SIA Engineering Company Limited
and its Subsidiary Companies
Registration Number: 198201025C

Annual Report
Year ended 31 March 2022

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.

Directors' statement

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2022.

In our opinion:

(a) the financial statements set out on pages 20 to 109 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 March 2022, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS"); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

1. DIRECTORS OF THE COMPANY

The Directors in office at the date of this statement are as follows:

Tang Kin Fei	Chairman (Independent)
Goh Choon Phong	(Non-independent)
Ng Chin Hwee	(Non-independent, Chief Executive Officer)
Christina Hon Kwee Fong (Christina Ong)	(Independent)
Raj Thampuran	(Independent)
Wee Siew Kim	(Independent)
Mak Swee Wah	(Non-independent)
Chin Yau Seng	(Non-independent)
Chua Bin Hwee (Quek Bin Hwee)	(Independent)
Lim Kong Puay	(Independent, from 1 August 2021)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangements to which the Company was a party, whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed under "Directors' Interests in Ordinary Shares and Debentures" and "Equity Compensation Plans of the Company" in this statement. Directors of the Company who are employees of the Company's immediate holding company, Singapore Airlines Limited ("SIA"), or its subsidiaries, also participate in SIA's Equity Compensation Plans, as disclosed in this statement.

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

The following Directors who held office at the end of the financial year had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Companies Act 1967 (the "Act"), interests (direct and deemed) in the following ordinary shares, awards and debentures of the Company and of related corporations:

	Direct interest		Deemed interest	
Name of Director	1.4.2021/date of appointment	31.3.2022	1.4.2021/date of appointment	31.3.2022
Interest in Singapore Airlines Limited				
Ordinary shares				
Goh Choon Phong	3,074,209	3,408,955	–	–
Ng Chin Hwee	874,164	957,642	–	–
Manohar Khiatani	–	–	10,000[1]	10,000[1]
Mak Swee Wah	850,961	1,001,974	–	–
Chin Yau Seng	149,946	232,360	–	–
Quek Bin Hwee	–	–	74,000	30,000
Conditional award of Restricted Share Plan ("RSP") shares[2]				
Goh Choon Phong				
– Base Awards	106,000	102,850	–	–
– Final Awards (Pending Release)	51,669	77,792	–	–
Ng Chin Hwee				
– Final Awards (Pending Release)	25,294	6,472	–	–
Mak Swee Wah				
– Base Awards	51,000	51,425	–	–
– Final Awards (Pending Release)	25,294	37,412	–	–
Chin Yau Seng				
– Base Awards	25,900	38,160	–	–
– Final Awards (Pending Release)	17,381	20,389	–	–
Conditional award of Performance Share Plan ("PSP") shares[3]				
Goh Choon Phong				
– Base Awards	386,927	424,110	–	–
Ng Chin Hwee				
– Base Awards	103,609	56,772	–	–
Mak Swee Wah				
– Base Awards	160,609	176,625	–	–
Chin Yau Seng				
– Base Awards	65,018	79,208	–	–
Conditional award of deferred restricted shares[4]				
Goh Choon Phong				
– Base Awards	33,113	–	–	–
Ng Chin Hwee				
– Base Awards	15,456	–	–	–
Mak Swee Wah				
– Base Awards	15,456	–	–	–
Chin Yau Seng				
– Base Awards	8,842	–	–	–

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

	Direct interest		Deemed interest	
Name of Director	1.4.2021/date of appointment	31.3.2022	1.4.2021/date of appointment	31.3.2022
Interest in Singapore Airlines Limited				
Conditional award of transformation restricted shares[5]				
Goh Choon Phong				
– Final Awards (Pending Release)	29,451	–	–	–
Ng Chin Hwee				
– Final Awards (Pending Release)	38,000	13,500	–	–
Mak Swee Wah				
– Final Awards (Pending Release)	11,000	–	–	–
Chin Yau Seng				
– Final Awards (Pending Release)	6,280	–	–	–
Conditional award of Strategic restricted shares[6]				
Goh Choon Phong				
– Final Awards (Pending Release)	93,350	123,225	–	–
Mak Swee Wah				
– Final Awards (Pending Release)	43,550	57,475	–	–
Chin Yau Seng				
– Final Awards (Pending Release)	24,900	32,850	–	–
$600 million 3.16% Notes due 2023				
Tang Kin Fei	$250,000	$250,000	–	–
2020 S$3.496 billion Mandatory Convertible Bonds due 2030				
Ng Chin Hwee	$80,000	$80,000	–	–
2021 S$6.196 billion Mandatory Convertible Bonds due 2030				
Goh Choon Phong	–	$500,000	–	–
Interest in SIA Engineering Company Limited				
Ordinary shares				
Tang Kin Fei	–	–	20,000	20,000
Ng Chin Hwee	10,000[7]	65,400[7]	–	–
Conditional award of RSP shares[1]				
Ng Chin Hwee				
– Base Awards	174,800	142,800	–	–
– Final Awards (Pending Release)	–	110,660	–	–
Conditional award of PSP shares[2]				
Ng Chin Hwee				
– Base Awards	218,800	354,800	–	–
Conditional award of deferred restricted shares[8]				
Ng Chin Hwee				
– Base Awards	–	122,970	–	–

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

	Direct interest		Deemed interest	
Name of Director	1.4.2021/date of appointment	31.3.2022	1.4.2021/date of appointment	31.3.2022
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Tang Kin Fei	30,190	30,190	190	190
Goh Choon Phong	1,610	1,610	–	–
Ng Chin Hwee	2,840	2,840	1,360	1,360
Chew Teck Soon	60,190[(9)]	60,190[(9)]	–	–
Raj Thampuran	600	600	–	–
Wee Siew Kim	501,838	501,838	190	190
Mak Swee Wah	1,550	1,550	1,180	1,180
Chin Yau Seng	–	100,000	–	–
Quek Bin Hwee	160,000	–	–	–
Lim Kong Puay	15,000	15,000	–	–
Interest in Singapore Technologies Engineering Limited				
Ordinary shares				
Tang Kin Fei	100,000	100,000	50,000	50,000
Goh Choon Phong	6,000	6,000	–	–
Chew Teck Soon	4,000[(9)]	4,000[(9)]	–	–
Christina Ong	1	1	–	–
Interest in Olam International Limited				
Ordinary shares				
Ng Chin Hwee	2,000	2,000	–	–
Interest in Mapletree Australia Commercial Private Trust				
Units in Stapled Securities				
Mapletree QL Trust				
Quek Bin Hwee	75,000	75,000	–	–
Mapletree ROA Trust				
Quek Bin Hwee	375,000	375,000	–	–
Interest in Mapletree Commercial Trust				
Units				
Ng Chin Hwee	48,800	48,800	–	–
Chew Teck Soon	20,000[(9)]	20,000[(9)]	–	–
Wee Siew Kim	45,312	45,312	–	–
Interest in Mapletree Europe Income Trust				
Units				
Christina Ong	394	394	–	–
Ng Chin Hwee	591	591	–	–
Interest in Mapletree Global Student Accommodation Private Trust				
Units				
Class A (USD)				
Goh Choon Phong	4,823	4,823	–	–
Ng Chin Hwee	1,600	1,600	–	–
Class B (GBP)				
Goh Choon Phong	4,823	4,823	–	–
Ng Chin Hwee	1,600	1,600	–	–

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

	Direct interest		Deemed interest	
Name of Director	1.4.2021/date of appointment	31.3.2022	1.4.2021/date of appointment	31.3.2022
Interest in Mapletree Industrial Trust				
Units				
Tang Kin Fei	50,000	50,000	–	–
Christina Ong	–	37,700	–	–
Wee Siew Kim	–	74,400	–	–
Ng Chin Hwee	18,100	70,200	–	–
Interest in Mapletree Logistics Trust				
Units				
Tang Kin Fei	40,000	40,000	–	–
Chew Teck Soon	10,000(9)	10,370(9)	–	–
Christina Ong	–	125,100		
Ng Chin Hwee	4,600	7,500	–	–
Interest in Mapletree North Asia Commercial Trust				
Units				
Lim Kong Puay	20,000	20,000	–	–
Interest in Mapletree Treasury Services Limited				
$700 million 3.95% Perpetual Bonds				
Tang Kin Fei	$500,000	$500,000	–	–
Interest in Mapletree US & EU Logistics Private Trust				
Units				
(USD)				
Ng Chin Hwee	185	185	–	–
Christina Ong	185	185	–	–
Wee Siew Kim	300	300	–	–
Quek Bin Hwee	200	200	–	–
(EUR)				
Ng Chin Hwee	185	185	–	–
Christina Ong	185	185	–	–
Wee Siew Kim	300	300	–	–
Quek Bin Hwee	200	200	–	–
Interest in Mapletree US Income Commercial Trust				
Units				
Christina Ong	–	453	–	–
Quek Bin Hwee	–	150	–	–
Interest in Mapletree US Logistics Private Trust				
Units				
Christina Ong	–	179	–	–
Quek Bin Hwee	–	100	–	–

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

	Direct interest		Deemed interest	
Name of Director	1.4.2021/date of appointment	31.3.2022	1.4.2021/date of appointment	31.3.2022
Interest in Ascendas Real Estate Investment Trust				
Units				
Chew Teck Soon	46,400[9]	46,400[9]	–	–
Interest in StarHub Ltd				
Ordinary shares				
Chew Teck Soon	13,000[9]	13,000[9]	–	–
Wee Siew Kim	72,600	72,600	–	–
Interest in Astrea IV Pte. Ltd.				
$242 million Class A-1 4.35% Secured Fixed Rate Bonds due 2028				
Chin Yau Seng	$133,000	$133,000	–	–
Interest in Astrea V Pte. Ltd.				
$315 million Class A-1 3.85% Secured Fixed Rate Bonds due 2029				
Ng Chin Hwee	$5,000	$5,000	–	–
US$140 million Class B 5.75% Secured Fixed Rate Bonds due 2029				
Ng Chin Hwee	US$200,000	US$200,000	–	–
Interest in Astrea VI Pte. Ltd.				
US$200,000 Class B 4.35% Secured Fixed Rate Bonds due 2031				
Ng Chin Hwee	US$200,000	US$200,000	–	–
Interest in Temasek Financial (IV) Private Limited				
$500 million 2.7% Notes due 2023				
Chew Teck Soon	$6,000	$6,000	–	–
Lim Kong Puay	$7,000	$7,000	–	–
Ascott Residence Trust				
Units				
Manohar Khiatani	82,498	82,498	–	–
Interest in CapitaLand Limited[10]				
Ordinary shares				
Goh Choon Phong	35,000	–	–	–
Manohar Khiatani	92,743	–	40,000[11]	–
Chew Teck Soon	4,500[9]	–	–	–
Ng Chin Hwee	5,000	–	–	–
Lim Kong Puay	10,000	–	–	–
Unvested Restricted shares to be delivered after 2019				
Manohar Khiatani	36,583	–	–	–
Unvested Restricted shares to be delivered after 2020				
Manohar Khiatani	35,988	–	–	–
Contingent award of Performance shares to be delivered after 2021				
Manohar Khiatani (88,039 shares)	0 to 176,078	–	–	–
Contingent award of Performance shares to be delivered after 2022				
Manohar Khiatani (40,485 shares)	0 to 80,970	–	–	–

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

	Direct interest		Deemed interest	
Name of Director	1.4.2021/date of appointment	31.3.2022	1.4.2021/date of appointment	31.3.2022
Interest in CapitaLand Investment Limited				
Ordinary shares				
Goh Choon Phong	–	35,000	–	–
Manohar Khiatani	–	327,587	–	140,000(11)
Chew Teck Soon	–	4,500(9)	–	–
Ng Chin Hwee	–	7,000	–	–
Rights for shares under Performance Share Plan 2021				
– Replacement Awards	–	250,341	–	–
– Special Contingent Awards	–	177,116	–	–
Interest in CapitaLand Integrated Commercial Trust				
Units				
Goh Choon Phong	4,824	10,237	–	–
Manohar Khiatani	21,600	35,944	61,600(11)	67,786(11)
Chew Teck Soon	–	696(9)	–	–
Ng Chin Hwee	–	1,082	–	–
Quek Bin Hwee	61,050	62,250	–	–
Interest in CapitaLand China Trust				
Units				
Ng Chin Hwee	–	77,300	–	–
Interest in Sembcorp Marine Ltd(12)				
Ordinary shares				
Tang Kin Fei	–	43,820,281(13)	–	–
Chew Teck Soon	–	99(9)	–	–
Ng Chin Hwee	–	87,723	–	–
Lim Kong Puay	–	429,712	–	–

Notes:

1. Held in the name of DBS Trustee Limited.
2. The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards and is contingent on the achievements against targets over the one-year performance period relating to the relevant awards.
3. The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards and is contingent on the achievements against targets over the three-year performance periods relating to the relevant awards.
4. The Deferred Share Award of fully-paid ordinary shares will vest at the end of three years from the date of the grant of the award. At the end of the vesting period, an additional number of shares equivalent to the Base Award multiplied by the accumulated dividend yield (based on the sum of SIA share dividend yields declared with ex-dividend dates occurring during the vesting period) will vest.
5. The Transformation Share Award of fully-paid ordinary shares will partially vest after a one-year performance period commencing from the date of grant of the award. The actual number of Final Awards will range from 0% to 200% of the Base Awards and will vest over three years with 50% vesting after the end of the first year, and the balance at 25% over the next two years. On the vesting date, an additional kicker equivalent to 20% of the Final Awards will be settled with the participants.
6. The Final Strategic Award of fully-paid ordinary shares will vest over two years with 50% vesting immediately upon the date of grant, and the balance at 25% over the next 2 years. On the final vesting date, an additional equity kicker equivalent to 20% of the Final Award will be settled with the participants.
7. Held in the name of DBS Nominees (Private) Limited.

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

Notes (continued):

8. The Deferred Share Award of fully-paid ordinary shares will vest at the end of three years from the date of the grant of the award. At the end of the vesting period, an additional number of shares equivalent to the Base Award multiplied by the accumulated dividend yield (based on the sum of SIAEC share dividend yields declared with ex-dividend dates occurring during the vesting period) will vest.
9. Held in the name of DBS Nominees (Private) Limited.
10. Pursuant to the scheme of arrangement undertaken by CapitaLand Limited ("CL") and CLA Real Estate Holdings Pte. Ltd. ("CLA") during the financial year, the consideration received by each CL shareholder (excluding CLA) comprised 1 share in CapitaLand Investment Limited, 0.154672686 units in CapitaLand Integrated Commercial Trust and S$0.951 in cash. CL was then delisted.
11. Held jointly with spouse in the name of DBS Nominees (Private) Limited.
12. Sembcorp Marine Ltd became a related corporation during the financial year.
13. Of the 43,820,281 shares in Sembcorp Marine Ltd, 38,527,500 shares are held in the name of DBS Nominees (Private) Limited and 4,911,000 are held in the name of UBS Singapore Nominees Pte Ltd.

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2022.

4. EQUITY COMPENSATION PLANS OF THE COMPANY

The Company has in place, the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP").

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

Tang Kin Fei – Chairman
Goh Choon Phong
Wee Siew Kim

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

Details of the RSP and PSP are disclosed in Note 12 to the financial statements.

At the Extraordinary General Meeting of the Company held on 21 July 2014, shareholders approved the adoption of the SIAEC RSP 2014 and SIAEC PSP 2014.

