

**UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED  
30 SEPTEMBER 2016**

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

**CONSOLIDATED INCOME STATEMENT  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2016 (IN \$ MILLION)**

	The Group		The Group	
	2 <sup>nd</sup> Quarter 2016-17	2 <sup>nd</sup> Quarter 2015-16	1 <sup>st</sup> Half 2016-17	1 <sup>st</sup> Half 2015-16
<b>REVENUE</b>	<b>264.8</b>	<b>266.0</b>	<b>536.4</b>	<b>543.3</b>
<b>EXPENDITURE</b>				
Staff costs	117.1	113.2	259.0 <sup>R1</sup>	232.2
Material costs	46.9	42.9	93.0	90.9
Depreciation	11.9	10.4	23.2	20.7
Amortisation of intangibles	1.3	0.4	2.2	0.8
Company accommodation	12.8	12.6	25.4	24.9
Subcontract costs	32.0	38.0	66.8	77.8
Other operating expenses	18.3	21.5	43.9	48.1
	240.3	239.0	513.5	495.4
<b>OPERATING PROFIT</b>	<b>24.5</b>	<b>27.0</b>	<b>22.9<sup>R1</sup></b>	<b>47.9</b>
Interest income	1.0	0.5	1.9	0.9
Interest on external borrowings	(0.2)	(0.1)	(0.3)	(0.2)
Loss on disposal of property, plant and equipment	(0.2)	*	(0.1)	*
Surplus on partial disposal of an associated company	-	2.8	-	2.8
Surplus on disposal of non-current asset held for sale	-	-	141.6	-
Dividend from non-current asset held for sale	-	1.5	39.5	3.2
Share of profits of associated companies, net of tax	12.3	6.8	25.6	21.3
Share of profits of joint venture companies, net of tax	4.9	11.9	12.3	21.4
<b>PROFIT BEFORE TAXATION</b>	<b>42.3</b>	<b>50.4</b>	<b>243.4</b>	<b>97.3</b>
Taxation expense	(5.5)	(4.9)	(6.8)	(10.1)
<b>PROFIT FOR THE PERIOD</b>	<b>36.8</b>	<b>45.5</b>	<b>236.6</b>	<b>87.2</b>
<b>PROFIT ATTRIBUTABLE TO: OWNERS OF THE PARENT</b>				
Non-controlling interests	1.3	1.0	2.7	1.4
	<b>36.8</b>	<b>45.5</b>	<b>236.6</b>	<b>87.2</b>
BASIC EARNINGS PER SHARE (CENTS)	3.17	3.96	20.83	7.65
DILUTED EARNINGS PER SHARE (CENTS)	3.16	3.95	20.79	7.63

\* Amount less than \$0.1M

**Note:**

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

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

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

	The Group		The Group	
	2 <sup>nd</sup> Quarter 2016-17	2 <sup>nd</sup> Quarter 2015-16	1 <sup>st</sup> Half 2016-17	1 <sup>st</sup> Half 2015-16
	\$M	\$M	\$M	\$M
(Write back of provision)/provision for impairment of trade debtors, net	(0.6)	0.4	(0.3)	1.3
Exchange (gain)/loss, net	(3.8)	(2.2)	(5.0)	2.4
(Over)/under provision of tax in respect of prior year	(0.2)	*	(0.2)	*
(Write back of provision)/provision for stock obsolescence, net	(0.2)	0.6	1.3	1.6

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

#### STATEMENTS OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2016 (IN \$ MILLION)

	The Group			
	2 <sup>nd</sup> Quarter 2016-17	2 <sup>nd</sup> Quarter 2015-16	1 <sup>st</sup> Half 2016-17	1 <sup>st</sup> Half 2015-16
<b>PROFIT FOR THE PERIOD</b>	<b>36.8</b>	<b>45.5</b>	<b>236.6</b>	<b>87.2</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<u>Items that will not be reclassified to profit or loss:</u>				
Actuarial (loss)/gain on remeasurement of defined benefit plan	*	*	*	*
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation	7.0	32.0	6.2	19.2
Net fair value adjustment on cash flow hedges	(1.1)	1.8	(0.9)	4.3
Realisation of fair value changes on non-current asset held for sale	-	-	(141.9)	-
Share of other comprehensive income of associated and joint venture companies	(0.2)	(4.7)	0.6	(1.3)
	<u>5.7</u>	<u>29.1</u>	<u>(136.0)</u>	<u>22.2</u>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>5.7</b>	<b>29.1</b>	<b>(136.0)</b>	<b>22.2</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>42.5</b>	<b>74.6</b>	<b>100.6</b>	<b>109.4</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
<b>OWNERS OF THE PARENT</b>	41.0	72.4	98.1	107.4
Non-controlling interests	1.5	2.2	2.5	2.0
	<u>42.5</u>	<u>74.6</u>	<u>100.6</u>	<u>109.4</u>

