

AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 FINANCIAL YEAR ENDED 31 MARCH 2023 (IN \$ MILLION)**

	The Group		The Group	
	2nd Half 2022-23	2nd Half 2021-22	2022-23	2021-22
REVENUE	433.8	302.6	796.0	566.1
EXPENDITURE				
Staff costs	234.4	154.9	426.4	282.1
Material costs	65.0	42.1	118.8	80.8
Depreciation	30.0	29.6	59.3	59.8
Amortisation of intangible assets	2.4	1.8	4.7	3.5
Company accommodation	9.9	6.7	18.9	14.5
Subcontract costs	53.3	28.9	93.0	54.0
Other operating expenses	54.3	53.7	101.2	93.2
	449.3	317.7	822.3	587.9
OPERATING LOSS	(15.5)	(15.1)	(26.3)	(21.8)
Interest income	9.2	0.8	12.3	1.8
Finance charges	(1.0)	(1.4)	(2.0)	(2.6)
(Loss)/Surplus on disposal of property, plant and equipment and intangible assets	(*)	0.9	*	0.7
Impairment loss reversal/(allowance) of non-financial assets	1.7	(8.4)	1.7	(8.4)
Impairment loss reversal/(allowance) of associated companies	2.0	(2.2)	2.0	(2.2)
Surplus on disposal of associated companies	-	2.6	-	2.6
Share of profits of associated companies, net of tax	23.9	28.3	48.5	49.7
Share of profit of a joint venture company, net of tax	12.5	24.0	29.3	29.4
PROFIT BEFORE TAXATION	32.8	29.5	65.5	49.2
Taxation	1.1	13.3	1.0	18.6
PROFIT FOR THE FINANCIAL YEAR	33.9	42.8	66.5	67.8
PROFIT ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	33.9	42.6	66.4	67.6
Non-controlling interests	*	0.2	0.1	0.2
	33.9	42.8	66.5	67.8
BASIC EARNINGS PER SHARE (CENTS)	3.02	3.79	5.91	6.02
DILUTED EARNINGS PER SHARE (CENTS)	3.01	3.78	5.89	6.00

* Amount less than \$0.1M

Notes – Profit for the financial year is arrived at after charging/(crediting) the following:

	The Group		The Group	
	2 nd Half 2022-23	2 nd Half 2021-22	2022-23	2021-22
	\$M	\$M	\$M	\$M
Impairment loss (reversal)/allowance for trade receivables, contract assets and amounts owing by related parties	(0.5)	(0.1)	(2.1)	0.1
Net exchange loss/(gain)	5.0	0.3	1.5	(0.5)
Overprovision of tax in respect of prior year	(2.1)	(1.4)	(2.3)	(7.8)
Provision for obsolete stocks, net	0.9	2.0	2.4	3.0

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (IN \$ MILLION)

	The Group		The Group	
	2 nd Half 2022-23	2 nd Half 2021-22	2022-23	2021-22
PROFIT FOR THE FINANCIAL YEAR	33.9	42.8	66.5	67.8
OTHER COMPREHENSIVE INCOME				
<u>Item that will not be reclassified to profit or loss:</u>				
Actuarial gain on remeasurement of defined benefit plan	0.7	0.1	0.7	0.1
	<u>0.7</u>	<u>0.1</u>	<u>0.7</u>	<u>0.1</u>
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation on foreign operations	(57.5)	(4.3)	(15.0)	4.0
Net fair value adjustment on cash flow hedges	(3.2)	0.2	(0.6)	0.5
Share of other comprehensive income of associated/joint venture companies	11.6	2.5	4.2	1.8
	<u>(49.1)</u>	<u>(1.6)</u>	<u>(11.4)</u>	<u>6.3</u>
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX	(48.4)	(1.5)	(10.7)	6.4
TOTAL COMPREHENSIVE (LOSS)/INCOME	(14.5)	41.3	55.8	74.2
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(13.8)	41.1	55.9	74.0
Non-controlling interests	(0.7)	0.2	(0.1)	0.2
	<u>(14.5)</u>	<u>41.3</u>	<u>55.8</u>	<u>74.2</u>

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (IN \$ MILLION)**

	The Company		The Company	
	2 nd Half 2022-23	2 nd Half 2021-22	2022-23	2021-22
PROFIT FOR THE FINANCIAL YEAR	31.9	4.3	33.3	10.6
OTHER COMPREHENSIVE (LOSS)/INCOME				
Other comprehensive (loss)/income, net of tax				
<u>Item that may be reclassified subsequently to profit or loss:</u>				
Actuarial gain on remeasurement of defined benefit plan	0.7	–	0.7	–
Net fair value adjustment on cash flow hedges	(3.2)	0.1	(0.6)	0.4
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX	(2.5)	0.1	0.1	0.4
TOTAL COMPREHENSIVE INCOME	29.4	4.4	33.4	11.0

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 AS AT 31 MARCH 2023 (IN \$ MILLION)