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

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

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

4. EQUITY COMPENSATION PLANS OF THE COMPANY (continued)

Deferred Share Awards ("DSA")

As part of the Strategic Transformational Incentive Plan ("STIP"), the DSA is a share award established with the objective of rewarding, motivating and retaining Key Executives who are responsible for strategic and transformational initiatives. The DSA is granted as a contingent share award under the RSP 2014. The final award, which includes the accumulated dividend yield (based on the sum of SIAEC share dividend yields declared with ex-dividend dates occurring during the vesting period), will cliff vest at the end of three years after the grant date, subject to meeting a service-based condition, and provided that individual performance remains satisfactory.

5. AUDIT COMMITTEE

At the date of this statement, the Audit Committee comprises the following five non-executive directors, four of whom are independent directors:

Quek Bin Hwee – Chairman
Christina Ong
Raj Thampuran
Chin Yau Seng
Lim Kong Puay (appointed on 1 May 2022)

The Audit Committee performed its functions in accordance with Section 201B(5) of the Companies Act 1967, the SGX-ST Listing Manual and the Code of Corporate Governance which include inter alia the review of the following:

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

The Audit Committee has held 4 meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system. The Audit Committee also reviewed Management's internal control adequacy representations that is based on the Control Self-Assessment ("CSA") System developed. In the review of the audited financial statements of the Group and the Company, the Audit Committee had discussed with Management and the external auditors the accounting principles that were applied and their judgement on the items that might affect the financial statements. Based on the review and discussions with Management and the external auditors, the Audit Committee is of the view that the financial statements are fairly presented in conformity with generally accepted accounting principles in all material aspects.

5. AUDIT COMMITTEE (continued)

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

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

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

6. AUDITORS

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

On behalf of the Board,

TANG KIN FEI
Chairman

NG CHIN HWEE
Chief Executive Officer

5 May 2022

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

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 2022, 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 20 to 109.

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 2022 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.

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

Refer to Note 2 'Business impact and financial implications of the COVID-19 pandemic', Note 3(l) 'Impairment of non-financial assets' and Note 4 'Significant accounting estimates and critical judgements' together with the relevant accounting policies.

Risk

During the financial year, the economic performance of the airframe maintenance, repair and component overhaul ("MRO") businesses and other related businesses continued to be impacted by the COVID-19 pandemic. Accordingly, there are indications that the PPE deployed across the Base Maintenance, Line Maintenance, Fleet Management units, and intangible assets from the Group's participative right in Engine Development Programme (collectively, the "Cash-generating units" or "CGUs") may be impaired.

The value-in-use assessments require significant estimates and assumptions to be made in determining the recoverable amounts for the CGUs. In particular, the duration and pace of recovery from the global pandemic are inherently difficult to assess and involve a high degree of uncertainty.

Airframe and Line Maintenance

Airframe Maintenance – Management's value-in-use computation assumed gradual recovery of base maintenance work volumes at the hangars and increased margins through progressive implementation of transformation initiatives. The recoverable amount estimated supports the carrying value of the PPE, net of accumulated impairment loss (as brought forward from the previous year). Whilst no additional impairment loss was considered for the current year, Management has observed the sensitivity analysis for recoverable amount from risk of forecasting errors.

Our response

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

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 underpinning the assessment of the recoverable amounts of the CGUs. These assumptions include timing of recovery of flight operations and work volume of MRO activities in future periods, operating costs, discount rates, as well as productivity gain and cost synergies from transformation programmes implemented by the Group.

We evaluated these assumptions by comparing them to past historical performance and productivity and cost initiatives implemented, together with publicly available industry reports on industry outlook and other market data relevant to the aviation and MRO sectors.

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

Line Maintenance – No impairment loss on PPE was considered necessary by Management on the basis of lifting of international travel restrictions with flights gradually returning.

Fleet Management – No impairment loss on PPE was considered necessary since individual customer contracts were forecast to be profitable. Certain aircraft rotables that have been classified as assets held for sale, however, saw further write-downs to their expected scrap values following difficulty in selling these rotables caused by reduced demand from accelerated retirement of certain aircraft types.

Intangible assets - Deferred 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. With the engine sales continuing to deliver as planned, no impairment loss was considered necessary by Management

Our response

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 recovery of flight operations, 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 3(l) 'Impairment of non-financial assets', Note 4 'Significant accounting estimates and critical judgements', Notes 19 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 COVID-19 pandemic continued to cause disruption to some of these strategic investments.

The Company closely monitors the economic performance and valuation of its investments. Such an assessment involves high degree of judgement and use of estimates.

During the year, an associate planned to enter into business restructuring after completing the remaining customer contracts due to continued loss-making position. As a result, the Group recorded additional impairment loss after equity-accounting for this associate; and the Company also recorded additional impairment loss on its investment in the said associate to reflect the estimated realisable value.

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.

We considered the appropriateness of disclosures in the financial statements.

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.

Recognition of revenue on customer contracts

Refer to Note 3(s) 'Revenue' and Note 4 'Significant accounting estimates and critical judgements' together with the relevant accounting policies.

Risk	Our response
The Group's contract revenues are derived mainly from airframe maintenance and component overhaul services, and fleet management (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. Variable consideration from variation orders is subject to customer approval.	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.

Risk of counterparty credit default

Refer to Note 2 'Business impact and financial implications of the COVID-19 pandemic' for COVID-19 business impact, Note 3(k)(v) 'Impairment of financial instruments', Note 4 'Significant accounting estimates and critical judgements' together with the relevant accounting policies.

Risk	**Our response**
The Group's customers are airlines with cash conservation as their top priority. This may limit their ability to pay in a timely manner. Credit-default risk continues to be a concern for counterparties in the aviation and aerospace sectors despite the gradual recovery observed for these sectors. The determination of credit loss allowances on the outstanding trade receivables, including the identification and assessment of which customers are credit-impaired, requires significant judgement. Assumptions applied to estimate the credit loss allowances include customers' historical payment trends, adjusted for current market conditions and forward-looking information.	We reviewed Management's ageing and credit analysis of the Group's trade receivables and contract assets, including the credit-impaired accounts. We assessed the Group's measurement of the expected credit losses. We independently tested Management's allowance loss matrix by age group used for provisioning and cross-checked to probability default factors of individual customers and the aviation sector. We assessed the appropriateness of disclosures.

Findings

The Group has a process for identifying credit-impaired receivables. The expected credit loss allowances created were found to be balanced.

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 *FY2021/22 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 Kenny Tan Choon Wah.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 May 2022

CONSOLIDATED INCOME STATEMENT
For the Financial Year Ended 31 March 2022 (in thousands of $)

	Notes	The Group 2021/22	2020/21
REVENUE	5	566,086	442,994
EXPENDITURE			
Staff costs	6	282,145	208,973
Material costs		80,792	60,470
Depreciation	16,17	59,844	67,759
Amortisation of intangible assets	18	3,490	3,443
Company accommodation		14,523	11,742
Subcontract costs		54,034	32,952
Other operating expenses		93,128	82,618
		587,956	467,957
OPERATING LOSS	7	(21,870)	(24,963)
Interest income	8	1,816	3,947
Finance charges		(2,633)	(2,922)
Surplus/(Loss) on disposal of property, plant and equipment and intangible assets		687	(5,007)
Impairment of non-financial assets	16,18	(8,405)	(48,297)
Surplus on disposal of a subsidiary company	19	–	1,973
Impairment of associated companies	20	(2,145)	(206)
Surplus on disposal of associated companies	20	2,618	–
Share of profits of associated companies, net of tax		49,695	25,734
Share of profits of a joint venture company, net of tax		29,397	14,154
PROFIT/(LOSS) BEFORE TAXATION		49,160	(35,587)
Taxation	9	18,611	16,033
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		67,771	(19,554)
PROFIT/(LOSS) ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		67,608	(11,249)
Non-controlling interests		163	(8,305)
		67,771	(19,554)
BASIC EARNINGS/(LOSS) PER SHARE (CENTS)	10	6.02	(1.00)
DILUTED EARNINGS/(LOSS) PER SHARE (CENTS)	10	6.00	(1.00)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Financial Year Ended 31 March 2022 (in thousands of $)

	The Group	
	2021/22	**2020/21**
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	67,771	(19,554)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		
Item that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on remeasurement of defined benefit plan	73	(32)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation of foreign operations	4,064	(41,027)
Realisation of foreign currency translation reserve on disposal of a subsidiary company	–	(112)
Net fair value adjustment on cash flow hedges	456	(2,733)
Share of other comprehensive income of associated/joint venture companies	1,893	9,470
	6,413	(34,402)
Other comprehensive income, net of tax	6,486	(34,434)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	74,257	(53,988)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE PARENT	74,039	(44,653)
Non-controlling interests	218	(9,335)
	74,257	(53,988)

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

BALANCE SHEETS
As at 31 March 2022 (in thousands of $)

	Notes	The Group 2022	The Group 2021	The Company 2022	The Company 2021
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	12	420,044	420,044	420,044	420,044
Treasury shares	13	(5,776)	(9,769)	(5,776)	(9,769)
Capital reserve	14	1,506	2,772	1,506	2,772
Share-based compensation reserve	14	5,110	4,783	5,110	4,783
Foreign currency translation reserve	14	(19,843)	(23,809)	–	–
Fair value reserve	14	92	(2,300)	1,125	669
Equity transaction reserve	14	(2,173)	(2,173)	–	–
General reserve	14	1,211,826	1,144,145	796,767	786,180
		1,610,786	1,533,693	1,218,776	1,204,679
NON-CONTROLLING INTERESTS		10,620	10,593	–	–
TOTAL EQUITY		1,621,406	1,544,286	1,218,776	1,204,679
NON-CURRENT LIABILITIES					
Deferred tax liabilities	15	545	1,209	–	1,362
Lease liabilities	31	38,424	52,433	32,721	45,835
Long-term bank loan	32	–	2,785	–	–
		38,969	56,427	32,721	47,197
		1,660,375	1,600,713	1,251,497	1,251,876
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	16	156,901	170,132	120,457	131,794
RIGHT-OF-USE ASSETS	17	63,005	71,317	56,841	64,124
INTANGIBLE ASSETS	18	32,786	31,680	11,931	9,052
SUBSIDIARY COMPANIES	19	–	–	135,090	126,670
ASSOCIATED COMPANIES	20	448,469	431,769	175,275	190,567
JOINT VENTURE COMPANY	21	202,756	170,220	61,867	61,867
DEFERRED TAX ASSETS	15	17,603	–	16,598	–
PREPAYMENTS	24	3,891	8,697	–	–
CURRENT ASSETS					
Trade debtors	22	35,351	34,817	24,290	26,222
Contract assets	23	124,562	101,572	118,770	93,667
Prepayments and other debtors	24	36,870	41,958	27,320	33,404
Amounts owing by immediate holding company	25	36,465	68,568	36,130	68,395
Amounts owing by related parties	26	20,703	18,936	26,790	28,446
Inventories	27	32,994	35,112	21,140	24,016
Short-term deposits	28	584,007	521,497	570,081	508,166
Cash and bank balances	29	41,470	94,467	13,486	66,465
		912,422	916,927	838,007	848,781
Assets held for sale	16	360	9,026	360	9,026
		912,782	925,953	838,367	857,807
Less:					
CURRENT LIABILITIES					
Trade and other creditors	30	127,897	156,586	108,896	137,472
Contract liabilities	23	12,703	11,305	12,648	11,089
Lease liabilities	31	28,507	21,731	27,254	20,411
Amounts owing to related parties	26	1,456	2,795	11,670	12,679
Bank loans	32	2,801	7,130	–	–
Tax payable		4,454	9,508	4,461	8,354
		177,818	209,055	164,929	190,005
NET CURRENT ASSETS		734,964	716,898	673,438	667,802
		1,660,375	1,600,713	1,251,497	1,251,876

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

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 31 March 2022 (in thousands of $)

		Attributable to Owners of the Parent										
The Group	Notes	Share capital	Treasury shares	Capital reserve	Share-based compen-sation reserve	Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total	Non-controlling interests	Total equity
Balance at 1 April 2021		420,044	(9,769)	2,772	4,783	(23,809)	(2,300)	(2,173)	1,144,145	1,533,693	10,593	1,544,286
Profit for the year		–	–	–	–	–	–	–	67,608	67,608	163	67,771
Actuarial gain on remeasurement of defined benefit plan		–	–	–	–	–	–	–	73	73	–	73
Foreign currency translation of foreign operations		–	–	–	–	4,009	–	–	–	4,009	55	4,064
Net fair value adjustment on cash flow hedges		–	–	–	–	–	456	–	–	456	–	456
Share of other comprehensive income of associated/joint venture companies	14	–	–	–	–	(43)	1,936	–	–	1,893	–	1,893
Other comprehensive income for the year, net of tax		–	–	–	–	3,966	2,392	–	73	6,431	55	6,486
Total comprehensive income for the financial year		–	–	–	–	3,966	2,392	–	67,681	74,039	218	74,257
Capital contribution		–	–	–	–	–	–	–	–	–	200	200
Share-based compensation expense	14	–	–	–	3,054	–	–	–	–	3,054	–	3,054
Share awards released	13,14	–	2,727	–	(2,727)	–	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans	13	–	1,266	(1,266)	–	–	–	–	–	–	–	–
Dividends	11	–	–	–	–	–	–	–	–	–	(391)	(391)
Total contributions by and distributions to owners		–	3,993	(1,266)	327	–	–	–	–	3,054	(191)	2,863
Balance at 31 March 2022		420,044	(5,776)	1,506	5,110	(19,843)	92	(2,173)	1,211,826	1,610,786	10,620	1,621,406

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

STATEMENTS OF CHANGES IN EQUITY (continued)
For the Financial Year Ended 31 March 2022 (in thousands of $)

		Attributable to Owners of the Parent										
The Group	Notes	Share capital	Treasury shares	Capital reserve	Share-based compen-sation reserve	Foreign currency translation reserve	Fair value reserve	Equity transaction reserve	General reserve	Total	Non-controlling interests	Total equity
Balance at 1 April 2020		420,044	(13,689)	2,828	5,445	15,964	(8,682)	(4,525)	1,211,431	1,628,816	32,191	1,661,007
Loss for the year		–	–	–	–	–	–	–	(11,249)	(11,249)	(8,305)	(19,554)
Actuarial loss on remeasurement of defined benefit plan		–	–	–	–	–	–	–	(13)	(13)	(19)	(32)
Foreign currency translation of foreign operations		–	–	–	–	(40,016)	–	–	–	(40,016)	(1,011)	(41,027)
Realisation of foreign currency translation reserve on disposal of a subsidiary company	19	–	–	–	–	(112)	–	–	–	(112)	–	(112)
Net fair value adjustment on cash flow hedges		–	–	–	–	–	(2,733)	–	–	(2,733)	–	(2,733)
Share of other comprehensive income of associated/joint venture companies	14	–	–	–	–	355	9,115	–	–	9,470	–	9,470
Other comprehensive income for the year, net of tax		–	–	–	–	(39,773)	6,382	–	(13)	(33,404)	(1,030)	(34,434)
Total comprehensive income for the financial year		–	–	–	–	(39,773)	6,382	–	(11,262)	(44,653)	(9,335)	(53,988)
Share-based compensation expense	14	–	–	–	3,202	–	–	–	–	3,202	–	3,202
Share awards released	13,14	–	3,864	–	(3,864)	–	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans	13	–	56	(56)	–	–	–	–	–	–	–	–
Dividends	11	–	–	–	–	–	–	–	(56,070)	(56,070)	(340)	(56,410)
Total contributions by and distributions to owners		–	3,920	(56)	(662)	–	–	–	(56,070)	(52,868)	(340)	(53,208)
Acquisition of non-controlling interests without change in control	19	–	–	–	–	–	–	2,352	–	2,352	(6,433)	(4,081)
Disposal of a subsidiary with non-controlling interests	19	–	–	–	–	–	–	–	46	46	(5,490)	(5,444)
Total changes in ownership interests in subsidiary companies		–	–	–	–	–	–	2,352	46	2,398	(11,923)	(9,525)
Balance at 31 March 2021		420,044	(9,769)	2,772	4,783	(23,809)	(2,300)	(2,173)	1,144,145	1,533,693	10,593	1,544,286