\* Amount less than \$0.1M

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2016 (IN \$ MILLION)**

	<b>The Company</b>			
	<b>2<sup>nd</sup> Quarter 2016-17</b>	<b>2<sup>nd</sup> Quarter 2015-16</b>	<b>1<sup>st</sup> Half 2016-17</b>	<b>1<sup>st</sup> Half 2015-16</b>
<b>PROFIT FOR THE PERIOD</b>	<b>33.1</b>	<b>51.8</b>	<b>221.2</b>	<b>81.6</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value adjustment on cash flow hedges	(1.1)	1.8	(0.9)	4.3
Realisation of fair value changes on non-current asset held for sale	-	-	(141.9)	-
Other comprehensive income, net of tax	(1.1)	1.8	(142.8)	4.3
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>32.0</b>	<b>53.6</b>	<b>78.4</b>	<b>85.9</b>

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

**BALANCE SHEETS AT 30 SEPTEMBER 2016 (IN \$ MILLION)**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 Sep 2016</b>	<b>31 Mar 2016</b>	<b>30 Sep 2016</b>	<b>31 Mar 2016</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Share capital	420.0	416.5	420.0	416.5
Treasury shares	(5.1)	(6.1)	(5.1)	(6.1)
Capital reserve	2.7	0.2	2.7	0.2
Share-based compensation reserve	14.1	18.4	14.1	18.4
Foreign currency translation reserve	(81.5)	(87.9)	-	-
Fair value reserve	(1.5)	140.7	0.3	143.1
Equity transaction reserve	(2.4)	(2.4)	-	-
General reserve	1,150.0	1,006.1	809.6	673.1
	1,496.3	1,485.5	1,241.6	1,245.2
<b>NON-CONTROLLING INTERESTS</b>	29.0	26.4	-	-
<b>TOTAL EQUITY</b>	1,525.3	1,511.9	1,241.6	1,245.2
<b>NON-CURRENT LIABILITIES</b>				
Deferred taxation	28.3	29.5	26.1	27.2
Long-term bank loan	24.7	24.5	-	-
	53.0	54.0	26.1	27.2
	<b>1,578.3</b>	<b>1,565.9</b>	<b>1,267.7</b>	<b>1,272.4</b>
Represented by :				
<b>PROPERTY, PLANT AND EQUIPMENT</b>	334.8	340.9	274.9	280.9
<b>INTANGIBLES</b>	63.6	63.4	5.0	4.7
<b>SUBSIDIARY COMPANIES</b>	-	-	118.4	109.1
<b>ASSOCIATED COMPANIES</b>	362.1	344.0	193.1	193.1
<b>JOINT VENTURE COMPANIES</b>	150.4	147.5	61.9	56.6
<b>LONG-TERM INVESTMENTS</b>	-	*	-	*
<b>CURRENT ASSETS</b>				
Trade debtors	84.1	76.8	55.5	52.4
Prepayments and other debtors	16.3	14.2	8.7	10.8
Immediate holding company	84.0	61.7	82.5	60.3
Amount owing by related parties	51.5	68.1	48.1	66.4
Inventories	38.5	40.7	29.0	31.4
Work-in-progress	124.1	114.4	122.3	112.8
Short-term deposits	475.8	317.1	471.0	311.7
Cash and bank balances	64.0	76.8	40.4	58.1
	938.3	769.8	857.5	703.9
Non-current asset held for sale	-	156.5	-	156.5
	938.3	926.3	857.5	860.4
Less:				
<b>CURRENT LIABILITIES</b>				
Trade and other creditors	247.3	227.6	213.3	197.3
Amount owing to related parties	0.5	1.8	16.2	19.9
Bank loans	7.6	8.8	-	-
Tax payable	15.5	18.0	13.6	15.2
	270.9	256.2	243.1	232.4
<b>NET CURRENT ASSETS</b>	667.4	670.1	614.4	628.0
	<b>1,578.3</b>	<b>1,565.9</b>	<b>1,267.7</b>	<b>1,272.4</b>