	The Group		The Company	
	31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Share capital	420.0	420.0	420.0	420.0
Treasury shares	(5.0)	(5.8)	(5.0)	(5.8)
Capital reserve	(0.5)	1.5	(0.5)	1.5
Share-based compensation reserve	5.8	5.1	5.8	5.1
Foreign currency translation reserve	(35.3)	(19.8)	–	–
Fair value reserve	4.4	0.1	0.5	1.1
Equity transaction reserve	(2.2)	(2.2)	–	–
General reserve	1,278.9	1,211.8	830.8	796.8
	1,666.1	1,610.7	1,251.6	1,218.7
NON-CONTROLLING INTERESTS	10.6	10.6	–	–
TOTAL EQUITY	1,676.7	1,621.3	1,251.6	1,218.7
NON-CURRENT LIABILITIES				
Deferred tax liabilities	0.5	0.5	–	–
Lease liabilities	90.1	38.5	83.3	32.7
Long-term bank loan	0.5	–	–	–
	91.1	39.0	83.3	32.7
	1,767.8	1,660.3	1,334.9	1,251.4
Represented by :				
PROPERTY, PLANT AND EQUIPMENT	175.1	156.9	138.8	120.5
RIGHT-OF-USE ASSETS	112.4	63.0	104.5	56.8
INTANGIBLE ASSETS	40.8	32.8	19.6	11.9
SUBSIDIARY COMPANIES	–	–	143.2	135.1
ASSOCIATED COMPANIES	452.7	448.5	178.9	175.3
JOINT VENTURE COMPANY	232.6	202.8	61.9	61.9
DEFERRED TAX ASSETS	17.5	17.6	16.7	16.6
PREPAYMENTS	–	3.9	–	–
CURRENT ASSETS				
Trade debtors	34.2	35.4	23.8	24.3
Contract assets	160.2	124.5	149.1	118.7
Prepayments and other debtors	17.8	36.8	6.9	27.3
Amounts owing by immediate holding company	43.7	36.4	43.3	36.1
Amounts owing by related parties	18.4	20.7	24.8	26.8
Inventories	43.3	33.0	25.9	21.1
Short-term deposits	603.5	584.0	589.1	570.1
Cash and bank balances	29.5	41.5	12.3	13.5
	950.6	912.3	875.2	837.9
Assets held for sale	1.5	0.4	1.5	0.4
	952.1	912.7	876.7	838.3
Less:				
CURRENT LIABILITIES				
Trade and other creditors	162.0	127.9	140.2	108.9
Contract liabilities	21.5	12.7	20.8	12.6
Lease liabilities	22.6	28.5	20.6	27.3
Amounts owing to related parties	1.2	1.5	17.2	11.7
Bank loans	2.0	2.8	–	–
Tax payable	6.1	4.5	6.6	4.5
	215.4	177.9	205.4	165.0
NET CURRENT ASSETS	736.7	734.8	671.3	673.3
	1,767.8	1,660.3	1,334.9	1,251.4

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

Amount repayable in one year or less, or on demand

As at 31 Mar 2023		As at 31 Mar 2022	
Secured	Unsecured	Secured	Unsecured
–	2.0	–	2.8

Amount repayable after one year

As at 31 Mar 2023		As at 31 Mar 2022	
Secured	Unsecured	Secured	Unsecured
–	0.5	–	–

Details of any collateral

The borrowings above exclude lease liabilities of \$112.7 million (2022: \$67.0 million).

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

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (IN \$ MILLION)**

The Group	
2022-23	2021-22

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	65.5	49.2
Adjustments for:		
Depreciation	59.3	59.8
Amortisation of intangible assets	4.7	3.5
Impairment loss (reversal)/allowance for trade receivables, contract assets and amounts owing by related parties	(2.1)	0.1
Share-based compensation expense	4.5	3.8
Rent concessions	(0.6)	(1.5)
Unrealised exchange differences	0.6	(0.9)
Interest income	(12.3)	(1.8)
Finance charges	2.0	2.6
Loss/(Surplus) on disposal of property, plant and equipment and intangible assets	*	(0.7)
Surplus on disposal of an associated company	–	(2.6)
Impairment loss (reversal)/allowance of an associated company	(2.0)	2.2
Impairment loss (reversal)/allowance of non-financial assets	(1.7)	8.4
Share of profits of associated and joint venture companies, net of tax	(77.8)	(79.1)
Operating profit before working capital changes	40.1	43.0
Decrease in debtors	26.7	10.1
Increase in contract assets	(35.6)	(22.9)
(Increase)/Decrease in inventories	(7.6)	2.1
Increase/(Decrease) in creditors	33.2	(28.1)
Increase in contract liabilities	8.8	1.4
(Increase)/Decrease in amounts owing by immediate holding company	(6.1)	31.4
Decrease/(Increase) in amounts owing by related parties, net	2.1	(3.1)
Cash generated from operations	61.6	33.9
Income taxes received/(paid)	3.0	(4.7)
NET CASH PROVIDED BY OPERATING ACTIVITIES	64.6	29.2

* Amount less than \$0.1M

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (IN \$ MILLION)**

	The Group	
	2022-23	2021-22
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(48.6)	(18.4)
Purchase of intangible assets	(11.0)	(4.9)
Proceeds from disposal of property, plant and equipment and intangible assets	0.6	1.6
Proceeds from disposal of an associated company, net of cash disposed of	–	3.8
Investment in subsidiary companies, net of cash acquired	(4.6)	–
Interest received from deposits	7.5	1.8
Dividends received from associated companies	36.7	31.9
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(19.4)	15.8
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital by a subsidiary company to non-controlling interests	–	0.2
Dividends paid by subsidiary companies to non-controlling interests	(1.2)	(0.4)
Finance charges paid	(0.1)	(0.3)
Repayment of lease liabilities	(30.4)	(28.1)
Proceeds from borrowings	3.2	–
Repayment of borrowings	(3.6)	(7.1)
Purchase of treasury shares	(5.0)	–
NET CASH USED IN FINANCING ACTIVITIES	(37.1)	(35.7)
NET CASH INFLOW	8.1	9.3
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		
	625.5	616.0
Effect of exchange rate changes	(0.6)	0.2
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	633.0	625.5
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short-term deposits	603.5	584.0
Cash and bank balances	29.5	41.5
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	633.0	625.5