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

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 31 March 2022 (in thousands of $)

The Company	Notes	Share capital	Treasury shares	Capital reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total
Balance at 1 April 2021		420,044	(9,769)	2,772	4,783	669	786,180	1,204,679
Profit for the year		–	–	–	–	–	10,587	10,587
Other comprehensive income for the year, net of tax:								
Net fair value adjustment on cash flow hedges		–	–	–	–	456	–	456
Total comprehensive income for the financial year		–	–	–	–	456	10,587	11,043
Share-based compensation expense	14	–	–	–	3,054	–	–	3,054
Share awards released	13,14	–	2,727	–	(2,727)	–	–	–
Treasury shares reissued pursuant to equity compensation plans	13	–	1,266	(1,266)	–	–	–	–
Total contributions by and distributions to owners		–	3,993	(1,266)	327	–	–	3,054
Balance at 31 March 2022		420,044	(5,776)	1,506	5,110	1,125	796,767	1,218,776
Balance at 1 April 2020		420,044	(13,689)	2,828	5,445	3,402	894,470	1,312,500
Loss for the year		–	–	–	–	–	(52,220)	(52,220)
Other comprehensive income for the year, net of tax:								
Net fair value adjustment on cash flow hedges		–	–	–	–	(2,733)	–	(2,733)
Total comprehensive income for the financial year		–	–	–	–	(2,733)	(52,220)	(54,953)
Share-based compensation expense	14	–	–	–	3,202	–	–	3,202
Share awards released	13,14	–	3,864	–	(3,864)	–	–	–
Treasury shares reissued pursuant to equity compensation plans	13	–	56	(56)	–	–	–	–
Dividends	11	–	–	–	–	–	(56,070)	(56,070)
Total contributions by and distributions to owners		–	3,920	(56)	(662)	–	(56,070)	(52,868)
Balance at 31 March 2021		420,044	(9,769)	2,772	4,783	669	786,180	1,204,679

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Financial Year Ended 31 March 2022 (in thousands of $)

	Notes	The Group 2021/22	2020/21
NET CASH PROVIDED BY OPERATING ACTIVITIES	33	29,200	165,791
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	16	(18,428)	(15,209)
Purchase of intangible assets	18	(4,861)	(5,184)
Proceeds from disposal of property, plant and equipment and intangible assets		1,572	2,564
Proceeds from disposal of a subsidiary company, net of cash disposed of		–	5,331
Proceeds from disposal of an associated company, net of cash disposed of		3,814	–
Dividends received from associated companies		31,881	26,552
Dividends received from a joint venture company		–	2,900
Interest received from deposits		1,771	5,869
NET CASH PROVIDED BY INVESTING ACTIVITIES		15,749	22,823
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	11	–	(56,070)
Dividends paid by subsidiary companies to non-controlling interests		(391)	(340)
Acquisition of non-controlling interests without change in control		–	(3,116)
Proceeds from issuance of share capital by a subsidiary company to non-controlling interests		200	–
Finance charges paid	33	(270)	(251)
Repayment of lease liabilities	33	(28,147)	(27,473)
Proceeds from borrowings	33	–	673
Repayment of borrowings	33	(7,135)	(3,183)
NET CASH USED IN FINANCING ACTIVITIES		(35,743)	(89,760)
NET CASH INFLOW		9,206	98,854
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		615,964	519,622
Effect of exchange rate changes		307	(2,512)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		625,477	615,964
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short-term deposits	28	584,007	521,497
Cash and bank balances	29	41,470	94,467
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		625,477	615,964

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

1. GENERAL

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

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

The financial statements of the Group as at 31 March 2022 and for the year then ended comprise the Company and its subsidiary companies (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity-accounted investees.

The principal activities of the Company are the provision of airframe maintenance, component overhaul services and fleet management programme, the provision of line maintenance and technical ground handling services and investment holdings. The principal activities of the subsidiary companies are disclosed in Note 19 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 5 May 2022.

2. BUSINESS IMPACT AND FINANCIAL IMPLICATIONS OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has significantly impacted the aviation and related MRO industries since early 2020. Despite the gradual improvement in air traffic, the number of work orders and revenue remained low; revenue for the current year at $566,086,000 as compared to $994,146,000 in 2019/20. The Group continues to be supported by government assistance grants. However, the grants have been reduced and will taper off in the next financial year.

In addition, recovery will be impacted by the Russia-Ukraine war which has resulted in further volatility in the global economy and financial markets, and the increased geopolitical tensions are set to exacerbate concerns over inflation and supply chain disruption. As at the date of the financial statements, the financial effects on current year's financial performance were not assessed to be material. Nevertheless, Management will continue to monitor the developments closely.

The financial effects from business impacts of the COVID-19 pandemic considered by the Group in the preparation of the consolidated financial statements for the year ended 31 March 2022 include the following:

(i) Government assistance grants

A wage support grant of $71,929,000 (2020/21: $143,778,000), mainly referring to the Stabilisation and Support Package provided by the Singapore Government, has been recognised and deducted against staff costs in current year's profit or loss (Note 6). Such wage support refers principally to cash grant under the Jobs Support Scheme ("JSS").

As at 31 March 2022, $4,716,000 (2020/21: $32,459,000) received was deferred to defray the Group's payroll costs in future periods. Such deferred income (Note 30) shall be released to future period's profit or loss over the remaining periods.

2. BUSINESS IMPACT AND FINANCIAL IMPLICATIONS OF THE COVID-19 PANDEMIC (continued)

(ii) Impairment of non-financial assets

The Group performed impairment tests on all significant CGUs. As flight operations gradually return and recovery trend continues, no additional impairment loss is considered necessary for the CGUs. However, the pace of recovery remains uncertain, with potential new variants that may hinder the progress. Accordingly, the impairment loss on the Airframe Maintenance Division ("BMD") CGU of $35,000,000 recognised in the prior year was carried forward at 31 March 2022.

The pandemic has contributed to the early retirement of specific aircraft types, leading to a surplus in the supply of related aircraft rotable spares available in the market. With increasing difficulty in selling certain aircraft rotable spares that were classified as "asset held for sale" since the previous years, Management decided to further write down the value of the assets held for sale to expected scrap value. The write-down of approximately $8,405,000 (2021: $1,937,000) was charged to current year's profit or loss.

Further details on impairment of non-financial assets, together with the risk of estimation uncertainties in the key assumptions used in determining the recoverable amounts (as disclosed in Note 4(f)) are disclosed in Notes 16, 18, 19 and 20 to the financial statements.

(iii) Credit and counterparty risk

As at 31 March 2022, the expected credit loss allowances of $7,073,000 (Note 36(c)) (2021: $11,404,000) were recorded against the Group's receivables from airline customers. Of this allowance, $3,764,000 (2021: $8,544,000) were made against receivables that were credit-impaired (refer to accounting policy in Note 3(k)).

(iv) Liquidity risk

The Group's holding of cash and short-term deposits, together with credit facilities and net cash flow from operations, are expected to be sufficient for working capital purposes as well as future capital commitments, at least for the next 12 months from the date of authorisation of this set of financial statements. To maintain the liquidity requirements, the Group continues to remain disciplined in the management of operating costs and capital expenditure.

Given the ongoing COVID-19 pandemic on a global scale together with the on-going geopolitical conflict, the Group will continue to monitor events closely and consider the financial implications in the preparation of financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group and the Company are consistent to all periods presented in the financial statements and in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS").

(a) Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with SFRS(I) and IFRS.

All references to SFRS(I)s and IFRSs are subsequently referred to as IFRSs in these financial statements unless otherwise specified.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

The financial statements are presented in Singapore Dollars ("SGD"), which is the Company's functional currency and all financial information presented in SGD have been rounded to the nearest thousand ($'000), unless otherwise stated.

(b) Changes in accounting policies

New standards and amendments

The Group has applied the following IFRSs, amendments to and interpretations of IFRSs for the first time for the annual period beginning on 1 April 2021:

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7, FRS 104 and FRS 116)*
- *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements. The financial instruments held by the Group as at 31 March 2022 are not affected by IBORs transition except for the unsecured bank loans indexed to USD LIBOR. The loans will mature in April 2022 before the new SOFR takes effect on 1 July 2023.

(c) New standards and interpretations not adopted

New standards and amendments to standards that are effective from the Group's financial year ending 31 March 2022 are as follows:

Description	Effective from
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 April 2023
IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts	1 April 2023
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 April 2022
Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IFRS 16)	1 April 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	1 April 2022
Annual Improvements to IFRSs 2018-2020	1 April 2022
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 April 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 April 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 April 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

Business combinations are accounted for by applying the acquisition method when the acquired set of activities and assets meets the definition of business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset of group of similar identifiable assets. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are recognised as expenses as incurred.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 3(f). When the amount is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

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

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

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

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Subsidiary, associated and joint venture companies

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

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiary companies are included in the consolidated financial statements from the date the control commences until the date the control ceases.

The accounting policies of subsidiary companies have been changed when necessary to align them with policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if doing so causes the non-controlling interest to have a deficit balance.

An associated company is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

A joint venture company is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group accounts for its investments in associated and joint venture companies using the equity method, initially at cost, including transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of associated and joint venture companies, until the date on which significant influence or joint control ceases. Dividends reduce the carrying amounts of the investments.

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

The most recently available audited financial statements of the associated and joint venture companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Otherwise, an estimate is made for the balances to the end of the accounting period based on historical experience and adjusting for the effects of known significant transactions. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets

Computer software

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

Deferred engine development costs

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

Goodwill

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

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

In the Group's balance sheet, the investments in associates include goodwill on acquisition identified on acquisitions completed on or after 1 April 2001. Goodwill arising from business combinations before 1 April 2001 was previously written-off directly to reserves in the year of acquisition.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Others

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

Amortisation

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

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

- Computer software 3 – 5 years
- Licences 3 years

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets (continued)

Amortisation (continued)

For engine programme assets including development costs, amortisation begins only when assets are available for use. These engine programme assets including development costs are amortised on a straight-line basis over a maximum of 39 years, the expected project life from the start of aircraft engine sales through post-sales maintenance service periods.

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

(g) Foreign currencies

Foreign currency transactions

Foreign currency transactions are translated into SGD at rates prevailing at the dates of those transactions.

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

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

Foreign currency differences are recognised in profit or loss, except for qualifying cash flow hedges which are recognised in other comprehensive income and deferred to equity.

Foreign operations

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

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations, and translated into SGD at the closing rate at the end of the reporting period.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When parts of a property, plant and equipment have different useful lives, they are accounted for as separate components. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment are also capitalised. The accounting policy for borrowing costs is set out in Note 3(t).

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

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

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

(ii) Depreciation of property, plant and equipment

Depreciation is based on the cost of an asset less its residual value. Operational lives, residual values and depreciation method are reviewed annually, and adjusted prospectively, if appropriate. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised from the date the property, plant and equipment are installed and ready for use.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

The Group recognises a right-of-use ("ROU") asset and lease liability at the lease commencement date.

ROU asset

ROU asset is initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimated cost to restore the underlying asset, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

Lease liability

The initial measurement of lease liability is measured at the present value of the unpaid lease payments discounted using the implicit rate in the lease, or if the rate cannot be easily determined, the Group shall use its incremental borrowing rate. The Group determines its incremental borrowing rate by obtaining interest rate from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments comprise the following:

- fixed payments, including in-substance fixed payments, less any incentives receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee and;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Group's estimate of the residual value guarantees, extension or termination options, or there is a revision to an in-substance fixed payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases (continued)

(i) As a lessee (continued)

Lease liability (continued)

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected not to separate lease and non-lease components for property leases and has elected to account for these as one single lease component.

Interest expense arising from lease liabilities are included in repayment of leases under cash flow from financing activities in the consolidated statement of cash flows.

From 1 April 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term equipment leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19 related rent concessions

The Group has applied *COVID-19-Related Rent Concessions* (Amendments to IFRS 16). The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assess whether there is a lease modification.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see Note 3(l)).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Inventories

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

(k) Financial instruments

(i) Recognition and initial measurement

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

(ii) Classification and subsequent measurement

<u>Financial assets</u>

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

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

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

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

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

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

(iii) FVTPL: All other financial assets are classified as measured at FVTPL. Financial assets that are held for trading and whose performance is evaluated on a fair value basis, are measured at FVTPL.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Business model assessment

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

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

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

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

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

Reclassifications

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

Financial liabilities

The Group classifies its financial liabilities, other than loan commitments, as measured at amortised cost or FVTPL.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(iii) Derecognition (continued)

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

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

Financial liabilities

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

(iv) Offsetting

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

(v) Impairment

Expected credit loss (“ECL”)

The Group recognises loss allowances for ECL on financial assets measured at amortised cost and contract assets.

Simplified approach

The Group applies the simplified approach to provide for loss allowances for trade debtors, contract assets and amounts owing by related parties to be always measured at an amount equal to lifetime ECL.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and includes forward-looking information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

(v) Impairment (continued)

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

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

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Credit-impaired financial assets

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

Presentation of allowance for ECLs in the balance sheet

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(vi) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at their fair values.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial instruments (continued)

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

Designation of hedges

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

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

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

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

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

Cash flow hedges

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Where the carrying amount of an asset or its related CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

(m) Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty claims is made for airframe maintenance and component overhaul services based on past experience of the level of repairs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Share capital and share issuance expenses

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

(o) Treasury shares

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

(p) Assets held for sale

Non-current assets that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets classified as held for sale (held for distribution) are generally measured at the lower of their carrying amount and fair value less costs to sell (fair value less costs to distribute).

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

(q) Taxation

(i) Current income tax

Tax recoverable and tax liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to, respectively, the tax authorities using tax rates enacted or substantively enacted at balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to a business combination, or items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Taxation (continued)

(ii) Deferred tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are not recognised for:

- Temporary differences on the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

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

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

Deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

(iii) Indirect taxes

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue

Revenue from services rendered in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services. The transaction price may be fixed or variable. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

The following policies provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies.

<u>Airframe and line maintenance</u>

Revenue from airframe and line maintenance includes airframe maintenance, line maintenance and fleet management programme.

Revenue from airframe maintenance is recognised over time using input method to reflect the progress of the projects completed to date. The progress of the projects is determined based on the number of man-hours incurred to-date against the estimated man-hours needed to complete the projects. Billing for airframe services are either on a fixed price or "as incurred basis". The fixed price charges are generally due prior to aircraft redelivery. For services that are charged on "as incurred" basis, they are payable within 30 – 90 days.

Revenue from line maintenance includes aircraft certification and technical ground handling and is recognised over the duration of the services rendered. Invoices are issued bi-monthly or monthly or upon rendering of services. The invoices are payable within 30 – 90 days.