\*Amount less than \$0.1M

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

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

<b>30 Sep 2016</b>		<b>31 Mar 2016</b>	
Secured	Unsecured	Secured	Unsecured
-	7.6	-	8.8

**Amount repayable after one year**

<b>30 Sep 2016</b>		<b>31 Mar 2016</b>	
Secured	Unsecured	Secured	Unsecured
-	24.7	-	24.5

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

**CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2016 (IN \$ MILLION)**

	The Group		The Group	
	2 <sup>nd</sup> Quarter 2016-17	2 <sup>nd</sup> Quarter 2015-16	1 <sup>st</sup> Half 2016-17	1 <sup>st</sup> Half 2015-16
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before taxation	42.3	50.4	243.4	97.3
Adjustments for:				
Depreciation	11.9	10.4	23.2	20.7
Amortisation of intangibles	1.3	0.4	2.2	0.8
Share-based compensation expense	0.8	0.1	1.2	0.8
Loss on disposal of property, plant and equipment	0.2	*	0.1	*
Surplus on partial disposal of an associated company	-	(2.8)	-	(2.8)
Surplus on disposal of non-current asset held for sale	-	-	(141.6)	-
Interest income	(1.0)	(0.5)	(1.9)	(0.9)
Interest on external borrowings	0.2	0.1	0.3	0.2
Share of profits of associated and joint venture companies, net of tax	(17.2)	(18.7)	(37.9)	(42.7)
Exchange differences	(3.8)	(2.2)	(5.0)	2.4
Dividend received from non-current asset held for sale	-	(1.5)	(39.5)	(3.2)
<b>Operating profit before working capital changes</b>	<b>34.7</b>	<b>35.7</b>	<b>44.5</b>	<b>72.6</b>
(Increase)/Decrease in debtors	(8.8)	11.7	(4.4)	8.3
Increase in inventories and work-in-progress	(5.7)	(4.7)	(7.4)	(6.3)
(Decrease)/Increase in creditors	(11.4)	(17.9)	17.9	(3.7)
Increase in amounts owing by immediate holding company	(16.9)	(18.2)	(22.3)	(36.9)
Decrease/(Increase) in amounts owing by related parties	0.7	(4.2)	15.4	(13.4)
<b>Cash (used in)/generated from operations</b>	<b>(7.4)</b>	<b>2.4</b>	<b>43.7</b>	<b>20.6</b>
Income taxes paid	(10.8)	(11.2)	(10.3)	(11.2)
<b>NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES</b>	<b>(18.2)</b>	<b>(8.8)</b>	<b>33.4</b>	<b>9.4</b>