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 FINANCIAL YEAR ENDED 31 MARCH 2023 (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		
Balance at 1 April 2022	420.0	(5.8)	1.5	5.1	(19.8)	0.1	(2.2)	1,211.8	1,610.7	10.6	1,621.3
Profit for the financial year	-	-	-	-	-	-	-	66.4	66.4	0.1	66.5
Actuarial gain on remeasurement of defined benefit plan	-	-	-	-	-	-	-	0.7	0.7	-	0.7
Foreign currency translation on foreign operations	-	-	-	-	(14.8)	-	-	-	(14.8)	(0.2)	(15.0)
Net fair value adjustment on cash flow hedges	-	-	-	-	-	(0.6)	-	-	(0.6)	-	(0.6)
Share of other comprehensive income of associated/joint venture companies	-	-	-	-	(0.7)	4.9	-	-	4.2	-	4.2
Other comprehensive income of the year, net of tax	-	-	-	-	(15.5)	4.3	-	0.7	(10.5)	(0.2)	(10.7)
Total comprehensive income for the financial year	-	-	-	-	(15.5)	4.3	-	67.1	55.9	(0.1)	55.8
Share-based compensation expense	-	-	-	4.5	-	-	-	-	4.5	-	4.5
Share awards released	-	3.8	-	(3.8)	-	-	-	-	-	-	-
Purchase of treasury shares	-	(5.0)	-	-	-	-	-	-	(5.0)	-	(5.0)
Treasury shares reissued pursuant to equity compensation plans	-	2.0	(2.0)	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(1.1)	(1.1)
Total contributions by and distributions to owners	-	0.8	(2.0)	0.7	-	-	-	-	(0.5)	(1.1)	(1.6)
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	1.2	1.2
Total changes in ownerships interests in subsidiary	-	-	-	-	-	-	-	-	-	1.2	1.2
Total transactions with owners, recognised directly in equity	-	0.8	(2.0)	0.7	-	-	-	-	(0.5)	0.1	(0.4)
Balance at 31 March 2023	420.0	(5.0)	(0.5)	5.8	(35.3)	4.4	(2.2)	1,278.9	1,666.1	10.6	1,676.7

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (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		
Balance at 1 April 2021	420.0	(9.8)	2.7	4.8	(23.8)	(2.2)	(2.2)	1,144.1	1,533.6	10.6	1,544.2
Profit for the financial year	–	–	–	–	–	–	–	67.6	67.6	0.2	67.8
Actuarial gain on remeasurement of defined benefit plan	–	–	–	–	–	–	–	0.1	0.1	–	0.1
Foreign currency translation on foreign operations	–	–	–	–	4.0	–	–	–	4.0	*	4.0
Net fair value adjustment on cash flow hedges	–	–	–	–	–	0.5	–	–	0.5	–	0.5
Share of other comprehensive income of associated/joint venture companies	–	–	–	–	–	1.8	–	–	1.8	–	1.8
Other comprehensive income of the year, net of tax	–	–	–	–	4.0	2.3	–	0.1	6.4	*	6.4
Total comprehensive income for the financial year	–	–	–	–	4.0	2.3	–	67.7	74.0	0.2	74.2
Capital contribution	–	–	–	–	–	–	–	–	–	0.2	0.2
Share-based compensation expense	–	–	–	3.1	–	–	–	–	3.1	–	3.1
Share awards released	–	2.8	–	(2.8)	–	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans	–	1.2	(1.2)	–	–	–	–	–	–	–	–
Dividends	–	–	–	–	–	–	–	–	–	(0.4)	(0.4)
Total contributions by and distributions to owners	–	4.0	(1.2)	0.3	–	–	–	–	3.1	(0.2)	2.9
Balance at 31 March 2022	420.0	(5.8)	1.5	5.1	(19.8)	0.1	(2.2)	1,211.8	1,610.7	10.6	1,621.3

* Amount less than \$0.1M

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (IN \$ MILLION)**

The Company	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2022	420.0	(5.8)	1.5	5.1	1.1	796.8	1,218.7
Profit for the financial year	–	–	–	–	–	33.3	33.3
Other comprehensive income for the year, net of tax:							
Actuarial gain on remeasurement of defined benefit plan	–	–	–	–	–	0.7	0.7
Net fair value adjustment on cash flow hedges	–	–	–	–	(0.6)	–	(0.6)
Total comprehensive income for the financial year	–	–	–	–	(0.6)	34.0	33.4
Share-based compensation expense	–	–	–	4.5	–	–	4.5
Share awards released	–	3.8	–	(3.8)	–	–	–
Purchase of treasury shares	–	(5.0)	–	–	–	–	(5.0)
Treasury shares reissued pursuant to equity compensation plans	–	2.0	(2.0)	–	–	–	–
Total contributions by and distributions to owners	–	0.8	(2.0)	0.7	–	–	(0.5)
Balance at 31 March 2023	420.0	(5.0)	(0.5)	5.8	0.5	830.8	1,251.6