For fleet management programme, billings to customers are based on flying hours and/or fixed contractual prices and revenue is recognised over time when services are being performed. The charges are billed in advance using estimated flying hour or billed in arrears using actual flying hours or upon rendering of services. The invoices are payable within 30 – 90 days.

<u>Engine and component</u>

Revenue from engine and component includes engine and component overhaul and is recognised over time using input method as to reflect the progress of repair services completed to date. Invoices are issued upon rendering of services and are payable within 30 – 90 days.

The Group and Company exercised judgement in applying the estimated variable consideration based on experience with customers. A general provision for expected claims by customers is made based on historical experience. Additionally, the Group and Company make specific provisions at each reporting period for failure to adhere to specific conditions under each customer contract. The Group and Company review their estimates of expected claims at each reporting date and update the amounts of the provisions accordingly.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income from investments

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

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

(t) Borrowing costs

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

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

(u) Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit or loss, net of these expenses on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

(v) Employee benefits

Equity compensation plans

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

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

Details of the plans are disclosed in Note 12 to the financial statements.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share awards are granted. In valuing the share awards, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company and non-vesting performance conditions.

This cost is recognised in profit or loss as share-based compensation expense, with a corresponding increase in the share-based compensation reserve, over the vesting period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date").

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Employee benefits (continued)

Defined benefit plans

The Group contributes to several defined benefit pension and post employment benefit plans for some of the regular employees. The cost of providing benefits includes the Group's contribution for the year plus any unfunded liabilities under the plans, which is determined separately for each plan. Contributions to the plans over the expected average remaining working lives of the employees participating in the plans are recognised as expense in profit or loss.

Remeasurements comprising actuarial gains and losses, and the return on plan assets are recognised immediately in other comprehensive income in the period in which they arise. All expenses related to the defined benefit plans are recognised as an expense in profit or loss. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Defined contribution plans

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

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(w) Segmental reporting

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

Where the equity method investment is a reportable segment, the segment information reviewed by Management is the full financial information of the investee (e.g. total revenue, total profit or loss). Accordingly, the segment disclosures are based on the full financial information of the equity-accounted investees. Relevant elimination of the investees' revenue and results are made to reconcile to the Group consolidated results.

The Company and its subsidiaries operate in Singapore, Philippines, Japan and United States of America. The significant operating segments of the Group are airframe and line maintenance, and engine and component. Additional disclosures on each of these segments are shown in Note 37 including the factors used to identify the reportable segments and the measurement basis of segment information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held and mandatory convertible bonds. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible bonds and share awards granted to employees.

(y) Related parties

A related party is defined as follows:

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

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

(ii) has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS

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

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

(a) ECL provision for trade receivables, contract assets and amounts owing by related parties

The Group uses an allowance matrix by age bracket to measure the ECL of trade receivables, contract assets and amounts owing by related parties. The provision rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on common credit risk characteristics.

The Group also assesses at the end of each reporting period whether there is any objective evidence that the receivables and contract balances from individual customers is credit-impaired based on factors such as insolvency, financial difficulties of the customer or significant delays in repayments.

The ongoing COVID-19 pandemic has weakened the financial positions of market participants in the aviation and aerospace sectors. The estimates on ECL have included the expected effects that the pandemic may have on the recoverability of the Group's receivables from airline and OEM customers. The aggregated carrying amounts of the Group's and Company's trade receivables, contract assets and amounts owing by related parties as at 31 March 2022 were approximately $180,616,000 (2021: $155,325,000) and $169,850,000 (2021: $148,335,000), respectively.

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

The costs of plant, equipment and engine overhaul tooling, and aircraft rotable spares are depreciated on a straight-line basis over the expected useful lives. Management estimates the useful lives of these assets to be within 1 to 15 years. The carrying amount of the Group's and Company's plant, equipment and tooling and aircraft rotable spares as at 31 March 2022 was approximately $58,460,000 (2021: $68,199,000) and $54,112,000 (2021: $63,396,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore future depreciation charges could be revised.

(c) Income taxes

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

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS (continued)

(c) Income taxes (continued)

The carrying amounts of the Group's current tax payable and deferred tax liabilities as at 31 March 2022 were approximately $4,454,000 (2021: $9,508,000) and $545,000 (2021: $1,209,000) respectively.

The carrying amounts of the Company's current tax payable and deferred tax liabilities as at 31 March 2022 were approximately $4,461,000 (2021: $$8,354,000) and $nil (2021: $1,362,000) respectively.

(d) Contract assets

Contract assets refer to services rendered which have not been billed and are stated at cost plus estimated profit earned, according to the estimated progress of the projects completed and total estimated budgeted cost. Management made reference to labour hours incurred and the physical stage of maintenance, repair and overhaul in estimating the progress of the projects completed and budgeted cost. The carrying amounts of the Group's and Company's contract assets as at 31 March 2022 were approximately $124,562,000 (2021: $101,572,000) and $118,770,000 (2021: $93,667,000) respectively.

(e) Measurement of right-of-use assets and related lease liabilities

The Group and the Company have entered into lease agreements for certain plant and equipment, office furniture and computer equipment and land and buildings. These non-cancellable leases have lease terms of between 1 and 48 years, with some leases containing renewal options. The Group assesses at each lease commencement date whether it is reasonably certain to exercise the extension options. Where the Group assesses it is likely to exercise the extension options available to it, the extensions were included in the measurement of lease liabilities. The carrying amounts of the Group's and Company's right-of-use assets as at 31 March 2022 were approximately $63,005,000 (2021: $71,317,000) and $56,841,000 (2021: $64,124,000), respectively. The carrying amounts of the Group's and Company's lease liabilities as at 31 March 2022 were approximately $66,931,000 (2021: $74,164,000) and $59,975,000 (2021: $66,246,000), respectively.

(f) Impairment of non-financial assets

Management performs impairment testing for the following items:

- Property, plant and equipment (refer to Note 16);
- Right-of-use assets;
- Intangible assets, relating to deferred engine development costs (refer to Note 18); and
- Investments in subsidiary, associated and joint venture companies.

Impairment is recognised when events and circumstances indicate that the non-financial assets may be impaired and the carrying amounts of the non-financial assets exceed the recoverable amounts. Recoverable amount is defined as the higher of the non-financial assets' fair value less costs to sell and its value-in-use. In the case of aircraft rotable spares, the current fair market value is determined based on the expected scrap value from the outcome of a request-for-quotation ("RFQ") exercise on an entire portfolio basis carried out close to the year-end.

When value-in-use calculations are undertaken, Management estimates the recoverable amount based on a discounted cash flow model. The cash flows are derived from the forecast approved by Management. These cash flow assumptions are premised on Management's assessment of market conditions and outlook relevant to the cash-generating units, and therefore subject to risk of estimation uncertainties.

5. REVENUE (in thousands of $)

	The Group	
	2021/22	**2020/21**
Airframe and line maintenance		
Airframe overhaul and line maintenance	481,309	376,623
Fleet management programme	52,654	51,635
	533,963	428,258
Engine and component	32,123	14,736
	566,086	442,994

5. REVENUE (in thousands of $) (continued)

(a) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major service line and timing of revenue recognition.

	Airframe overhaul and line maintenance		Fleet management programme		Engine and component		Total	
	2021/22	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**
Primary geographical markets								
East Asia	382,043	294,571	51,070	50,043	15,977	4,435	449,090	349,049
Europe	54,506	35,759	705	1,067	1,387	857	56,598	37,683
South West Pacific	3,176	3,843	58	65	1,614	560	4,848	4,468
Americas	22,173	16,347	158	–	12,626	8,363	34,957	24,710
West Asia and Africa	19,411	26,103	663	460	519	521	20,593	27,084
	481,309	376,623	52,654	51,635	32,123	14,736	566,086	442,994
Major service line								
Services rendered	481,309	376,623	52,654	51,635	32,123	14,736	566,086	442,994
	481,309	376,623	52,654	51,635	32,123	14,736	566,086	442,994
Timing of revenue recognition								
Transferred over time	481,309	376,623	52,654	51,635	32,123	14,736	566,086	442,994
	481,309	376,623	52,654	51,635	32,123	14,736	566,086	442,994

5. REVENUE (in thousands of $) (continued)

(b) Transaction price allocated to the remaining performance obligations

As at 31 March 2022, the revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date for fleet management programme amounts to approximately $111,000,000 (2020/21: $86,000,000) for financial periods 2022/23 to 2024/25 (2020/21: 2021/22 to 2023/24).

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

6. STAFF COSTS (in thousands of $)

	The Group	
	2021/22	**2020/21**
Salary, bonuses and other costs	238,263	167,054
CPF and other defined contributions	40,072	38,697
Share-based compensation expense	3,810	3,222
	282,145	208,973

The Group contributes to unfunded, non-contributory, defined benefit plans for some of the regular employees. Defined benefit expenses for the Group were approximately $708,000 (2020/21: $979,000). As the financial effects of the defined benefit plan are not material to the overall financial statements, no further disclosures of the plan are provided. Disclosures relating to share-based compensation expense are in Note 12.

During the year, staff costs were offset by the following items:

(a) $71,929,000 (2020/21: $143,778,000) of government grants, namely the Jobs Support Scheme ("JSS") implemented by the Singapore Government, measured at 10-50% of the qualifying wages recorded by group entities in Singapore (refer to Note 2); and

(b) $5,249,000 (2020/21: $8,165,000) of wage subsidy under the Payroll Support Program and Employee Retention Credit scheme announced by the United States of America ("USA") Government to support business that were significantly affected by COVID-19. Such scheme was extended to a subsidiary incorporated in USA.

7. OPERATING LOSS (in thousands of $)

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

	The Group	
	2021/22	**2020/21**
Impairment loss allowance for trade receivables, contract assets and amounts owing by related parties	93	1,956
Net exchange (gain)/loss*	(473)	4,195
Provision for obsolete stocks, net	2,971	2,555
Professional fee paid to a firm in which a director is a member	136	282
Audit fees		
- Auditors of the Company	273	313
- Other auditors	17	18
Non-audit fees		
- Auditors of the Company#	136	16

* Amount includes a net fair value gain on forward currency contracts used for hedging purposes of approximately $64,000 (2020/21: net fair value gain of $272,000), which was realised in the current financial year. Disclosures relating to fair value changes on derivative financial instruments are in Note 14.

\# Amount includes professional fees relating to the establishment of the Group's Euro Medium Term Note Programme (Note 36 (d)) approximately $95,000 (2020/21: $Nil).

8. INTEREST INCOME (in thousands of $)

	The Group	
	2021/22	**2020/21**
Deposits placed with immediate holding company	1,701	3,693
Deposits placed with banks	115	254
	1,816	3,947

9. TAXATION (in thousands of $)

The major components of taxation for the years ended 31 March 2022 and 2021 are as follows:

	The Group	
	2021/22	**2020/21**
Current tax		
Provision for the financial year	(1,159)	(2,637)
Over-provision in respect of prior years	1,492	398
	333	(2,239)
Deferred tax		
Movement in temporary differences	11,956	19,267
Over/(under)-provision in respect of prior years	6,322	(995)
	18,278	18,272
Taxation recognised in profit or loss	18,611	16,033

Deferred tax related to other comprehensive income:

	The Group	
	2021/22	**2020/21**
Net change in the fair value of derivative financial instruments designated as cash flow hedges	93	(560)

9. TAXATION (in thousands of $) (continued)

A reconciliation between taxation and the product of accounting profit/(loss) multiplied by the applicable tax rate for the financial years ended 31 March is as follows:

	The Group	
	2021/22	**2020/21**
Profit/(Loss) before taxation	49,160	(35,587)
Less: share of results of associated and joint venture companies	(79,092)	(39,888)
	(29,932)	(75,475)
Taxation at statutory tax rate of 17.0%	5,088	12,831
Adjustments		
Income not subject to tax	14,958	22,628
Deferred tax assets not recognised	(5,115)	(11,155)
Expenses not deductible for tax purposes	(5,125)	(9,615)
Effects of difference in tax rates of other countries	458	1,178
Over/(under)-provision in relation to prior years	7,814	(597)
Writeback of withholding tax expense	37	765
Tax incentives	63	–
Others	433	(2)
Taxation	18,611	16,033

10. EARNINGS/(LOSS) PER SHARE

	The Group	
	2021/22	**2020/21**
Profit/(Loss) attributable to owners of the parent (in thousands of $)	67,608	(11,249)
Weighted average number of ordinary shares in issue used for computing basic earnings/(loss) per share*	1,122,234,361	1,121,130,335
Adjustment for dilutive potential ordinary shares	3,954,714	–
Weighted average number of ordinary shares in issue used for computing diluted earnings/(loss) per share	1,126,189,075	1,121,130,335
Basic earnings/(loss) per share (cents)	6.02	(1.00)
Diluted earnings/(loss) per share (cents)	6.00	(1.00)

* The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the effects of dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: performance shares, restricted shares and deferred shares.

In the prior year, the potential ordinary shares from the Company's share-based incentive plans were excluded from the diluted weighted average number of ordinary shares calculation as the conversion to ordinary shares would decrease loss per share. As such, the effect was considered anti-dilutive.

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

	The Group and Company	
	2021/22	**2020/21**
Dividends paid:		
Final dividend of Nil cents per share in respect of 2020/21 (2020/21: 5.0 cents per share in respect of 2019/20)	–	56,070

No tax exempt (one-tier) dividends were proposed for the financial year ended 31 March 2022.

12. SHARE CAPITAL (in thousands of $)

	The Group and Company			
	Number of shares		**Amount**	
	2022	**2021**	**2022**	**2021**
Issued and fully paid				
Balance at 1 April and 31 March	1,124,116,360	1,124,116,360	420,044	420,044

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

During the financial year, the Company's release of share awards granted under the restricted and performance share plans were settled by way of issuance of 1,109,033 (2020/21: 1,089,003) treasury shares.

Share-based incentive plans

At the Extraordinary General Meeting of the Company held on 21 July 2014, shareholders approved the adoption of the SIAEC RSP 2014 and SIAEC PSP 2014.

The details of the plans are described below:

	Restricted Share Plan	**Performance Share Plan**	**Deferred Share Award**
Plan Description	Award of fully-paid ordinary shares of the Company, dependent on position level and individual performance targets set at the start of a one-year performance period based on Group and Company objectives with some degree of stretch.	Award of fully-paid ordinary shares of the Company, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives for senior management.	Conditional share award of fully-paid ordinary shares of the Company under the Restricted Share Plan ("RSP"), which is the part-settlement of the Strategic and Transformational Initiatives Incentive Plan ("STIP") for senior management.

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

Share-based incentive plans (continued)

	Restricted Share Plan	Performance Share Plan	Deferred Share Award
Performance Conditions	Awards granted prior to 2021/22 • Group and Company EBITDA# Margin • Group and Company Value Added per $ Employment Cost Awards granted in and after 2021/22 • Achievement based on Company Operating Performance Scorecard The above performance conditions are selected as they are the key operational drivers of shareholder value and are aligned to the Group and Company's business objectives.	• Absolute Total Shareholder Return (TSR) outperform Cost of Equity (COE) • Return on Equity (ROE) • Successful Transformation from Financial/Business Perspective (for 2018/19 and 2019/20 Award only) The above performance measures are selected as key measurement of value-creation for shareholders.	None
Vesting Condition	Based on meeting stated performance conditions over a one-year performance period, 1/3 of award will vest provided performance conditions are met. Balance will vest equally over the subsequent two years with fulfilment of service requirements.	Vesting based on meeting stated performance conditions over the three-year performance period.	Awards cliff vest at the end of three years after the grant date, subject to meeting a three-year service-based condition and provided that individual performance remains satisfactory. Additional dividend kicker upon final vesting.
Payout	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 200% depending on the achievement of pre-set performance targets over the performance period.	100%

EBITDA denotes Earnings before Interest, Taxes, Depreciation and Amortisation.