\* Amount less than \$0.1M

**CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2016 (IN \$ MILLION)**

	The Group		The Group	
	2 <sup>nd</sup> Quarter 2016-17	2 <sup>nd</sup> Quarter 2014-15	1 <sup>st</sup> Half 2016-17	1 <sup>st</sup> Half 2015-16
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital expenditure	(9.2)	(11.4)	(16.9)	(19.9)
Purchase of intangible assets	(0.4)	(0.6)	(1.9)	(2.8)
Proceeds from disposal of property, plant and equipment	0.1	*	0.2	0.1
Proceeds from partial disposal of an associated company	-	4.9	-	4.9
Proceeds from disposal of non-current asset held for sale	-	-	156.6	-
Interest received from deposits	0.8	0.6	1.8	1.1
Dividends received from associated and joint venture companies	13.4	25.8	23.3	37.5
Dividend received from non-current asset held for sale	-	1.5	39.5	3.2
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>4.7</b>	<b>20.8</b>	<b>202.6</b>	<b>24.1</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from exercise of share options	0.5	0.1	11.6	3.4
Proceeds from issuance of share capital by a subsidiary company to non-controlling interests	2.4	-	3.8	-
Proceeds from borrowings	-	0.4	1.8	1.6
Repayment of borrowings	(3.0)	-	(3.0)	-
Interest paid	(0.2)	(0.1)	(0.3)	(0.1)
Dividends paid	(90.3)	(95.5)	(90.3)	(95.5)
Dividends paid by subsidiary companies to non-controlling interests	(2.1)	(1.7)	(3.7)	(2.4)
Purchase of treasury shares	(5.1)	-	(9.8)	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(97.8)</b>	<b>(96.8)</b>	<b>(89.9)</b>	<b>(93.0)</b>
<b>NET CASH (OUTFLOW)/INFLOW</b>	<b>(111.3)</b>	<b>(84.8)</b>	<b>146.1</b>	<b>(59.5)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING PERIOD</b>	<b>650.6</b>	<b>488.1</b>	<b>393.9</b>	<b>463.7</b>
Effect of exchange rate changes	0.5	2.9	(0.2)	2.0
<b>CASH AND CASH EQUIVALENTS AT END PERIOD</b>	<b>539.8</b>	<b>406.2</b>	<b>539.8</b>	<b>406.2</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>				
Short-term deposits	475.8	356.3	475.8	356.3
Cash and bank balances	64.0	49.9	64.0	49.9
<b>CASH AND CASH EQUIVALENTS AT END PERIOD</b>	<b>539.8</b>	<b>406.2</b>	<b>539.8</b>	<b>406.2</b>

\* Amount less than \$0.1M

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

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

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

\* Amount less than \$0.1M



**STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2015 (IN \$ MILLION)**

The Group	Attributable to Owners of the Parent							Non-controlling interests	Total equity
	Share capital	Share-based compensation reserve	Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total		
<b>Balance at 1 July 2015</b>	<b>415.0</b>	<b>19.9</b>	<b>(93.9)</b>	<b>(8.3)</b>	<b>(2.4)</b>	<b>1,033.6</b>	<b>1,363.9</b>	<b>23.8</b>	<b>1,387.7</b>
Profit for the period	-	-	-	-	-	44.5	44.5	1.0	45.5
Actuarial gain on remeasurement of defined benefit plan	-	-	-	-	-	*	*	*	*
Foreign currency translation	-	-	30.8	-	-	-	30.8	1.2	32.0
Net fair value adjustment on cash flow hedges	-	-	-	1.8	-	-	1.8	-	1.8
Share of other comprehensive income of associated/joint venture companies	-	-	*	(4.7)	-	-	(4.7)	-	(4.7)
Other comprehensive income, net of tax	-	-	30.8	(2.9)	-	*	27.9	1.2	29.1
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>30.8</b>	<b>(2.9)</b>	<b>-</b>	<b>44.5</b>	<b>72.4</b>	<b>2.2</b>	<b>74.6</b>
Share-based compensation expense	-	0.1	-	-	-	-	0.1	-	0.1
Share awards released	1.2	(1.2)	-	-	-	-	-	-	-
Share options exercised	0.1	-	-	-	-	-	0.1	-	0.1
Share options lapsed	-	*	-	-	-	*	-	-	-
Dividends	-	-	-	-	-	(95.5)	(95.5)	(1.7)	(97.2)
<b>Total contributions by and distributions to owners</b>	<b>1.3</b>	<b>(1.1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(95.5)</b>	<b>(95.3)</b>	<b>(1.7)</b>	<b>(97.0)</b>
<b>Balance at 30 September 2015</b>	<b>416.3</b>	<b>18.8</b>	<b>(63.1)</b>	<b>(11.2)</b>	<b>(2.4)</b>	<b>982.6</b>	<b>1,341.0</b>	<b>24.3</b>	<b>1,365.3</b>