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (IN \$ MILLION)**

The Company	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2021	420.0	(9.8)	2.7	4.8	0.7	786.2	1,204.6
Profit for the financial year	–	–	–	–	–	10.6	10.6
Other comprehensive income for the year, net of tax:							
Net fair value adjustment on cash flow hedges	–	–	–	–	0.4	–	0.4
Total comprehensive income for the financial year	–	–	–	–	0.4	10.6	11.0
Share-based compensation expense	–	–	–	3.1	–	–	3.1
Share awards released	–	2.8	–	(2.8)	–	–	–
Treasury shares reissued pursuant to equity compensation plans	–	1.2	(1.2)	–	–	–	–
Total contributions by and distributions to owners	–	4.0	(1.2)	0.3	–	–	3.1
Balance at 31 March 2022	420.0	(5.8)	1.5	5.1	1.1	796.8	1,218.7

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

SHARE CAPITAL AND SHARE PLANS IN THE COMPANY

(A) Share Capital

During the financial year, there was no issuance of new ordinary shares.

Group and Company	Number of Shares	Share Capital (\$ Million)
Issued and fully paid share capital <u>Ordinary Shares</u> Balance at 1 April 2022 and 31 March 2023	1,124,116,360	420.0

As at 31 March 2023, the Company has an issued share capital of 1,124,116,360 ordinary shares (31 March 2022: 1,124,116,360 ordinary shares) of which 2,126,738 were held by the Company as treasury shares (31 March 2022: 1,604,741). The treasury shares held represents 0.2% (31 March 2022: 0.1%) of the total number of issued shares (excluding treasury shares).

The Company has no subsidiary holdings as at 31 March 2023 and 31 March 2022.

(B) Restricted Share Plan and Performance Share Plan

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

- (iii) As at 31 March 2023, the number of outstanding shares granted under the Company's RSP and PSP were 2,419,100 (31 March 2022: 2,319,173) and 1,146,800 (31 March 2022: 1,058,700) respectively. The movement of these share awards during the financial year ended 31 March 2023 is as follows:

RSP

Date of grant	Balance at 01.04.2022/ Date of grant	Adjustment *	Cancelled	Released	Balance at 31.03.2023
05.07.2019	258,877	-	(1,600)	(257,277)	-
07.07.2020	801,673		(14,316)	(434,595)	352,762
04.01.2021	5,005	-	-	-	5,005
07.07.2021	1,242,618	141,910	(54,818)	(509,052)	820,658
05.11.2021	11,000	-	-	-	11,000
07.07.2022	1,258,888	-	(33,913)	-	1,224,975
25.01.2023	4,700	-	-	-	4,700
Total	3,582,761	141,910	(104,647)	(1,200,924)	2,419,100

* 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 01.04.2022/ Date of grant	Adjustment *	Cancelled	Released	Balance at 31.03.2023
05.07.2019	273,400	(220,424)	-	(52,976)	-
07.07.2020	422,200	-	-	-	422,200
04.01.2021	7,100	-	-	-	7,100
07.07.2021	346,300	-	-	-	346,300
05.11.2021	9,700	-	-	-	9,700
07.07.2022	357,500	-	-	-	357,500
25.01.2023	4,000	-	-	-	4,000
Total	1,420,200	(220,424)	-	(52,976)	1,146,800

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

(C) Deferred Share Award (“DSA”)

Grants of Deferred Share Award (“DSA”) of fully paid ordinary shares are granted to senior management staff. At the end of a 3-year vesting period, an additional final award will be vested equal to the Base Award multiplied by the accumulated dividend yield. The details of the DSA are as follows:

Date of grant	Balance at 01.04.2022/ Date of grant	Adjustment *	Cancelled	Released	Balance at 31.03.2023
05.07.2019	173,278	7,925	–	(181,203)	–
07.07.2020	155,616	–	–	–	155,616
07.07.2021	247,947	–	–	–	247,947
07.07.2022	578,564	–	–	(192,900)	385,664
Total	1,155,405	7,925	–	(374,103)	789,227

* 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 31 March 2023, the Company has an issued share capital of 1,121,989,622 ordinary shares (31 March 2022: 1,122,511,619) excluding 2,126,738 ordinary shares (31 March 2022: 1,604,741) 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 financial year, the Company purchased 2,150,000 treasury shares (2021-22: nil). The Company transferred 1,628,003 treasury shares to employees on vesting of share-based incentive plans (2021-22: 1,109,033 treasury shares to employees on vesting of share-based incentive plans).

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

Group and Company	Number of Shares	Treasury Shares (\$ Million)
Balance at 1 April 2022	1,604,741	5.8
Purchase of treasury shares	2,150,000	5.0
Treasury shares transferred on vesting of share-based incentives plans	(1,628,003)	(5.8)
Balance at 31 March 2023	2,126,738	5.0

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

The Company has no subsidiary holdings as at 31 March 2023 and 31 March 2022. There were no sales, transfers, cancellation and/or use of subsidiary holdings for the financial year ended 31 March 2023.

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 financial statements have been audited in accordance with Singapore Standards on Auditing.

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

See attached auditor's report.

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 preparation of the financial statements for the current financial period as compared to the audited financial statements as at 31 March 2022 except for the adoption of new or revised International Financial Reporting Standards ("IFRS") and Interpretations of IFRS ("INT IFRS") that are mandatory for financial year beginning on or after 1 April 2022. The adoption of these FRS and INT FRS has no significant impact to the Group.