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

RSP

	Number of Restricted shares				
Date of grant	Balance at 1.4.2021/ date of grant	Adjustments*	Cancelled	Released	Balance at 31.3.2022
06.07.2018	283,002	–	–	(283,002)	–
05.07.2019	563,677	–	(9,440)	(295,360)	258,877
07.07.2020	1,436,880	(75,226)	(89,759)	(470,222)	801,673
04.01.2021	7,900	(295)	–	(2,600)	5,005
07.07.2021	1,282,818	–	(40,200)	–	1,242,618
05.11.2021	11,000	–	–	–	11,000
	3,585,277	(75,521)	(139,399)	(1,051,184)	2,319,173

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

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

Share-based incentive plans (continued)

PSP

Date of grant	Balance at 1.4.2021/ date of grant	Adjustments*	Cancelled	Released	Balance at 31.3.2022
	Number of Performance shares				
06.07.2018	175,300	–	(117,451)	(57,849)	–
05.07.2019	273,400	–	–	–	273,400
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
	1,234,000	–	(117,451)	(57,849)	1,058,700

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

DSA

Date of grant	Balance at 1.4.2021/ date of grant	Adjustments*	Cancelled	Released	Balance at 31.3.2022
	Number of Deferred shares				
05.07.2019	173,278	–	–	–	173,278
07.07.2020	155,616	–	–	–	155,616
07.07.2021	247,947	–	–	–	247,947
	576,841	–	–	–	576,841

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

Measurement of fair values

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

The following table lists the key inputs to the model used for the July 2021, January 2021 and July 2020 award:

	July 2021 Award		January 2021 Award			July 2020 Award		
	RSP	PSP	RSP	PSP	DSA	RSP	PSP	DSA
Expected dividend yield (%)	Management’s forecast in line with dividend policy							
Expected volatility (%)	33.68	33.68	33.68	31.28	31.28	30.03	30.03	30.03
Risk-free interest rate (%)	0.33 – 0.72	0.72	0.72	0.29 – 0.33	0.31	0.26 - 0.31	0.31	0.31
Expected term (years)	1.00 – 3.00	3.00	3.00	0.50 – 2.50	2.50	1.00 - 3.00	3.00	3.00
Share price at date of grant ($)	2.20	2.20	2.20	1.99	1.99	2.00	2.00	2.00

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

Based on the Monte Carlo simulation model, the estimated fair value at date of grant for each share granted under the RSP ranges from $1.93 to $2.10 (2020/21: $1.79 to $1.94), the estimated fair value at date of grant for each share granted under the PSP is $2.22 (2020/21: $1.64 to $1.71) and the estimated fair value at date of grant for each share granted under the DSA is $1.93 (2020/21: $1.79).

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

Share-based incentive plans (continued)

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

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

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

The number of contingent shares granted but not released as at 31 March 2022, were 2,319,173 (2021: 2,291,459), 1,058,700 (2021: 878,000) and 576,841 (2021: 328,894) for RSP, PSP and DSA respectively. Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 2,945,982 (2021: 3,013,849), 2,117,400 (2021: 1,756,000) and 576,841 (2021: 328,894) fully-paid ordinary shares for RSP, PSP and DSA respectively.

For the current financial year, the Group has provided approximately $3,810,000 (2020/21: $3,222,000) in respect of the RSP, PSP and DSA based on the fair values determined on grant date and estimation of share grants that will ultimately vest.

The amounts recognised in profit or loss for share-based compensation transactions with employees are as follows:

	The Group and Company	
	2021/22	**2020/21**
Share-based compensation expense		
- Restricted share plan	2,453	2,393
- Performance share plan	899	581
- Deferred share award	458	248
	3,810	3,222

13. TREASURY SHARES (in thousands of $)

	The Group and Company 31 March	
	2022	**2021**
Balance at 1 April	(9,769)	(13,689)
Treasury shares reissued pursuant to equity compensation plans:		
- RSP/PSP awarded	2,727	3,864
- Loss on reissuance of treasury shares	1,266	56
	3,993	3,920
Balance at 31 March	(5,776)	(9,769)

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

During the financial year 2022 and 2021, the Company did not purchase any treasury shares.

13. TREASURY SHARES (in thousands of $) (continued)

The Company reissued 1,109,033 (2021: 1,089,003) treasury shares pursuant to share-based incentive plans. The number of treasury shares as at 31 March 2022 was 1,604,741 (2021: 2,713,774).

14. OTHER RESERVES (in thousands of $)

(a) Capital reserve

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

(b) Share-based compensation reserve

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

(c) Foreign currency translation reserve

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

(d) Fair value reserve

Fair value reserve records the cumulative fair value changes of financial asset measured at fair value through other comprehensive income ("FVOCI") and the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

	The Group **31 March**	
	2022	**2021**
Balance at 1 April	(2,300)	(8,682)
Net gain/(loss) on fair value adjustment	520	(2,461)
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	(64)	314
Recognised in "other operating expenses" in profit or loss on occurrence of hedging ineffectiveness	–	(586)
Share of other comprehensive income of a joint venture company	1,936	9,115
Balance at 31 March	92	(2,300)

	The Company **31 March**	
	2022	**2021**
Balance at 1 April	669	3,402
Net gain/(loss) on fair value adjustment	520	(2,461)
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	(64)	314
Recognised in "other operating expenses" in profit or loss on occurrence of hedging ineffectiveness	–	(586)
Balance at 31 March	1,125	669

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

(e) Equity transaction reserve

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

(f) General reserve

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

15. DEFERRED TAXATION (in thousands of $)

Deferred tax relates to the following items:

	The Group				The Company	
	Consolidated balance sheet **31 March**		Consolidated income statement		Balance sheet **31 March**	
	2022	**2021**	**2021/22**	**2020/21**	**2022**	**2021**
Deferred tax liabilities						
Differences in depreciation of property, plant and equipment	14,130	21,282	(7,152)	(316)	13,536	20,762
Revaluation of forward currency contracts to fair value[#]	230	137	–	–	230	137
Undistributed profits of a subsidiary company	–	–	–	(578)	–	–
Undistributed profits of overseas associated companies	174	211	(37)	(128)	–	–
Other items	22	22	–	(235)	–	–
Deferred tax assets						
Actuarial loss on revaluation of defined benefit plans	(514)	(514)	–	–	(514)	(514)
Provisions	(4,283)	(5,482)	1,199	(2,069)	(4,283)	(5,482)
Unabsorbed capital allowances and tax losses	(26,187)	(14,162)	(12,025)	(14,162)	(25,567)	(13,541)
Other items	(630)	(285)	(263)	(784)	–	–
	(17,058)	1,209			(16,598)	1,362
Deferred income tax expense			(18,278)	(18,272)		

[#] As at 31 March 2022, the Group and Company have deferred tax effects of changes in fair value of derivative financial instruments of approximately $93,000 (2020/21: $560,000) which were recognised in other comprehensive income (Refer to Note 9).

Deferred income tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable. The deferred tax assets of $12,025,000 recognised during the year (2020/21: $14,162,000) came from benefits of tax losses and unutilised capital allowances that arose during periods of the COVID-19 pandemic. With expectation of a gradual recovery in flight operations, Management has forecasted certain group entities to be generating future taxable profits in the foreseeable future to utilise these carry-forward tax losses.

15. DEFERRED TAXATION (in thousands of $) (continued)

As at 31 March 2022, the Group has remaining unrecognised tax losses of approximately $157,627,000 (2021: $132,843,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets are recognised due to uncertainty of their recoverability. The use of tax losses is subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. In Singapore, these tax losses do not expire under current tax legislation.

Except for deferred tax liabilities recorded on unremitted earnings for certain group entities, the Group has determined the undistributed earnings of the remaining overseas subsidiaries will not be distributed in the foreseeable future. As at 31 March 2022, the unremitted earnings aggregated to $16,663,000 (2021: $13,886,000), and the deferred tax liability effect is $4,999,000 (2021: $4,166,000).

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

The Group	Leasehold land and buildings	Plant, equipment & engine overhaul tooling	Aircraft rotable spares	Office furniture and computer equipment	Motor vehicles	Advance and progress payments #	Total
Cost							
At 1 April 2020	293,133	308,218	81,650	65,687	9,110	2,426	760,224
Additions	371	8,805	2,795	565	223	2,450	15,209
Transfers (including transfers from intangible assets)	–	937	149	4,246	–	(3,967)	1,365
Reclassification from assets held for sale	–	–	9,460	–	–	–	9,460
Disposals	(263)	(6,456)	(325)	(826)	(330)	30	(8,170)
Disposal of a subsidiary company	(459)	(13,511)	–	(2,297)	(623)	(9)	(16,899)
Exchange differences	(2,683)	(2,188)	(308)	220	(57)	120	(4,896)
At 31 March 2021	290,099	295,805	93,421	67,595	8,323	1,050	756,293
Additions	140	3,179	2,561	518	219	11,811	18,428
Transfers	4,179	2,838	273	1,891	–	(9,181)	–
Disposals	–	(6,475)	(781)	(656)	(226)	–	(8,138)
Exchange differences	276	165	33	14	8	–	496
At 31 March 2022	294,694	295,512	95,507	69,362	8,324	3,680	767,079
Accumulated depreciation and impairment losses							
At 1 April 2020	170,704	239,286	57,974	54,353	6,637	–	528,954
Depreciation	8,994	19,016	4,992	5,792	620	–	39,414
Disposals	(202)	(6,343)	(304)	(661)	(268)	–	(7,778)
Disposal of a subsidiary company	(293)	(10,876)	–	(1,999)	(382)	–	(13,550)
Reclassification from assets held for sale	–	–	6,667	–	–	–	6,667
Impairment losses	22,313	12,687	–	–	–	–	35,000
Exchange differences	(699)	(1,822)	(250)	241	(16)	–	(2,546)
At 31 March 2021	200,817	251,948	69,079	57,726	6,591	–	586,161
Depreciation	7,991	14,375	3,912	4,654	590	–	31,522
Disposals	–	(6,284)	(642)	(654)	(226)	–	(7,806)
Exchange differences	110	145	26	13	7	–	301
At 31 March 2022	208,918	260,184	72,375	61,739	6,962	–	610,178
Net book value							
At 31 March 2021	89,282	43,857	24,342	9,869	1,732	1,050	170,132
At 31 March 2022	85,776	35,328	23,132	7,623	1,362	3,680	156,901

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

The Company	Leasehold land and buildings	Plant, equipment & engine overhaul tooling	Aircraft rotable spares	Office furniture and computer equipment	Motor vehicles	Advance and progress payments #	Total
Cost							
At 1 April 2020	243,452	248,960	76,151	60,088	6,823	1,076	636,550
Additions	–	11,647	2,625	495	31	2,896	17,694
Transfers (including transfers from intangible assets)	–	567	–	4,246	–	(3,448)	1,365
Reclassification from assets held for sale	–	–	9,460	–	–	–	9,460
Disposals	–	(6,262)	(263)	(84)	(224)	–	(6,833)
At 31 March 2021	243,452	254,912	87,973	64,745	6,630	524	658,236
Additions	–	2,089	2,290	274	–	11,611	16,264
Transfers	4,172	2,935	–	1,891	–	(8,998)	–
Disposals	–	(5,979)	(477)	(585)	(226)	–	(7,267)
At 31 March 2022	247,624	253,957	89,786	66,325	6,404	3,137	667,233
Accumulated depreciation and impairment losses							
At 1 April 2020	156,975	194,126	53,476	49,975	4,950	–	459,502
Depreciation	7,181	14,197	4,745	5,362	505	–	31,990
Reclassification from assets held for sale	–	–	6,667	–	–	–	6,667
Impairment losses	22,313	12,687	–	–	–	–	35,000
Disposals	–	(6,164)	(245)	(84)	(224)	–	(6,717)
At 31 March 2021	186,469	214,846	64,643	55,253	5,231	–	526,442
Depreciation	6,204	12,816	3,608	4,379	420	–	27,427
Disposals	–	(5,932)	(350)	(585)	(226)	–	(7,093)
At 31 March 2022	192,673	221,730	67,901	59,047	5,425	–	546,776
Net book value							
At 31 March 2021	56,983	40,066	23,330	9,492	1,399	524	131,794
At 31 March 2022	54,951	32,227	21,885	7,278	979	3,137	120,457

Advance and progress payments comprise mainly plant, equipment and engine overhaul tooling (2021: plant, equipment and engine overhaul tooling).

<u>Assets held for sale</u>

Assets held for sale consist of aircraft rotables spares for specific aircraft types. With the COVID-19 pandemic exacerbating the early retirement of certain aircraft types, there are surplus in the supply of the aircraft rotable spares available in the market. With increased difficulty in selling these groups of aircraft rotable spares, Management decided to further write down the value of the assets held for sale to expected scrap value following quotes received from external bidders in a RFQ exercise that was carried out close to the year-end. The expected scrap value represents the fair value less costs to sell under the Group's accounting policy in Note 3(p). Accordingly, the write-down of $8,405,000 (2021: $1,937,000) recognised on assets held for sale was charged to current year's profit or loss

The fair value of aircraft rotable spares falls under level 3 of fair value hierarchy.

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

Assets held for sale (continued)

Movements of Assets Held for Sale for the current and previous years are set out below.

	The Group and Company
Balance as at 1 April 2020	14,227
Write-down	(1,937)
Reclassification from property, plant and equipment	(2,793)
Disposal during the year	(471)
Balance as at 31 March 2021	9,026
Write-down	(8,405)
Reclassification to property, plant and equipment	–
Disposal during the year	(261)
Balance as at 31 March 2022	360

Impairment test

The COVID-19 pandemic together with global travel restrictions and border controls has adversely affected the aviation and MRO sectors, and caused significant reduction in the Group's and Company's business volume and cash flows. Management has determined that this event is an indicator that the property, plant and equipment and right-of-use assets may be impaired. Management's impairment test included the following CGUs:

Airframe Maintenance Division ("BMD") CGU

The re-estimated recoverable amount of the BMD CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management, covering a five-year period. The approved financial forecasts factored in gradual recovery of work volume at hangars and increased margin through progressive implementation of transformation programmes, with gradual improvement in cash flows over the cash flow periods. The Group applied a pre-tax rate of 7.5% to discount the forecast cash flows. The terminal value assumed is premised on Year 5 cash flow through the expiry of the hangar lease period, i.e. at FY2039/40, at zero growth rate. Using these assumptions, the recoverable amount is able to support the carrying value of the non-financial assets deployed in the BMD CGU, net of accumulated impairment loss as brought forward from the prior year (2020/21: $35,000,000). However, as the outlook and timing of recovery for the aviation and MRO industries remain uncertain, there is an inherent risk of forecasting error embedded in the cash flow projections. As a result, the Group considers it necessary to perform sensitivity analysis on discount rate, assuming all things remain constant. Assuming the pre-tax discount rates of 8% - 9% are applied to reflect the forecasting risk error over the cash flow projections, the reduction in recoverable amount ranges from $4.2 million to $11.3 million. Should the range of recoverable amounts be extended to the simulated recoverable amounts at these higher discount rates as described, the net carrying value of the non-financial assets deployed in the BMD CGU continues to fall within this range of possible recoverable amounts.