\* Amount less than \$0.1M

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

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

\* Amount less than \$0.1M

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2015 (IN \$ MILLION)**

<b>The Company</b>	Share capital	Share-based compensation reserve	Fair value reserve	General reserve	Total
<b>Balance at 1 July 2015</b>	<b>415.0</b>	<b>19.9</b>	<b>(2.8)</b>	<b>704.5</b>	<b>1,136.6</b>
Profit for the period	-	-	-	51.8	51.8
Other comprehensive income, net of tax: Net fair value adjustment on cash flow hedges	-	-	1.8	-	1.8
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>1.8</b>	<b>51.8</b>	<b>53.6</b>
Share-based compensation expense	-	0.1	-	-	0.1
Share awards released	1.2	(1.2)	-	-	-
Share options exercised	0.1	-	-	-	0.1
Share options lapsed	-	*	-	*	-
Dividends	-	-	-	(95.5)	(95.5)
<b>Total contributions by and distributions to owners</b>	<b>1.3</b>	<b>(1.1)</b>	<b>-</b>	<b>(95.5)</b>	<b>(95.3)</b>
<b>Balance at 30 September 2015</b>	<b>416.3</b>	<b>18.8</b>	<b>(1.0)</b>	<b>660.8</b>	<b>1,094.9</b>

\* Amount less than \$0.1M

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

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

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

As at 30 September 2016, the Company has an issued share capital of 1,124,116,360 ordinary shares (30 September 2015: 1,123,278,587 ordinary shares) of which 1,360,252 were held by the Company as treasury shares (30 September 2015: nil).

The movement of the Company's issued share capital during the second quarter from 1 July 2016 to 30 September 2016 is as follows:

<b>Group and Company</b>	<b>Number of Shares</b>	<b>Share Capital (\$ Million)</b>
Issued and fully paid share capital <u>Ordinary Shares</u>		
Balance at 1 July 2016	1,123,884,287	419.1
Share options exercised during the period July to September 2016	-	-
Share awards released during the period July to September 2016	232,073	0.9
Balance at 30 September 2016	1,124,116,360	420.0

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

- (i) During the period 1 July 2016 to 30 September 2016, the Company issued 155,100 shares (1 July 2015 to 30 September 2015: 24,800), all of which were reissued treasury shares (1 July 2015 to 30 September 2015: nil), upon the exercise of options granted under the Employee Share Option Plan.

- (ii) The movement of share options of the Company during the second quarter from 1 July 2016 to 30 September 2016 is as follows:

Date of grant	Balance at 01.07.2016	Cancelled	Exercised	Balance at 30.09.2016	Exercise price*	Exercisable period
03.07.2006	401,100	(262,800)	(138,300)	-	\$3.29	03.07.2007-02.07.2016
02.07.2007	8,500,144	(50,800)	-	8,449,344	\$4.52	02.07.2008-01.07.2017
01.07.2008	4,543,996	(11,600)	(16,800)	4,515,596	\$3.59	01.07.2010-30.06.2018
Total	13,445,240	(325,200)	(155,100)	12,964,940		

\* 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.

- (iii) As at 30 September 2016, the number of share options of the Company outstanding was 12,964,940 (30 September 2015: 17,314,788).

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

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

- (iii) As at 30 September 2016, the number of outstanding shares granted under the Company's RSP and PSP were 1,629,386 (30 September 2015 : 1,665,965) and 324,447 (30 September 2015 : 334,642) respectively. The movement of these share awards during the quarter from 1 July 2016 to 30 September 2016 is as follows:

**RSP**

Date of grant	Balance at 01.07.2016/ Date of grant	Adjustment *	Cancelled	Released	Balance at 30.09.2016
02.07.2012	68,638	-	-	(68,638)	-
08.07.2013	96,934	-	-	(52,533)	44,401
07.07.2014	721,044	(504,744)	(6,153)	(110,902)	99,245
06.07.2015	721,780	-	(12,300)	-	709,480
07.07.2016	776,260	-	-	-	776,260
Total	2,384,656	(504,744)	(18,453)	(232,073)	1,629,386

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

**PSP**

Date of grant	Balance at 01.07.2016/ Date of grant	Adjustment *	Cancelled	Released	Balance at 30.09.2016
08.07.2013	137,645	(137,645)	-	-	-
07.07.2014	134,917	-	-	-	134,917
06.07.2015	62,080	-	-	-	62,080
07.07.2016	127,450	-	-	-	127,450
Total	462,092	(137,645)	-	-	324,447

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

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

As at 30 September 2016, the Company has an issued share capital of 1,122,756,108 ordinary shares (31 March 2016: 1,121,615,487) excluding 1,360,252 ordinary shares (31 March 2016: 1,696,900) held by the Company as treasury shares.