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

Please refer to paragraph 4.

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

	Group		Group	
	2 nd Half 2022-23	2 nd Half 2021-22	2022-23	2021-22
Earnings per share (cents)				
- Basic *	3.02	3.79	5.91	6.02
- Diluted #	3.01	3.78	5.89	6.00

* 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, restricted and performance 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.

	Group		Company	
	As at 31 Mar 23	As at 31 Mar 22	As at 31 Mar 23	As at 31 Mar 22
Net asset value per share (cents)	148.5	143.5	111.6	108.6

- 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

Financial Year 2022-23

The Group posted revenue of \$796.0 million for the financial year ended 31 March 2023, an increase of 40.6% year-on-year as maintenance and overhaul demand picked up in line with the recovery of flight activities. Group expenditure rose 39.9%, with the increase mainly due to the progressive step down of government wage support and higher manpower and material costs. Manpower costs increased largely due to higher headcount, and cessation of manpower cost mitigation measures.

Operating performance remained in loss position with the flight recovery coming off from a low base. For the year in review, total number of flights handled by the Group in Singapore was only about 65% of pre-pandemic volume. While Group operating loss of \$26.3 million was \$4.5 million higher than last year, losses were progressively lower quarter-on-quarter. Excluding the impact of the reduction in wage support, operating performance improved \$55.6 million year-on-year.

Share of profits from associated and joint venture companies of \$77.8 million was \$1.3 million (-1.6%) lower year-on-year. Included in last year's share of profits was a one-time writeback of tax provisions by certain associated companies. Excluding prior year's tax write-back and wage support, share of profits was \$42.7 million higher year-on-year. Contributions from the engine and component segment improved 62.5% to \$76.2 million, while the airframe and line maintenance segment turnaround from a loss of \$11.8 million to a profit of \$1.6 million (+\$13.4 million).

Excluding the impact of prior year's tax write-back and lower wage support, Group net profit improved \$102.6 million year-on-year.

Basic earnings per share was 5.91 cents for the current financial year.

Second Half FY2022-23

In the second half of the financial year, the Group's operating loss was \$15.5 million, comparable to the operating loss of \$15.1 million in the same period last year as improvement in operating performance offset the absence of wage support. Revenue grew 43.4% as increase in flight activities continued to drive demand for aircraft maintenance and overhaul. Expenditure rose 41.4% mainly due to increase in manpower and materials usage accompanied by the cessation of wage support. Excluding the impact of the reduction in wage support, operating performance improved \$24.2 million.

Share of profits of associated and joint venture companies was \$36.4 million, \$34.6 million from the engine and component segment and, \$1.8 million from the airframe and line maintenance segment. Share of profits was \$15.9 million lower year-on-year, mainly due to last year's one-time writeback of tax provisions by certain associated companies. Excluding this one-off item, share of profits increased year-on-year as work volume improved with the recovery of demand.

The Group recorded a net profit of \$33.9 million for the half year ended 31 March 2023, a reduction of \$8.7 million year-on-year.

Basic earnings per share for the second half was 3.02 cents.

GROUP FINANCIAL POSITION

As at 31 March 2023, equity attributable to owners of the parent was \$1,666.1 million, an increase of \$55.4 million (+3.4%) from 31 March 2022, mainly due to profits earned for the financial year.

Total assets stood at \$1,983.2 million as of 31 March 2023, an increase of \$145.0 million (+7.9%) from 31 March 2022. The Group's cash balance was \$633.0 million.

Net asset value per share as at 31 March 2023 was 148.5 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.

BUSINESS UPDATES

The financial year ended 31 March 2023 saw the strongest recovery of flight activities since the pandemic with border restrictions mostly lifted during the year. Flight activities recovered steadily throughout the year as the number of flights handled by our Line Maintenance unit in Singapore recovered to about 79% of pre-pandemic volume in March 2023. For the year, flight volume handled represented about 65% of pre-pandemic volume. Similar recovery trends were observed at our overseas Line Maintenance stations.

The strong recovery has led to higher demand for maintenance, repair and overhaul. Consequently, revenue growth was registered across all business units of the Company and the Group's portfolio of companies as business volume increased.

At Base Maintenance, the successful adoption of Lean practices has yielded additional capacity, enabling the unit to take advantage of the increase in demand with new customer contracts secured during the year; more content-heavy aircraft checks were also performed during the year. Inductions at engine and component shops have also trended up during the year. For our Engine Services unit, since completion of the first CFM LEAP-1B delivery in early part of the financial year, inductions have been increasing progressively. Our engine test facility was also upgraded to test CFM LEAP 1-A engines.

Our portfolio of joint venture and associated companies have rebounded in line with the industry recovery. While some are experiencing supply chain issues due to component parts shortages, leading to longer repair cycles, these issues are so far manageable. We will continue to monitor and work with our OEM partners to mitigate the impact of any disruption.

Recruitment efforts during the year, in anticipation of sustained recovery, has enabled us to scale up operations to meet the pace of recovery and ensure operational resilience. Despite the tight labour market, we will continue to do the same as Changi Airport recovers to pre-Covid levels.

In May 2022, the Company acquired a 75% stake in SR Technics Malaysia Sdn. Bhd. This acquisition expands our component repair and overhaul capabilities, creating further opportunities for business growth and innovation. The company has since been renamed as Asia Pacific Aircraft Component Services Sdn. Bhd.