Line Maintenance Division ("LMD") CGU

The recoverable amount of the LMD CGU has been determined based on value-in-use calculations using cash flow projections from financial forecasts approved by Management covering a five-year period (2021: five-year period). The number of international flights for line maintenance services the key driver supporting the cash flow forecast. The approved financial forecasts assume gradual recovery of flight operations over the cash flow periods, which is generally consistent with industry analysts' expectations. The pre-tax discount rate applied to cash flow projections is 9.0% (2021: 7.0%).

Under the above assumptions, the estimated recoverable amount of the LMD CGU continues to be in excess of the net carrying value of the property, plant and equipment, and as such, no impairment loss is considered necessary for the current year (FY2020/21: $Nil impairment loss).

17. RIGHT-OF-USE ASSETS (in thousands of $)

The carrying amount of right-of-use assets recognised and the movements during the year are as follows.

The Group	Land and buildings	Plant and equipment	Office furniture and computer equipment	Motor vehicles	Total
At 1 April 2020	94,456	1,972	287	344	97,059
Additions	3,981	82	22	22	4,107
Lease termination	(963)	(16)	–	(42)	(1,021)
Disposal of a subsidiary company	(80)	–	–	–	(80)
Depreciation	(27,436)	(631)	(101)	(177)	(28,345)
Exchange differences	(385)	(4)	(8)	(6)	(403)
At 31 March 2021	69,573	1,403	200	141	71,317
Additions	20,220	23	37	83	20,363
Derecognition of right-of-use assets	(219)	–	–	–	(219)
Depreciation	(27,553)	(552)	(100)	(117)	(28,322)
Exchange differences	(136)	1	1	–	(134)
At 31 March 2022	61,885	875	138	107	63,005

The Company	Land and buildings	Plant and equipment	Office furniture and computer equipment	Motor vehicles	Total
At 1 April 2020	77,267	1,783	122	–	79,172
Additions	2,510	–	–	–	2,510
Reinstatement of right-of-use assets*	6,794	–	–	–	6,794
Depreciation	(23,800)	(527)	(25)	–	(24,352)
At 31 March 2021	62,771	1,256	97	–	64,124
Additions	19,578	–	37	56	19,671
Derecognition of right-of-use assets	(219)	–	–	–	(219)
Depreciation	(26,219)	(471)	(37)	(8)	(26,735)
At 31 March 2022	55,911	785	97	48	56,841

* A reinstatement of right-of-use ("ROU") assets was a result of a subsidiary terminating a sub-lease arrangement previously entered with the Company (refer to Note 19).

18. INTANGIBLE ASSETS (in thousands of $)

The Group	Computer software	Deferred engine development costs	Advance and progress payments#	Total
Cost				
At 1 April 2020	47,180	45,961	9,569	102,710
Additions	217	304	4,663	5,184
Transfers (including transfers to property, plant and equipment)	2,191	–	(3,556)	(1,365)
Disposals	(470)	(505)	(5,795)	(6,770)
Disposal of a subsidiary company	(382)	–	–	(382)
Exchange differences	(62)	(237)	–	(299)
At 31 March 2021	48,674	45,523	4,881	99,078
Additions	(64)	2	4,923	4,861
Transfers	4,414	–	(4,414)	–
Disposals	(632)	(479)	–	(1,111)
Exchange differences	16	212	–	228
At 31 March 2022	52,408	45,258	5,390	103,056

18. INTANGIBLE ASSETS (in thousands of $) (continued)

The Group	Computer software	Deferred engine development costs	Advance and progress payments#	Total
Accumulated amortisation and impairment losses				
At 1 April 2020	43,153	7,675	–	50,828
Amortisation	1,853	1,590	–	3,443
Disposal	(337)	(35)	–	(372)
Disposal of a subsidiary company	(292)	–	–	(292)
Impairment losses	–	11,360	–	11,360
Exchange differences	(54)	2,485	–	2,431
At 31 March 2021	44,323	23,075	–	67,398
Amortisation	2,030	1,460	–	3,490
Disposal	(632)	(62)	–	(694)
Exchange differences	(9)	85	–	76
At 31 March 2022	45,712	24,558	–	70,270
Net book value				
At 31 March 2021	4,351	22,448	4,881	31,680
At 31 March 2022	6,696	20,700	5,390	32,786

Advance and progress payments comprise mainly computer software (2021: computer software).

Impairment testing of deferred engine development costs

This relates to the Group's share of engine programme assets including development costs made in connection with its participation in aircraft engine development projects together with other companies (the "Cash-generating unit" or "CGU").

In the prior year, following suspension of one of the aircraft engine development projects, a full impairment loss of $11,360,000 associated with the Group's share of the capitalised costs of development was charged to profit or loss. Subsequent to the programme suspension, the Group terminated its participation in the affected aircraft engine development project. This termination, however, has not affected the business viability of the other engine programme.

An impairment assessment has been performed on the carrying value of the remaining engine programme, where the Group found no need for any impairment loss. The recoverable amount of the remaining engine programme has been determined based on value-in-use calculations using cash flow projections from business plan provided by the programme manager for the next 36 years (2021: 37 years). The pre-tax discount rate applied to cash flow projections is 8.0% (2021: 8.0%).

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

Pre-tax discount rate – Discount rate represents the current market assessment of the risks specific to the engine development programme, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

Number and timing of engine sales – Number and timing of engine sales represent the projected number of aircraft engines expected to be sold each year after completing the engine development. Projected engine sales are based on current aircraft orders and expectations of market development.

18. INTANGIBLE ASSETS (in thousands of $) (continued)

The Company	Computer software	Advance and progress payments#	Total
Cost			
At 1 April 2020	44,731	9,125	53,856
Additions	70	4,663	4,733
Transfers (including transfers to property, plant and equipment)	2,191	(3,556)	(1,365)
Disposals	(93)	(5,351)	(5,444)
At 31 March 2021	46,899	4,881	51,780
Additions	(115)	4,923	4,808
Transfers	4,414	(4,414)	–
Disposals	(605)	–	(605)
At 31 March 2022	50,593	5,390	55,983
Accumulated amortisation			
At 1 April 2020	41,096	–	41,096
Amortisation	1,704	–	1,704
Disposals	(72)	–	(72)
At 31 March 2021	42,728	–	42,728
Amortisation	1,929	–	1,929
Disposals	(605)	–	(605)
At 31 March 2022	44,052	–	44,052
Net book value			
At 31 March 2021	4,171	4,881	9,052
At 31 March 2022	6,541	5,390	11,931

\# Advance and progress payments comprise mainly computer software (2021: computer software).

19. SUBSIDIARY COMPANIES (in thousands of $)

	The Company 31 March 2022	2021
Unquoted shares, at cost	156,157	155,857
Loan to a subsidiary company	8,120	–
Accumulated impairment loss	(29,187)	(29,187)
	135,090	126,670

(a) Composition of the Group

The subsidiary companies at 31 March are as follows:

Name of Company	Principal activities	Country of incorporation and place of business	Cost 2022	Cost 2021	Percentage equity held by the Group 2022	Percentage equity held by the Group 2021
NexGen Network (1) Holding Pte. Ltd. * +	Investment holding	Singapore	12,000	12,000	100	100
NexGen Network (2) Holding Pte. Ltd. *	Investment holding	Singapore	56,177	56,177	100	100

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

(a) Composition of the Group (continued)

Name of Company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2022	**2021**	**2022**	**2021**
SIA Engineering (USA), Inc. #	Provide aircraft maintenance services, including technical and non-technical handling at the airport	United States of America	1,358	1,358	100	100
SIAEC Global Private Limited *	Investment holding	Singapore	@	@	100	100
SIA Engineering Japan Corporation #	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Japan	4,711	4,711	100	100
Singapore Aero Support Services Pte. Ltd. *	Maintenance, repair and overhaul of aircraft and cabin components/ systems	Singapore	12,445	12,445	100	100
Heavy Maintenance Singapore Services Pte. Ltd. * ++	Provide airframe maintenance and component overhaul services	Singapore	17,187	17,187	100	100
SIA Engineering (Philippines) Corporation ^	Provide airframe maintenance and component overhaul services	Philippines	38,645	38,645	100	100
Additive Flight Solutions Pte. Ltd. *	Additive manufacturing of aircraft cabin parts and tooling for the aerospace industry	Singapore	2,700	2,400	60	60
Aerospace Component Engineering Services Pte. Limited *	Repair and overhaul of hydro-mechanical equipment for Boeing and Airbus aircraft	Singapore	10,934	10,934	51	51

* Audited by KPMG LLP, Singapore
^ Audited by member firms of KPMG International in the respective countries
@ Cost of investment and issued and paid-up share capital is $2
# Not required to be audited
\+ In process of voluntary wind down
++ Ceased operations and remained dormant at financial year-end

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

(a) Composition of the Group (continued)

During the financial year:

1. The Company invested approximately S$300,000 in Additive Flight Solutions Pte Ltd ("AFS").

2. The loan extended to a subsidiary company bears interest ranging from 2.02% to 2.89% per annum. The loan is non-trade related, and no repayment is expected in the foreseeable future. Accordingly, the Company has considered this loan arrangement as an extension of investment in the subsidiary company.

In the prior year:

1. The Company invested approximately $651,000 in SIA Engineering Japan Corporation ("SIAEJ").

2. The Company invested approximately $537,000 in NexGen Network (1) Holding Pte. Ltd. ("NGN1"). The Company recognised a full impairment loss of $12,000,000 on its investment in NGN1 following suspension of its aircraft engine development programme.

3. The Company sold its 51% interest in Aviation Partnership (Philippines) Corporation ("APPC") for a cash consideration of approximately $7,610,000. APPC ceased to be a subsidiary of SIAEC from 3 November 2020, upon completion of the divestment.

4. The Company acquired remaining 35% interest in SIA Engineering (Philippines) Corporation ("SIAEP") from non-controlling interest. Consequently, SIAEP became a wholly-owned subsidiary.

5. The Company acquired remaining 35% interest in Heavy Maintenance Singapore Services Pte. Ltd. ("HMSS") from non-controlling interest. Consequently, HMSS became a wholly-owned subsidiary and the business operations, together with the airframe maintenance facilities and assembled workforce were integrated with the Company. Arising from this restructuring, an additional impairment loss of $10,804,000 was recognised and charged to profit or loss resulting in full write-down of cost of investment as at 31 March 2021.

Movements in allowance for impairment loss

	The Company **31 March**	
	2022	**2021**
At 1 April	(29,187)	(6,383)
Impairment loss	–	(22,804)
At 31 March	(29,187)	(29,187)

Acquisition of non-controlling interests in 2021

HMSS

In the prior year, the Group acquired the remaining 35% of issued and paid-up share capital of HMSS at nominal consideration of $1 and received a cash compensation of $7,388,000 from a non-controlling shareholder for terminating the shareholders' agreement. At the Group, the compensation received net of incremental net liabilities assumed of $3,946,000 was recorded in the consolidated statement of changes in equity.

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

(a) Composition of the Group (continued)

Acquisition of non-controlling interests in 2021 (continued)

SIAEP

With the excess of incremental net assets acquired over the consideration (cash and contingent) settled, the Group recognised gain of $1,594,000 in the consolidated statement of changes in equity.

	31 March 2021
Consideration paid for acquisition of non-controlling interests	10,503
Contingent consideration	966
Decrease in equity attributable to non-controlling interests	(9,875)
Decrease in equity attributable to owners of the Company	1,594

Disposal of a subsidiary company in 2021

The carrying values of assets and liabilities of APPC disposed off, together with the associated financial effects, are set out below:

	As at date of disposal
Property, plant and equipment	3,349
Right-of-use assets	80
Intangible assets	90
Trade and other debtors	8,337
Contract assets	1,404
Inventories	937
Cash and bank balances	2,279
Less: Trade and other creditors	(5,144)
Lease liabilities	(83)
Net assets derecognised	11,249
Less: Non-controlling interest	(5,512)
Net assets disposed	5,737
Surplus on disposal:	
Cash received	7,610
Contingent consideration	10
Net assets disposed	(5,737)
Realisation of foreign currency translation reserve	112
Realisation of other comprehensive income	(22)
Surplus on disposal	1,973

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

(a) Composition of the Group (continued)

Contingent consideration

The Group is required to compensate the selling shareholder for any recovery of bad debts and insurance claims after the acquisition. The Group has included approximately $984,000 as contingent consideration related to the additional consideration.

(b) Interest in subsidiary companies with material non-controlling interests ("NCI")

The Group has the following subsidiary companies that have NCI that are material to the Group:

Name	**Principal place of business/Country of incorporation**	**Operating Segment**	**Ownership interests held by NCI 2022 %**	**Ownership interests held by NCI 2021 %**
Aerospace Component Engineering Services Pte. Limited	Singapore	Engine and component	49	49

(c) Summarised financial information about subsidiary companies with material NCI

Summarised financial information before intercompany eliminations of subsidiary companies with material NCI are as follows:

	Aerospace Component Engineering Services Pte. Limited **31 March** **2022**	**2021**
Summarised balance sheet		
Current		
Assets	18,713	17,602
Liabilities	(2,333)	(2,044)
Net current assets	16,380	15,558
Non-Current		
Assets	5,928	6,154
Liabilities	(1,478)	(1,526)
Net non-current assets	4,450	4,628
Net assets	20,830	20,186
Summarised statement of comprehensive income		
Revenue	14,724	9,739
Profit before income tax	1,395	157
Taxation	(63)	47
Profit after tax and total comprehensive income	1,332	204

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

(c) Summarised financial information about subsidiary companies with material NCI (continued)

	Aerospace Component Engineering Services Pte. Limited 31 March	
	2022	**2021**
Other summarised information		
Net cash flow from operations	1,864	3,263
Acquisition of significant property, plant and equipment	(625)	(289)

20. ASSOCIATED COMPANIES (in thousands of $)

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
Unquoted shares, at cost	216,379	219,437	216,379	219,437
Share of post-acquisition reserves	335,890	318,933	–	–
Share of other comprehensive income	768	811	–	–
Goodwill written-off to reserves	(24,398)	(24,398)	–	–
Translation adjustment	(77,819)	(80,270)	–	–
Accumulated Impairment loss	(2,351)	(2,744)	(41,104)	(28,870)
	448,469	431,769	175,275	190,567

The associated companies at 31 March are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2022	**2021**	**2022**	**2021**
Boeing Asia Pacific Aviation Services Pte. Ltd. ^^^++	Provide engineering, material management and fleet support solutions	Singapore	50,965	50,965	49.0	49.0
Eagle Services Asia Private Limited #++	Repair and overhaul of aircraft engines	Singapore	71,588	71,588	49.0	49.0
Fuel Accessory Service Technologies Pte Ltd #+	Repair and overhaul of engine fuel components and accessories	Singapore	5,071	5,071	49.0	49.0
Moog Aircraft Services Asia Pte. Ltd. **	Repair and overhaul services for flight control systems	Singapore	6,561	6,561	49.0	49.0