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

During the period 1 July 2016 to 30 September 2016, the Company purchased 1,342,100 treasury shares (1 July 2015 to 30 September 2015: nil). The Company transferred 155,100 treasury shares to employees on exercise of share options (1 July 2015 to 30 September 2015: nil).

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

<b>Group and Company</b>	<b>Number of Shares</b>	<b>Treasury Shares (\$ Million)</b>
Balance at 1 July 2016	173,252	0.6
Purchase of treasury shares	1,342,100	5.1
Treasury shares transferred on exercise of share options	(155,100)	(0.6)
Balance at 30 September 2016	1,360,252	5.1

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared to the audited financial statements as at 31 March 2016 except for the adoption of the Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are mandatory for financial year beginning on or after 1 April 2016. The adoption of these FRS and INT FRS has no significant impact to the Group.

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

Please refer to paragraph 4.

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

	<b>Group</b>		<b>Group</b>	
	<b>2<sup>nd</sup> Quarter 2016-17</b>	<b>2<sup>nd</sup> Quarter 2015-16</b>	<b>1<sup>st</sup> Half 2016-17</b>	<b>1<sup>st</sup> Half 2015-16</b>
Earnings per share (cents)				
- Basic *	3.17	3.96	20.83	7.65
- Diluted #	3.16	3.95	20.79	7.63

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

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

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

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 Sep 16</b>	<b>As at 31 Mar 16</b>	<b>As at 30 Sep 16</b>	<b>As at 31 Mar 16</b>
Net asset value per share (cents)	133.3	132.4	110.6	111.0



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

## **GROUP EARNINGS**

### First Half FY2016-17

SIAEC Group recorded a profit attributable to owners of the parent of \$233.9 million for the half year ended 30 September 2016, an increase of \$148.1 million. Operating profit was \$22.9 million, a decrease of \$25.0 million or 52.2%. During the first quarter, the Group made a \$141.6 million gain from the divestment of its 10% stake in Hong Kong Aero Engine Services Ltd ("HAESL") to Rolls-Royce Overseas Holdings Limited ("RROH") and Hong Kong Aircraft Engineering Company Limited ("HAECO"). In addition, the Group received a special dividend of \$36.4 million from HAESL following the divestment of its 20% stake in Singapore Aero Engine Services Pte Ltd ("SAESL") to Rolls-Royce Singapore Pte Ltd ("RRS"), bringing the overall gain from divestment to \$178.0 million.

The gain on divestment gave rise to an increase in provision for the profit-linked component of staff remuneration. Before the impact of the gains on divestment and its corresponding impact on staff costs, operating profit would have been \$44.2 million, a decrease of \$3.7 million or 7.7%, while profit attributable to owners of the parent would have been \$73.5 million, a decrease of \$12.3 million or 14.3%.

Revenue at \$536.4 million was lower by \$6.9 million or 1.3%. The decrease in revenue was mainly from lower fleet management revenue, partially mitigated by higher revenue from line maintenance.

Expenditure rose by \$18.1 million or 3.7% to \$513.5 million, with a \$26.8 million or 11.5% increase in staff costs, partially offset by a decrease in subcontract costs. The increase in staff costs was due mainly to an additional provision for staff remuneration arising from the gain on divestment, based on profitability-related key performance indicators.

Share of profits of associated and joint venture companies fell \$4.8 million or 11.2% to \$37.9 million. Contributions from the engine repair and overhaul centres at \$21.7 million were \$1.2 million or 5.2% lower than the same period last year.

Basic earnings per share was 20.83 cents for the half year ended 30 September 2016.

## Second Quarter FY2016-17

Profit attributable to owners of the parent was \$35.5 million for the quarter ended 30 September 2016, \$9.0 million or 20.2% lower than the corresponding quarter last year. Profit for the same quarter last year included a \$2.8 million gain arising from the partial disposal of an associated company, and a \$1.5 million dividend from HAESL which ceased upon its divestment.