Following completion of the mapping of the Group's greenhouse gas emission (GHG) inventory and careful evaluation of abatement opportunities, we have declared our net zero target by 2050 and set a medium-term target of halving the Group's Scope 1 and 2 carbon emission by 2030, from the baseline year of FY2019-20. Our efforts to step up our sustainability practices have also shown results with improvements in our recent sustainability ratings¹ that the Group tracks.

OUTLOOK

Aviation traffic in Singapore and Asia-Pacific continues to improve as airlines in the region see higher demand following the reopening of China's borders and the removal of most of the remaining travel restrictions. The worst of the Covid crisis is clearly behind us as we look forward to not only recovering to pre-Covid business volume but to emerge stronger. However, with flight recovery already close to 80%, the pace of recovery is expected to be slower than last year. In addition, the interplay of geopolitical tensions, a looming economic slowdown in many major economies, supply chain disruptions and persistent high inflation could pose risks to the continued recovery, with downstream impact on demand for maintenance, repairs and overhaul.

Note 1: Rating from Sustainalytics improved from Medium (20.9) to Low (17.9) and rating from S&P Global Corporate Sustainability Assessment (CSA) improved from 37 to 45.

Transformation undertaken during the Covid period has enabled us to raise our productivity and enhance our competitiveness. To sustain this, the Group will continue to be vigilant on management of rising costs and drive continuous improvement in productivity and efficiency across our operations, whilst focusing on workforce training and upskilling.

At the same time, we remain committed to our strategies for sustainable business growth with organic investments and development of new MRO capabilities; broadening the scope and capabilities of our current joint venture companies through new acquisitions and partnerships; and expanding our geographical presence to capture new markets and customers.

11. Dividend

(a) Current Financial Period Reported On

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

Name of dividend	Final
Dividend Type	Cash
Dividend Rate	5.5 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? No

(c) Date payable

The final dividend, if so approved by shareholders, will be paid on 11 August 2023.

(d) Books closure date

Subject to the approval being obtained at the 41st Annual General Meeting of the Company for the payment of the final dividend, 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 Registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902 up to 5 p.m. on 26 July 2023 will be registered to determine shareholders' entitlements to the final dividend. Thereafter the Share Transfer Books and the Register of Members of the Company will be closed on 27 July 2023 for the preparation of dividend warrants. The final dividend, if so approved by shareholders, will be paid on 11 August 2023 to members on the Register as at 26 July 2023.

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 financial year 2022/23 are as follows:

		FY2022/23	
Name of interested person	Nature of relationship	Aggregate value of all IPTs (excluding all mandated transactions pursuant to Rule 920 of the SGX Listing Manual and transactions less than \$100,000)	Aggregate value of all IPTs conducted under a shareholders’ mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
Singapore Airlines Group			
Singapore Airlines Limited	Controlling shareholder of SIAEC	–	1,853.6*
Scot TigerAir Pte Ltd	Wholly-owned subsidiaries of	–	444.8
Singapore Aviation and General Insurance Company (Pte) Ltd	SIAEC’s controlling shareholder	–	0.6
Tata SIA Airlines Limited	Associate of SIAEC’s controlling shareholder	–	0.6
Non-listed Associates of Temasek Holdings (Private) Limited (“Temasek”)			
AJI International Pte Ltd	Associate of Temasek Holdings (Private) Limited (“Temasek”)	–	10.0
#Element Testing Services (S) Pte Ltd (Formerly known as Singapore Test Services Pte Ltd)	Associate of Temasek	–	0.2
SATS Group			
SATS Ltd	Associate of Temasek	–	0.7
SATS Security Services Pte Ltd		–	13.8
Total		–	2,324.3

* Includes principal, interest and service fees, in respect of treasury transactions with SIA.

Acquired by Element Materials Technology Group Limited (an associate of Temasek) from Singapore Technologies Engineering Limited (an associate of Temasek) in July 2022.

Notes:

- All the transactions set out in the above are based on records from the Company’s Register of Interested Person Transactions for the financial period under review, and include transactions whose durations exceed the financial period under review and/or multiple transactions with the

same interested person. The transactions were based on actual or estimated values of the transactions for the entire duration of the relevant transactions in the case of fixed term contracts or annual/periodic values of the transactions in the case of open-ended contracts, taking into account agreed rates.

2. All the above interested person transactions were done on normal commercial terms.

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

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 2023 and 31 March 2022 and certain assets information of the operating segments as at those dates.

Effective from 1 April 2022, component shops and inventory technical management units previously presented as part of Airframe and Line Maintenance segment was integrated into newly set up Component Services Division in efforts to position for recovery and growth in demand for component MRO. The new division is presented in Engine and Component segment. Accordingly, previous reference to fleet management programme is updated to inventory technical management.

This represents a change to the operating segments reported in the previous financial year. The previously reported segment results for the financial year ended 31 March 2022 have been restated to be comparable with the revised segmentation approach as required by IFRS 8 Operating Segments.