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

Name of company	Principal activities	Country of incorporation and place of business	Cost 2022	Cost 2021	Percentage equity held by the Group 2022	Percentage equity held by the Group 2021
PT Jas Aero-Engineering Services ^^++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Indonesia	3,675	3,675	49.0	49.0
Southern Airports Aircraft Maintenance Services Company Limited ***++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Vietnam	1,117	1,117	49.0	49.0
Component Aerospace Singapore Pte. Ltd. #+	Repair and overhaul of aircraft engine combustion chambers, guides, fuel nozzles and related parts	Singapore	2,853	2,853	46.4	46.4
JAMCO Aero Design & Engineering Private Limited *****	Provide turnkey solutions for aircraft interior modifications	Singapore	767	767	45.0	45.0
Panasonic Avionics Services Singapore Pte. Ltd.@	Provide line maintenance and repair services of in-flight entertainment systems	Singapore	2,685	2,685	42.5	42.5
Goodrich Aerostructures Service Center-Asia Pte. Ltd. #++	Repair and overhaul of aircraft nacelles, thrust reversers and pylons	Singapore	37,220	37,220	40.0	40.0
Pan Asia Pacific Aviation Services Limited *	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Hong Kong	3,224	3,224	40.0	40.0
Safran Electronics & Defense Services Asia Pte. Ltd. ****++	Provide avionics maintenance, repair and overhaul services	Singapore	11,004	11,004	40.0	40.0
Safran Landing Systems Services Singapore Pte. Ltd. ****++	Repair and overhaul of Boeing and Airbus series landing gears	Singapore	13,971	13,971	40.0	40.0
Asian Surface Technologies Pte Ltd ^++	Repair and overhaul of aircraft engine fan blades	Singapore	–	2,718	–	39.2

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

Name of company	Principal activities	Country of incorporation and place of business	Cost 2022	Cost 2021	Percentage equity held by the Group 2022	Percentage equity held by the Group 2021
Turbine Coating Services Pte Ltd #+	Repair and overhaul of aircraft engine turbine airfoils	Singapore	5,671	5,671	24.5	24.5
Line Maintenance Partnership (Thailand) Company Limited ##++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Thailand	–	340	–	49.0
GE Aviation, Overhaul Services – Singapore Pte. Ltd ##++	Repair and servicing of aircraft and spacecraft (including aircraft engines and other parts)	Singapore	7	7	49.0	49.0

@ Audited by KPMG LLP, Singapore
# Audited by PriceWaterhouseCoopers, Singapore
Not required to be audited by laws of country of incorporation
* Audited by BDO Limited, Hong Kong
** Audited by Ernst & Young LLP, Singapore
*** Audited by Deloitte & Touche, Vietnam
**** Audited by Mazars LLP, Singapore
***** Audited by Grant Thornton LLP, Singapore
^ Audited by RSM Chio Lim, Singapore
^^ Audited by Ernst & Young LLP, Indonesia
^^^ Audited by Deloitte & Touche, Singapore
+ Financial year end 30 November
++ Financial year end 31 December

During the financial year:

1. Boeing Asia Pacific Aviation Services Pte. Ltd ("BAPAS") has been loss making and planned to enter into a business restructuring after fulfilling remaining customer contracts. As a result, the Group and Company wrote down the carrying value of investment to its expected realisable value of net assets comprising predominantly monetary assets and liabilities and recorded additional impairment losses of $2,351,000 and $15,300,000 (2021: $Nil and $25,812,000) respectively during the year. In the prior year, the recoverable amount of BAPAS was premised on cash flows from remaining customer contracts and post-restructuring MRO consultancy business and discounted at pre-tax rate of 7.0%.

2. In October 2021, the Company sold the entire 39.2% shareholding in Asian Surface Technologies Pte. Ltd. ("AST") to PAS Technologies B.V. ("PAS"). The cash consideration was approximately $3,768,000 and the gain on divestment, net of reversal of impairment loss of $2,538,000 previously recognised was $2,618,000.

3. Following the registration for dissolution of Line Maintenance Partnership (Thailand) Company Limited ("LMPT") in the prior year, LMPT completed its liquidation procedure.

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

Movements in allowance for impairment loss

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
At 1 April	(2,744)	(2,538)	(28,870)	(2,718)
Impairment loss reversed	2,744	–	3,066	–
Impairment loss recognised	(2,351)	(206)	(15,300)	(26,152)
At 31 March	(2,351)	(2,744)	(41,104)	(28,870)

The carrying amount of the material investment is as follows:

	The Group 31 March	
	2022	**2021**
Eagle Services Asia Private Limited ("ESA")	253,523	224,502
Other associated companies	194,946	207,267
	448,469	431,769

The activities of ESA complement the Group's activities.

No dividends were received from ESA in 2021/22 (2020/21: $Nil).

Summarised financial information in respect of ESA is as follows:

	31 March	
	2022	**2021**
Summarised balance sheet		
Funds employed:		
Current assets	703,434	732,788
Non-current assets	134,965	148,380
	838,399	881,168
Current liabilities	(303,003)	(394,390)
Non-current liabilities	(18,001)	(28,610)
	517,395	458,168
Financed by:		
Shareholders' equity	517,395	458,168

	2021/22	**2020/21**
Summarised statement of comprehensive income		
Revenue	1,631,391	1,582,871
Profit after taxation from continuing operations	56,632	18,005
Total comprehensive income	56,632	18,005

The summarised financial information presented is extracted from the last audited financial statements available and unaudited management financial statements of ESA, prepared in conformity with the group accounting policies.

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

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

	The Group 31 March	
	2022	**2021**
Group's share of 49% of net assets	253,523	224,502

The remaining financial information about the Group's investment in associated companies that are not individually material.

The Group's share of the assets and liabilities comprises:

	The Group 31 March	
	2022	**2021**
Summarised balance sheet		
Funds employed:		
Current assets	201,558	248,346
Non-current assets	86,705	74,462
	288,263	322,808
Current liabilities	(85,709)	(108,209)
Non-current liabilities	(10,619)	(10,343)
	191,935	204,256
Financed by:		
Shareholders' equity	191,935	204,256

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

	2021/22	**2020/21**
Summarised statement of comprehensive income		
Profit after tax from continuing operations	21,946	16,912
Other comprehensive income	(43)	355
Total comprehensive income	21,903	17,267

21. JOINT VENTURE COMPANY (in thousands of $)

	The Group 31 March		The Company 31 March	
	2022	**2021**	**2022**	**2021**
Unquoted shares, at cost	61,867	61,867	61,867	61,867
Share of post-acquisition reserves	161,674	132,276	–	–
Share of other comprehensive income	(1,033)	(2,968)	–	–
Translation adjustment	(19,752)	(20,955)	–	–
	202,756	170,220	61,867	61,867

21. JOINT VENTURE COMPANY (in thousands of $) (continued)

The joint venture company at 31 March is as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2022	Cost 2021	Percentage equity held by the Group 2022	Percentage equity held by the Group 2021
Singapore Aero Engine Services Private Limited @	Repair and overhaul of aircraft engines	Singapore	61,867	61,867	50.0	50.0

@ Audited by KPMG LLP, Singapore, financial year end of 31 December

The carrying amount of the material investment is as follows:

	The Group 31 March 2022	The Group 31 March 2021
Singapore Aero Engine Services Private Limited ("SAESL")	202,756	170,220

The Group has 50% (2021: 50%) interest in the ownership and voting rights in SAESL. The activities of SAESL complement the Group's activities. The Group jointly controls SAESL with other partner governed under a contractual agreement that requires unanimous consent for all major decisions over the relevant activities.

No dividends (2020/21: $2,900,000) were received from SAESL.

Summarised financial information in respect of SAESL is as follows:

	31 March 2022	31 March 2021
Summarised balance sheet		
Funds employed:		
Cash and short-term deposits	94,645	24,523
Other current assets	1,160,175	721,911
Total current assets	1,254,820	746,434
Non-current assets	265,815	292,413
Total assets	1,520,635	1,038,847
Current liabilities	(1,025,211)	(585,407)
Non-current liabilities	(89,913)	(113,001)
Total liabilities	(1,115,124)	(698,408)
Net assets	405,511	340,439
Financed by:		
Shareholders' equity	405,511	340,439

21. JOINT VENTURE COMPANY (in thousands of $) (continued)

Summarised statement of comprehensive income	2021/22	2020/21
Revenue	2,708,375	1,677,854
Depreciation and amortisation	(37,029)	(37,603)
Interest income	117	93
Interest expense	(5,288)	(7,132)
Profit before tax	57,816	33,640
Taxation	979	(5,333)
Profit after taxation	58,795	28,307
Other comprehensive income	3,871	18,232
Total comprehensive income	62,666	46,539

The summarised financial information presented is extracted from the last audited financial statements available and unaudited management financial statements of SAESL, prepared in accordance with SFRS(I).

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

	The Group **31 March**	
	2022	**2021**
Group's share of 50% of net assets	202,756	170,220

22. TRADE DEBTORS (in thousands of $)

	The Group **31 March**		The Company **31 March**	
	2022	**2021**	**2022**	**2021**
Trade debtors, net	35,351	34,817	24,290	26,222

The table below is an analysis of trade debtors as at 31 March:

	The Group **31 March**		The Company **31 March**	
	2022	**2021**	**2022**	**2021**
Not past due and not impaired	17,352	9,848	11,219	5,279
Past due				
Trade debtors – collectively assessed	21,308	27,829	15,559	23,373
Less: Accumulated impairment losses	(3,309)	(2,860)	(2,488)	(2,430)
	17,999	24,969	13,071	20,943
Credit-impaired trade debtors – individually assessed	3,604	4,369	1,592	1,537
Less: Accumulated impairment losses	(3,604)	(4,369)	(1,592)	(1,537)
	–	–	–	–
Total trade debtors, net	35,351	34,817	24,290	26,222

22. TRADE DEBTORS (in thousands of $) (continued)

Trade debtors are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The carrying amount of trade debtors impaired by credit losses is reduced through the use of an allowance account unless on the date the impairment loss is recognised, the Group ascertains the amount to be uncollectible whereby it would be reduced directly. In subsequent periods when a trade debtor is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debtor is credit-impaired. Individual trade debt is written off when Management deems the amount not to be collectible.

As at 31 March 2022, trade debtors in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 52% (2021: 51%) for the Group and 75% (2021: 67%) for the Company.

23. CONTRACT BALANCES (in thousands of $)

The following table provides information about contract assets and contract liabilities from contracts with customers.

	The Group **31 March**		The Company **31 March**	
	2022	**2021**	**2022**	**2021**
Contract assets	124,562	101,572	118,770	93,667
Contract liabilities	(12,703)	(11,305)	(12,648)	(11,089)

Contract assets relate to the Group's and Company's rights to consideration for work completed but not billed at the reporting date. Included in contract assets are services rendered to immediate holding company of approximately $70,406,000 (2021: $61,080,000) and $70,291,000 (2021: $61,007,000) for the Group and Company respectively; and services rendered to fellow subsidiaries of the immediate holding company of approximately $17,286,000 (2021: $5,332,000) and $17,277,000 (2021: $5,515,000) for the Group and Company respectively. The contract assets are transferred to trade debtors when the rights become unconditional. This usually occurs when the Group and Company invoice the customers.

During the year, the Group made a provision for impairment of $141,000 (2021: $239,000) on contract assets that have been assessed as credit-impaired.

The contract liabilities primarily relate to advance consideration received from customers for fixed price package contracts for which revenue is recognised over time over the periods of service performance.

23. CONTRACT BALANCES (in thousands of $) (continued)

Significant changes in the contract assets and the contract liabilities balances during the year are as follows.

	Contract assets 31 March		Contract liabilities 31 March	
	2022	**2021**	**2022**	**2021**
The Group				
(a) Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	5,829	15,444
(b) Increases due to cash received, excluding amounts recognised as revenue during the year	–	–	(7,213)	(10,302)
(c) Contract assets recognised	143,506	127,255	–	–
(d) Transfer from contract assets to trade debtors	(119,282)	(255,481)	–	–
The Company				
(a) Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	5,188	14,071
(b) Increases due to cash received, excluding amounts recognised as revenue during the year	–	–	(6,747)	(8,776)
(c) Contract assets recognised	107,136	80,877	–	–
(d) Transfer from contract assets to trade debtors	(80,708)	(183,254)	–	–

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

	The Group 31 March		The Company 31 March	
	2022	**2021**	**2022**	**2021**
Current assets				
Prepayments	9,415	5,469	1,447	782
Other debtors	27,455	36,489	25,873	32,622
	36,870	41,958	27,320	33,404
Non-current assets				
Prepayments	3,891	8,697	–	–

As at 31 March 2022, the contract/notional amounts of the forward currency contracts were approximately $31,169,000 (2021: $35,037,000) for the Group and Company. These contracts were entered into by the Company's immediate holding company, on behalf of the Group and Company, and the fair value gain of $109,000 (2021: $42,000) for the Group and Company were recorded in other debtors.

Other debtors also included JSS grant receivable of approximately $22,263,000 (2021: $21,699,000) and $21,818,000 (2021: $20,662,000) for the Group and Company, respectively.

24 PREPAYMENTS AND OTHER DEBTORS (in thousands of $) (continued)

Of the outstanding prepayments, $7,881,000 (2021: $10,708,000) is held by a wholly-owned subsidiary company's programme partner to be used for settlement of the Group's share of future net financial obligations to the programme over the remaining period of approximately 2 years (2021: 3 years).

25. AMOUNTS OWING BY IMMEDIATE HOLDING COMPANY (in thousands of $)

The amounts due from the immediate holding company, which are carried at amortised cost, are unsecured, trade-related, interest-free and are repayable based on agreed trade terms. The Group has an arrangement with its immediate holding company to settle the net amounts due to or from each other in cash, based on the agreed terms.

The Group's receivables and payables from/(to) immediate holding company that are subject to offsetting arrangement are as follows:

	The Group 31 March 2022			The Company 31 March 2022		
	Gross carrying amount	**Gross amounts offset in the balance sheet**	**Net amounts in the balance sheet**	**Gross carrying amount**	**Gross amounts offset in the balance sheet**	**Net amounts in the balance sheet**
Receivables	77,479	(41,014)	36,465	77,144	(41,014)	36,130
Payables	(41,014)	41,014	–	(41,014)	41,014	–

	31 March 2021			31 March 2021		
	Gross carrying amount	**Gross amounts offset in the balance sheet**	**Net amounts in the balance sheet**	**Gross carrying amount**	**Gross amounts offset in the balance sheet**	**Net amounts in the balance sheet**
Receivables	108,626	(40,058)	68,568	108,453	(40,058)	68,395
Payables	(40,058)	40,058	–	(40,058)	40,058	–

26. AMOUNTS OWING BY/(TO) RELATED PARTIES (in thousands of $)

The amounts owing by/(to) related parties of the Group are unsecured, trade related, interest free and are repayable based on agreed terms.

The Group has an arrangement with its related parties to settle the net amounts due to or from each other in cash, based on the agreed terms.

