Guan will also be retiring at the Annual General Meeting pursuant to Article 83 of the Constitution of the Company. Mr Foo has decided not to offer himself for re-election. With effect from 21 July 2016, Mr Foo will relinquish his chairmanship of the Audit Committee and cease to be a member of the Board Committee.

   Mr Oo Soon Hee, who is over 70 years old, will be retiring under the resolution passed at the Annual General Meeting held on 24 July 2015 as pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, which was then in force, such resolution could only permit the re-appointment of the Director to hold office until this Annual General Meeting. Mr Oo has decided not to offer himself for re-appointment. With effect from 21 July 2016, Mr Oo will relinquish his chairmanships of the Nominating Committee and the Board Safety & Risk Committee, respectively.

2. Ordinary Resolution No. 4, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during FY16/17. The amount of the Directors' fees is computed based on the anticipated number of Board meetings for FY16/17, assuming full attendance by all Directors. The amount also includes an additional 5% to cater for unforeseen circumstances, for example, the appointment of an additional Director, additional unscheduled Board meetings, additional appointments to Board Committees and/or the formation of additional Board Committees. In the event that the amount proposed is insufficient, approval will be sought at the next Annual General Meeting for payments to meet the shortfall.

   As disclosed on page 32 of the Annual Report, Directors' fees due to Mr Goh Choon Phong and Mr Ng Chin Hwee will be paid to and retained by Singapore Airlines Limited ("SIA"), the holding company of the Company. Mr Goh and Mr Ng hold executive positions in SIA.

NOTICE OF ANNUAL GENERAL MEETING

3. Ordinary Resolution No. 6.1, 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) of the Company with a sub-limit of 10% for issues other than on a pro rata basis. The 10% sub-limit for non-pro rata issues is lower than the 20% sub-limit allowed under the Listing Manual of the Singapore Exchange Securities Trading Limited and the Constitution of the Company. 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) of the Company at the time this Ordinary Resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which are outstanding at the time this Ordinary Resolution is passed; and (b) any subsequent bonus issue or consolidation or subdivision of shares. For the avoidance of doubt, shareholders' approval will be required for any consolidation or subdivision of shares.

4. Ordinary Resolution No. 6.2, 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 ordinary shares held by the Company as treasury shares) from time to time. In addition, Ordinary Resolution 6.2 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) 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.

5. Ordinary Resolution No. 6.3, if passed, will renew the mandate to allow the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) or any of them, to enter into certain interested person transactions with certain classes of interested persons as described in Appendix 1 to the Letter to Shareholders dated 28 June 2016 (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.

6. Ordinary Resolution No. 6.4, 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.

NOTICE OF ANNUAL GENERAL MEETING

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 2016, based on certain assumptions, are set out in paragraph 3.7 of the Letter. Please refer to the Letter for more details.

7. Special Resolution 6.5, if passed, will approve the adoption of a new Constitution following the wide-ranging changes to the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") introduced pursuant to the Companies (Amendment) Act 2014 (the "**Amendment Act**"). The new Constitution will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016 and incorporate amendments to (inter alia) take into account the changes to the Companies Act introduced pursuant to the Amendment Act. Please refer to the Letter for more details.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which it is signed or a notorially 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 48 hours before the time appointed for holding the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents 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.

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 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 2016.

SIA ENGINEERING COMPANY LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 198201025C

*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, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend, speak and vote for *me/us and on *my/our behalf at the AGM of the Company to be held at Marina Mandarin Ballroom, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Friday, 22 July 2016 at 2.30 p.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 (of which Resolution Nos. 1, 2, 3.1, 3.2, 4, 5, 6.1, 6.2, 6.3 and 6.4 will be proposed as Ordinary Resolutions and Resolution No. 6.5 will be proposed as a Special Resolution) as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be *my/our *proxy/proxies to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.

NOTE: Voting will be conducted by poll.

No.	Resolution	**No. of Votes "For"	**No. of Votes "Against"
	Ordinary Business		
1.	Adoption of the Directors' Statement, Audited Financial Statements and the Auditors' Report		
2.	Declaration of final ordinary dividend		
3.	Re-election of Directors retiring by rotation pursuant to Articles 83 and 84 of the Constitution of the Company:		
	3.1 Mr Manohar Khiatani		
	3.2 Mr Chew Teck Soon		
4.	Approval of Directors' fees for financial year ending 31 March 2017		
5.	Re-appointment and remuneration of Auditors		
	Special Business		
6.1	Approval of the proposed renewal of the Share Issue Mandate		
6.2	Approval for the proposed renewal of the Share Plan Mandate		
6.3	Approval for the proposed renewal of the Mandate for Interested Person Transactions		
6.4	Approval for the proposed renewal of the Share Buy Back Mandate		
6.5	Approval for the adoption of the new Constitution		

* *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 ________________ 2016.

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 more than one proxy, 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 48 hours before the time fixed 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

Directors
Goh Choon Phong
Ron Foo Siang Guan
Oo Soon Hee
Ng Chin Hwee
Manohar Khiatani
Chew Teck Soon
Christina Ong
Tong Chong Heong

Company Secretary
Devika Rani Davar

Audit Committee
Chairman
Ron Foo Siang Guan

Members
Manohar Khiatani
Chew Teck Soon
Christina Ong

Nominating Committee
Chairman
Oo Soon Hee

Members
Ng Chin Hwee
Chew Teck Soon
Tong Chong Heong

Compensation & HR Committee
Chairman
Stephen Lee Ching Yen

Members
Goh Choon Phong
Christina Ong
Tong Chong Heong

Board Safety & Risk Committee
Chairman
Oo Soon Hee

Members
Ng Chin Hwee
Chew Teck Soon
Manohar Khiatani
Tong Chong Heong
(from 2 Nov 2015)

Board Committee
Members
Ron Foo Siang Guan
Goh Choon Phong

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
(appointed from FY2015/16)

Executive Management
Chief Executive Officer
Png Kim Chiang

Executive Vice President (Operations)
Ivan Neo Seok Kok
(from 1 Apr 2016)

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

SIA ENGINEERING COMPANY

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Contact Persons:
Devika Rani Davar
Company Secretary
Tel: (65) 6541 5151
Fax: (65) 6546 0679

Chia Peck Yong
Senior Manager Risk Management
& Public Affairs
Tel: (65) 6549 2390
Fax: (65) 6545 4837