2022-23 (in \$'000)	Airframe and Line Maintenance	Engine and Component	Total segments	Eliminations and adjustments	Per consolidated financial statements
SEGMENT REVENUE					
External revenue					
Company and subsidiaries	644.9	151.1	796.0	–	796.0
Associated companies ⁺	41.0	2,148.9	2,189.9	(2,189.9)	–
Joint venture company ⁺	–	3,742.7	3,742.7	(3,742.7)	–
Inter-segment revenue	–	2.0	2.0	(2.0)	–
	<u>685.9</u>	<u>6,044.7</u>	<u>6,730.6</u>	<u>–</u>	<u>5,934.6</u>
SEGMENT RESULTS					
Segment results					
Company and subsidiaries	(2.0)	(24.3)	(26.3)	–	(26.3)
Associated companies ⁺	(4.9)	114.0	109.1	(109.1)	–
Joint venture company ⁺	–	63.3	63.3	(63.3)	–
	<u>(6.9)</u>	<u>153.0</u>	<u>146.1</u>	<u>(172.4)</u>	<u>(26.3)</u>
Interest income					12.3
Impairment of non-financial assets					1.7
Impairment of an associated company					2.0
Share of profits of associated companies, net of tax				48.5	48.5
Share of profits of joint venture companies, net of tax				29.3	29.3
Other unallocated amounts					<u>(2.0)</u>
Profit before taxation					65.5
Taxation expense					<u>1.0</u>
Profit for the financial year					<u>66.5</u>
Other segment items					
Depreciation	44.7	14.6	59.3	–	59.3
Amortisation of intangible assets	2.5	2.2	4.7	–	4.7
Segment assets					
Property, plant and equipment	102.5	72.6	175.1	–	175.1
Right-of-use assets	104.2	8.2	112.4	–	112.4
Intangible assets	18.2	22.6	40.8	–	40.8
Investment in associated/ joint venture companies	22.1	663.2	685.3	–	685.3
Prepayments and other debtors (non-current)	–	–	–	–	–
Other unallocated assets					<u>969.6</u>
Total assets	<u>247.0</u>	<u>766.6</u>	<u>1,013.6</u>	<u>–</u>	<u>1,983.2</u>

2021-22 (in \$ million)	Airframe and Line Maintenance	Engine and Component	Total segments	Eliminations and adjustments	Per consolidated financial statements
SEGMENT REVENUE					
External revenue					
Company and subsidiaries	465.8	100.3	566.1	–	566.1
Associated companies ⁺	71.3	2,159.7	2,231.0	(2,231.0)	–
Joint venture company ⁺	–	2,708.4	2,708.4	(2,708.4)	–
Inter-segment revenue	–	1.4	1.4	(1.4)	–
	<u>537.1</u>	<u>4,969.8</u>	<u>5,506.9</u>	<u>(4,940.8)</u>	<u>566.1</u>
SEGMENT RESULTS					
Segment results					
Company and subsidiaries	2.9	(24.7)	(21.8)	–	(21.8)
Associated companies ⁺	(21.6)	108.5	86.9	(86.9)	–
Joint venture company ⁺	–	52.6	52.6	(52.6)	–
	<u>(18.7)</u>	<u>136.4</u>	<u>117.7</u>	<u>(139.5)</u>	<u>(21.8)</u>
Interest income					1.8
Impairment of non-financial assets					(8.4)
Impairment of an associated companies					(2.2)
Surplus on disposal of associated companies					2.6
Share of profits of associated companies, net of tax				49.7	49.7
Share of profits of a joint venture company, net of tax				29.4	29.4
Other unallocated amounts					(1.9)
Profit before taxation					<u>49.2</u>
Taxation					<u>18.6</u>
Profit for the financial year					<u><u>67.8</u></u>
Other segment items					
Depreciation	48.0	11.8	59.8	–	59.8
Amortisation of intangible assets	1.4	2.1	3.5	–	3.5
<u>Segment assets</u>					
Property, plant and equipment	107.7	49.2	156.9	–	156.9
Right-of-use assets	55.4	7.6	63.0	–	63.0
Intangible assets	11.2	21.6	32.8	–	32.8
Investment in associated/ joint venture companies	19.5	631.8	651.3	–	651.3
Prepayments and other debtors (non-current)	–	3.9	3.9	–	3.9
Other unallocated assets					930.3
Total assets	<u>193.8</u>	<u>714.1</u>	<u>907.9</u>	<u>–</u>	<u>1,838.2</u>

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

Geographical segments

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

(in \$ million)	Revenue*		Non-current assets 31-Mar	
	2022-23	2021-22	2023	2022
East Asia #	592.6	449.1	1,010.5	899.5
Europe ^	89.3	56.6	–	–
South West Pacific	18.6	4.8	–	–
Americas	62.6	35.0	20.6	26.0
West Asia and Africa	32.9	20.6	–	–
Total	796.0	566.1	1,031.1	925.5

* Revenue from Company and subsidiary companies

Mainly Singapore

^ Mainly France

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

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

For details, please refer to paragraph 8.

16. A breakdown of sales

	GROUP		
	2022-23	2021-22	Change
	\$M	\$M	%
Turnover reported for first half year	362.2	263.5	37.5%
Profit after tax reported for the first half year	32.6	25.0	30.4%
Turnover reported for second half year	433.8	302.6	43.4%
Profit after tax reported for the second half year	33.9	42.8	-20.8%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Annual Dividend (in \$ million)	2022-23	2021-22
Ordinary dividend		
- Final [#]	61.7	-

2022-23 final dividend is estimated based on number of shares outstanding as at the end of the financial year, excluding treasury shares.