Revenue of \$264.8 million decreased by \$1.2 million or 0.5%. Expenditure at \$240.3 million increased by \$1.3 million or 0.5%, mainly due to increases in material and staff costs, which were offset in part by lower subcontract costs. As a result, operating profit of \$24.5 million was lower by \$2.5 million or 9.3%.

Share of profits from associated and joint venture companies was \$17.2 million, \$1.5 million or 8.0% lower than the same quarter last year. Contributions from the engine repair and overhaul centres at \$9.5 million were \$2.2 million or 18.8% lower.

Basic earnings per share was 3.17 cents for the current quarter.

### **GROUP FINANCIAL POSITION**

As at 30 September 2016, equity attributable to owners of the parent of \$1,496.3 million was \$10.8 million or 0.7% higher than at 31 March 2016, with profits earned for the quarter offset in part by a decrease in fair value reserves upon the divestment of the Group's interest in HAESL and the payment of the final dividend in respect of FY2015-16. The Group's cash balance increased \$145.9 million or 37.0% to \$539.8 million, mainly due to the cash consideration received from the divestment of HAESL and dividend received from HAESL following the divestment of its stake in SAESL, partially offset by payment of the final dividend. Total assets amounted to \$1,849.2 million.

Net asset value per share as at 30 September 2016 was 133.3 cents.

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

Not applicable.

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

**OUTLOOK**

In the face of global economic uncertainties and the challenging outlook of the MRO industry, the Group will continue to restructure and streamline operations to enhance operating efficiencies. During the quarter, we completed the merger of Singapore Aero Engine Services Pte Ltd and International Engine Component Overhaul Pte Ltd, and have approved the integration of International Aerospace Tubes-Asia Pte Ltd and Component Aerospace Singapore Pte Ltd. Heavy Maintenance Singapore Services Pte Ltd, the Company's joint venture with Airbus, was incorporated on 28 October 2016 and is expected to commence operations within this financial year.

The Group is also pursuing strategic partnerships and undertaking initiatives to strengthen its competitiveness for long term growth, including investing in new technologies and advancing innovation.

## 11. Dividend

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

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

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

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

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

Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	6.0 cents per ordinary share
Tax rate	Tax exempt one-tier

### ***(c) Date payable***

The interim dividend will be paid on 23 November 2016.

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

Notice is hereby given that duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrars, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902 up to 5 p.m. on 14 November 2016 will be registered to determine shareholders' entitlements to the interim dividend. Thereafter the Share Transfer Books and the Register of Members of the Company will be closed on 15 November 2016 for the preparation of dividend warrants. The interim dividend will be paid on 23 November 2016 to members on the Register as at 14 November 2016.

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

Not applicable.

### 13. Interested Person Transactions

(In \$ Million)

The aggregate value of all Interested Person Transactions ("IPTs") entered into during the 2<sup>nd</sup> quarter of Financial Year 2016-17 are as follows:

Name of Interested Person	<b>Non-Mandated</b> Aggregate value of all IPTs (excluding all mandated transactions pursuant to Rule 920 of the SGX Listing Manual and transactions less than \$100,000)	<b>Mandated</b> Aggregate value of all IPTs conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
<b>Singapore Airlines Limited Group</b> - Singapore Airlines Limited - Singapore Airlines Cargo Pte Ltd	- -	10.0 0.3
<b>Temasek Holdings (Private) Limited and Associates</b> - AETOS Training Academy Pte Ltd	-	0.1
<b>SATS Ltd</b> - SATS Aero Laundry Pte Ltd	-	0.1
<b>Total</b>	-	<b>10.5</b>

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

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

### BY ORDER OF THE BOARD

Devika Rani Davar  
Company Secretary  
1 November 2016

Singapore Co. Regn. No.: 198201025C

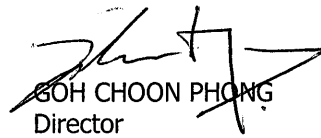
**CONFIRMATION BY THE BOARD**

We, Stephen Lee Ching Yen and Goh Choon Phong, being two directors of SIA Engineering Company Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the second quarter and half year FY2016/17 financial results to be false or misleading in any material respect.

On behalf of the Board,



STEPHEN LEE CHING YEN  
Chairman



GOH CHOON PHONG  
Director

1 November 2016