18. Disclosure of person(s) occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, SIA Engineering Company Limited (the "Company") confirms that, to the best of its knowledge, there is no person occupying a managerial position in the Company or in any of its principal subsidiaries, who is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

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

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

BY ORDER OF THE BOARD

Lu Ling Ling
Company Secretary
8 May 2023

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Independent auditors' report

Members of the Company
SIA Engineering Company Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SIA Engineering Company Limited (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2023, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows of the Group, and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 19 to 107.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and the consolidated financial performance, consolidated changes in equity of the Group, changes in equity of the Company and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act 2005 and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Impairment risk on property, plant and equipment and right-of-use assets (collectively "PPE") and intangible assets

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

Risk

Our response

During the financial year, the economic performance of airframe maintenance, repair and component overhaul ("MRO") and other related businesses saw steady improvement as the industry gradually emerged from the COVID-19 pandemic. Nonetheless, the market conditions post-pandemic remained highly uncertain amidst significant headwinds such as supply chain disruptions, labour shortages and inflationary pressures. Accordingly, there were indications that the PPE deployed across the Airframe Maintenance, Component Service units, and intangible assets from the Group's participative right in Engine Development Programme (collectively, the "Cash-generating units" or "CGUs") may be impaired.

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

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

We held discussions with senior management to understand the assumptions used in the assessment of the recoverable amounts of the CGUs. These assumptions include revenue growth and work volume of MRO activities in future periods, operating costs and discount rates, as well as productivity gains and cost synergies from the transformation programmes.

There is inherent uncertainty involved in forecasting and discounting future cash flows for the value-in-use assessments. The market challenges brought about by rising costs and supply chain disruptions create additional estimation uncertainty in determining the recoverable amounts for the CGUs.

We evaluated these assumptions by comparing them to past historical performance, revised service agreements with customers, and tracking the key performance indicators of the productivity and cost initiatives implemented. We also challenged management's judgement by assessing the growth trajectory against industry forecast and trends based on publicly available industry reports.

Airframe Maintenance

Airframe Maintenance – Management's value-in-use computation assumed gradual recovery of base maintenance work volumes at the hangars and improved operational and financial performance through revision of service agreements with their customers and the productivity gains and cost synergies from transformation initiatives implemented by the Group.

We stress-tested Management's key assumptions by including additional scenarios more severe than those projected by Management.

We considered the appropriateness of disclosures in the financial statements.

Impairment risk on property, plant and equipment and right-of-use assets (collectively, the "PPE") and intangible assets (continued)

Risk

Our response

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

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

Intangible assets - Engine development costs

The Group has a participative right in an Engine Development Programme with Pratt and Whitney under the PurePower PW1000G Risk Revenue Sharing Programmes.

Management reviewed the performance and outlook of the programme, alongside prevailing market conditions affecting the supply chain in the foreseeable future, including the percentage of achievement of engine delivery against forecasted, to assess for impairment indicators at year end. During the financial year, the actual engine deliveries lagged behind the forecast slightly owing to global supply chain disruptions. Nonetheless, Management expects engine delivery to catch up with Pratt and Whitney's announced plans to accelerate engine production in the near-term, no impairment loss was considered necessary by Management.

Findings

The Group has a process of identifying and reviewing the CGUs for impairment testing. We found the key assumptions applied by Management in the cash flow forecasts, in particular, the revenue growth, work volume of MRO activities and discount rates to be reasonable and consistent with corroborative market evidence. Our independent stress-test outcomes were not contradictory with the overall conclusion reached by Management. We also found disclosures in the financial statements to be appropriate.

Impairment risk on investments in subsidiaries, associated and joint venture companies

Refer to Note 2(l) 'Impairment of non-financial assets', Note 3 'Significant accounting estimates and critical judgements', Notes 18 and 20 - Investments in Subsidiaries and Associated companies, together with the relevant accounting policies.

Risk

The Company holds significant strategic investments with original equipment manufacturers and airlines through joint formation as subsidiaries, associated or joint venture companies.

The Company closely monitors the economic performance of its investments and evaluates the individual investments for impairment (reversal) if an indicator is identified. The assessment takes into consideration the financial positions, operational performances and other qualitative indicators, such as discontinued lines of business and changes in business plans. Such an assessment involves a high degree of judgement and use of estimates.

During the year, the Group recorded reversal of impairment losses of \$2005,000 (Company level: \$3,634,000) for an associate based on the projected recoverable amount upon liquidation.

At the Company level, \$2,700,000 impairment loss was recognised for a subsidiary due to its continued loss-making position since incorporation.

Findings

We found Management's appraisal of the recoverability of the Company's equity investments in subsidiaries, associated and joint venture companies to be appropriate. We also found disclosures in the financial statements to be appropriate.

Our response

We reviewed Management's process for the evaluation of the valuation of its strategic investments.

We held discussions with senior management to review the investees' business strategies, operating models, and their economic performance.

We evaluated Management assumptions supporting the valuation of investments by comparing them to the historical trends, recent performances, industry outlook and Management's expectations of future business developments.

We considered the appropriateness of disclosures in the financial statements.

Recognition of revenue on customer contracts

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

Risk

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

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

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

Our response

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

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

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

We verified the data used in the input method and any variable consideration to relevant supporting documents.

We assessed the Group's disclosure of the nature, timing and fulfilment of performance obligations, for revenue recognition.

Findings

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



Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for *FY2022/23 At a Glance, Corporate Profile, Chairman's Statement, Corporate Calendar, Board of Directors, Key Executives, The Year in Review, Business Segments, Corporate Governance, Share Price and Turnover, and Shareholding Statistics* ("the Reports"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Ong Li Qin.

A handwritten signature in blue ink that reads 'KPMG LLP'.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
8 May 2023