	The Group 31 March		The Company 31 March	
	2022	**2021**	**2022**	**2021**
Amounts owing by related parties				
- Fellow subsidiaries	15,073	16,087	14,948	14,444
- Subsidiaries	–	–	6,266	11,207
- Joint venture/associated companies	5,569	1,975	5,515	1,921
- Others	61	874	61	874
	20,703	18,936	26,790	28,446
Amounts owing to related parties				
- Subsidiaries	–	–	(10,214)	(9,885)
- Joint venture/associated companies	(1,456)	(2,795)	(1,456)	(2,794)
	(1,456)	(2,795)	(11,670)	(12,679)

26. AMOUNTS OWING BY/(TO) RELATED PARTIES (in thousands of $) (continued)

The Group's receivables and payables from/(to) related parties that are subject to offsetting arrangement are as follows:

	The Group 31 March 2022			The Company 31 March 2022		
	Gross carrying amount	**Gross amounts offset in the balance sheet**	**Net amounts in the balance sheet**	**Gross carrying amount**	**Gross amounts offset in the balance sheet**	**Net amounts in the balance sheet**
Amounts owing by related parties						
- Fellow subsidiaries	15,073	–	15,073	14,948	–	14,948
- Subsidiaries	–	–	–	6,404	(138)	6,266
- Joint venture/ associated companies	5,569	–	5,569	5,515	–	5,515
- Others	61	–	61	61	–	61
	20,703	–	20,703	26,928	(138)	(26,790)
Amounts owing to related parties						
- Subsidiaries	–	–	–	(10,373)	159	(10,214)
- Joint venture/ associated companies	(1,456)	–	(1,456)	(1,456)	–	(1,456)
	(1,456)	–	(1,456)	(11,829)	159	(11,670)

	The Group 31 March 2021			The Company 31 March 2021		
	Gross carrying amount	**Gross amounts offset in the balance sheet**	**Net amounts in the balance sheet**	**Gross carrying amount**	**Gross amounts offset in the balance sheet**	**Net amounts in the balance sheet**
Amounts owing by related parties						
- Fellow subsidiaries	16,087	–	16,087	14,444	–	14,444
- Subsidiaries	–	–	–	12,441	(1,234)	11,207
- Joint venture/ associated companies	1,975	–	1,975	1,921	–	1,921
- Others	874	–	874	874	–	874
	18,936	–	18,936	29,680	(1,234)	28,446
Amounts owing to related parties						
- Subsidiaries	–	–	–	(9,980)	95	(9,885)
- Joint venture/ associated companies	(2,795)	–	(2,795)	(2,794)	–	(2,794)
	(2,795)	–	(2,795)	(12,774)	95	(12,679)

Amounts owing by related parties are stated after deducting impairment losses. During the year, the Group and Company made a full impairment loss of $19,000 (2020/21: $3,936,000) and Nil (2020/21: $11,917,000) respectively on amounts owing by related parties that have been assessed as credit-impaired.

27. INVENTORIES (in thousands of $)

	The Group 31 March 2022	The Group 31 March 2021	The Company 31 March 2022	The Company 31 March 2021
Aircraft and component spares	27,354	27,415	20,846	21,879
Consumable stores and stocks	5,640	7,697	294	2,137
Total inventories at lower of cost and net realisable value	32,994	35,112	21,140	24,016

Inventories are stated after deducting provision for stock obsolescence. An analysis of the provision for stock obsolescence is as follows:

	The Group 31 March 2022	The Group 31 March 2021	The Company 31 March 2022	The Company 31 March 2021
Balance at 1 April	22,394	20,593	21,735	19,912
Charge to profit or loss, net	2,971	2,555	2,194	1,997
Provision utilised during the year	(363)	(754)	(47)	(174)
Balance at 31 March	25,002	22,394	23,882	21,735

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

	The Group 31 March 2022	The Group 31 March 2021	The Company 31 March 2022	The Company 31 March 2021
Deposits placed with the immediate holding company	568,559	506,644	568,559	506,644
Fixed deposits placed with banks	15,448	14,853	1,522	1,522
	584,007	521,497	570,081	508,166

The surplus funds of the Group's working capital requirements are placed in short-term deposits with the immediate holding company and external financial institutions for varying periods depending on the immediate cash requirements of the Group. These deposits earn interest ranging from 0.05% to 1.42% (2020/21: 0.01% to 2.62%) per annum and can be withdrawn on demand. The interest rates are repriced at varying periods ranging from 1 to 12 months (2021: 1 to 12 months).

As at 31 March 2022, short-term deposits in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 18% (2021: 17%) for the Group and 18% (2021: 18%) for the Company.

29. CASH AND BANK BALANCES

These balances are placed in current accounts earning interest at floating rates based on daily bank deposit rates ranging from 0.0% to 0.05% (2020/21: 0.0% to 0.3%) per annum.

As at 31 March 2022, cash and bank balances in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 14% (2021: 18%) for the Group and 44% (2021: 22%) for the Company.

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

	The Group 31 March		The Company 31 March	
	2022	**2021**	**2022**	**2021**
Trade	17,044	9,862	10,682	2,943
Accruals	102,250	111,841	90,179	101,799
Contingent consideration	984	956	984	956
Deferred income	4,716	32,459	4,611	30,685
Provision for warranty claims	2,903	1,468	2,440	1,089
	127,897	156,586	108,896	137,472

These amounts are non-interest bearing.

As at 31 March 2022, trade and other creditors in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 7% (2021: 6%) for the Group and 9% (2021: 7%) for the Company.

Disclosures relating to contingent consideration are in Note 19.

Deferred income

Under the JSS, employers receive cash grants in relation to the gross monthly wages of eligible employees. At 31 March 2022, the cumulative grants received that were intended to defray the Group's payroll costs in future periods are recorded as "deferred income". Such deferred income shall be released to future period's profit or loss on a systematic basis over the remaining periods.

In accordance with ISCA Financial Reporting Bulletin 6 ("FRB 6") *COVID-19 Government Relief Measures: Accounting for the grant provided by the Singapore Government for wages paid to local employees under the Jobs Support Scheme*, the Group exercised its judgement to use the JSS to defray payroll costs across the relevant periods most affected by the pandemic.

Provision for warranty claims

An analysis of the provision for warranty claims is as follows:

	The Group 31 March		The Company 31 March	
	2022	**2021**	**2022**	**2021**
Balance at 1 April	1,468	1,406	1,089	591
Charge to profit or loss, net	2,200	840	1,351	677
Provision utilised during the year	(765)	(778)	–	(179)
Balance at 31 March	2,903	1,468	2,440	1,089

31. LEASES (in thousands of $)

(a) As lessee

The Group and the Company have entered into lease agreements for certain plant and equipment, office furniture and computer equipment and land and buildings. These non-cancellable leases have lease terms of between 1 and 48 years (2021: 1 and 48 years). There are no restrictions placed upon the Group or the Company under these arrangements.

31. LEASES (in thousands of $) (continued)

(a) As lessee (continued)

Amounts recognised in consolidated income statement

	The Group	
	2021/22	**2020/21**
Leases under IFRS 16		
Finance charges	2,362	2,671
Income from sub-leasing right-of-use assets	(90)	(88)
Expenses relating to variable lease payments not included in the measurement of lease liabilities	807	807
Expenses relating to short-term leases	783	2,267
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	268	355

Amounts recognised in statement of cash flows

	The Group	
	2021/22	**2020/21**
Total cash outflow for leases	28,147	27,473

Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options, and if so, these extension options are included in the measurement of lease liabilities. The Group also reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension options, would not be material.

Rent concessions

The Group negotiated rent concessions with its landlords for the majority of its property leases as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its property leases.

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is $1,471,000 (2020/21: $2,790,000). A rent concession of $1,052,000 was granted by the immediate holding company in the previous year. There was no rent concession from immediate holding company in the current year.

31. LEASES (in thousands of $) (continued)

(b) As lessor

Operating lease

As at 31 March 2022, the Company leased its property to another subsidiary for a lease term of 3 years and a joint venture for a lease term of 1 year. Another subsidiary also leased out its property to a third party for a period of 9 months (2021: 9 months).

The future minimum lease receivables under non-cancellable operating leases are as follows:

	The Group **31 March**		The Company **31 March**	
	2022	**2021**	**2022**	**2021**
Within one year	79	68	152	564
After one year but less than 5 years	–	–	140	335
	79	68	292	899

32. BANK LOANS (in thousands of $)

	The Group **31 March**	
	2022	**2021**
Current liabilities		
Current portion of long-term bank loan	–	2,314
Revolving credit facilities	2,801	4,816
	2,801	7,130
Non-current liability		
Long-term bank loan	–	2,785

The revolving credit facilities denominated in United States dollars taken by a subsidiary company are unsecured and bear interest at an average floating rate of 2.38% (2020/21: 1.44% to 2.70%) per annum. The current revolving credit facilities shall be repayable within 12 months after the reporting date

Prior to the loan settlement, the long-term bank loan denominated in United States dollars taken by a subsidiary company was unsecured, bore interest at an average floating rate of 1.44% per annum, and re-priced on a quarterly basis. This loan was fully repaid during the year.

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

	The Group	
	2021/22	**2020/21**
Profit/(Loss) before taxation	49,160	(35,587)
Adjustments for:		
Depreciation	59,844	67,759
Amortisation of intangible assets	3,490	3,443
Impairment loss allowance for trade receivables, contract assets and amounts owing by related parties	93	1,956
Share-based compensation expense	3,810	3,222
Rent concessions	(1,471)	(2,790)
Unrealised exchange differences	(940)	4,195
Interest income	(1,816)	(3,947)
Finance charges	2,633	2,922
(Surplus)/Loss on disposal of property, plant and equipment and intangible assets	(687)	5,007
Surplus on disposal of associated companies	(2,618)	–
Surplus on disposal of a subsidiary company	–	(1,973)
Impairment of associated companies	2,145	206
Impairment of non-financial assets	8,405	48,297
Share of profits of associated and joint venture companies, net of tax	(79,092)	(39,888)
Operating profit before working capital changes	42,956	52,822
Decrease/(Increase) in debtors	10,070	(3,905)
(Increase)/Decrease in contract assets	(22,890)	130,984
Decrease in inventories	2,118	3,394
Decrease in creditors	(28,062)	(17,749)
Increase/(Decrease) in contract liabilities	1,398	(5,123)
Decrease/(Increase) in amounts owing by immediate holding company	31,388	(16,968)
(Increase)/Decrease in amounts owing by related parties, net	(3,068)	35,011
Cash generated from operations	33,910	178,466
Income taxes paid	(4,710)	(12,675)
Net cash provided by operating activities	29,200	165,791

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

Reconciliation of movements of liabilities to cash flows arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Long-term lease liabilities	Lease liabilities	Long-term bank loan	Bank loans	Total
Balance at 1 April 2021	52,433	21,731	2,785	7,130	84,079
Changes from financing cash flows					
Finance charges paid*	–	–	(102)	(17)	(119)
Repayment of lease liabilities	–	(28,147)	–	–	(28,147)
Repayment of borrowings	–	–	–	(7,135)	(7,135)
Total changes from financing cash flows	–	(28,147)	(102)	(7,152)	(35,401)
Non-cash changes					
Interest expense	–	2,362	102	17	2,481
Additions	15,378	4,775	–	–	20,153
Reclassification	(29,272)	29,272	(2,801)	2,801	–
Rent concessions	–	(1,471)	–	–	(1,471)
Foreign exchange movement	(115)	(15)	16	5	(109)
	(14,009)	34,923	(2,683)	2,823	21,054
Balance at 31 March 2022	38,424	28,507	–	2,801	69,732
Balance at 1 April 2020	77,891	21,318	7,335	5,868	112,412
Changes from financing cash flows					
Finance charges paid	–	–	(250)	(1)	(251)
Repayment of lease liabilities	–	(27,473)	–	–	(27,473)
Proceeds from borrowings	–	–	–	673	673
Repayment of borrowings	–	–	–	(3,183)	(3,183)
Total changes from financing cash flows	–	(27,473)	(250)	(2,511)	(30,234)
Non-cash changes					
Interest expense	–	2,671	250	1	2,922
Additions	2,913	173	–	–	3,086
Reclassification	(27,893)	27,893	(4,102)	4,102	–
Disposal of a subsidiary company	(76)	(7)	–	–	(83)
Rent concessions	–	(2,790)	–	–	(2,790)
Foreign exchange movement	(402)	(54)	(448)	(330)	(1,234)
	(25,458)	27,886	(4,300)	3,773	1,901
Balance at 31 March 2021	52,433	21,731	2,785	7,130	84,079

* Excluding fair value changes in contingent consideration recognised in profit or loss

34. CAPITAL EXPENDITURE COMMITMENTS (in thousands of $)

The Group and the Company have commitments for capital expenditure, with an aggregate value of approximately $51,022,000 (2021: $34,688,000) and $49,994,000 (2021: $32,645,000) respectively.

In addition, the Group's share of a joint venture company's commitments for capital expenditure is approximately $2,091,000 (2021: $4,909,000).

As covered in Note 2 to the financial statements, the Group and the Company will review the need and timing of these commitments to conserve cash where prudent to deal with continuing uncertainties from COVID-19 pandemic and ongoing geopolitical conflicts.

35. FINANCIAL INSTRUMENTS (in thousands of $)

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and financial liabilities in the balance sheet by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

	Financial assets at amortised cost	Derivatives used for hedging at fair value	Financial liabilities at amortised cost	Mandatorily at FVTPL – others	Total
The Group					
31 March 2022					
Assets					
Trade debtors	35,351	–	–	–	35,351
Other debtors	27,346	109	–	–	27,455
Amount due from immediate holding company	36,465	–	–	–	36,465
Amounts owing by related parties	20,703	–	–	–	20,703
Short-term deposits	584,007	–	–	–	584,007
Cash and bank balances	41,470	–	–	–	41,470
Total financial assets	745,342	109	–	–	745,451
Assets held for sale					360
Total non-financial assets					1,092,382
Total assets					1,838,193
Liabilities					
Trade and other creditors*	–	–	122,197	–	122,197
Contingent consideration	–	–	–	984	984
Amounts owing to related parties	–	–	1,456	–	1,456
Bank loans	–	–	2,801	–	2,801
Total financial liabilities	–	–	126,454	984	127,438
Total non-financial liabilities					89,350
Total liabilities					216,788

* Excluding deferred income and contingent consideration

35. FINANCIAL INSTRUMENTS (in thousands of $) (continued)

(a) Classification of financial instruments (continued)

	Financial assets at amortised cost	Derivatives used for hedging at fair value	Financial liabilities at amortised cost	Mandatorily at FVTPL – others	Total
The Group					
31 March 2021					
Assets					
Trade debtors	34,817	–	–	–	34,817
Other debtors	36,447	42	–	–	36,489
Amount due from immediate holding company	68,568	–	–	–	68,568
Amounts owing by related parties	18,936	–	–	–	18,936
Short-term deposits	521,497	–	–	–	521,497
Cash and bank balances	94,467	–	–	–	94,467
Total financial assets	774,732	42	–	–	774,774
Assets held for sale					9,026
Total non-financial assets					1,025,968
Total assets					1,809,768
Liabilities					
Trade and other creditors*	–	–	123,171	–	123,171
Contingent consideration	–	–	–	956	956
Amounts owing to related parties	–	–	2,795	–	2,795
Bank loans	–	–	7,130	–	7,130
Long-term bank loan	–	–	2,785	–	2,785
Total financial liabilities	–	–	135,881	956	136,837
Total non-financial liabilities					128,645
Total liabilities					265,482

* Excluding deferred income and contingent consideration

35. FINANCIAL INSTRUMENTS (in thousands of $) (continued)

(a) Classification of financial instruments (continued)

	Financial assets at amortised cost	Derivatives used for hedging at fair value	Financial liabilities at amortised cost	Mandatorily at FVTPL – others	Total
The Company					
31 March 2022					
Assets					
Trade debtors	24,290	–	–	–	24,290
Other debtors	25,764	109	–	–	25,873
Immediate holding company	36,130	–	–	–	36,130
Loan to a subsidiary company	8,120	–	–	–	8,120
Amounts owing by related parties	26,790	–	–	–	26,790
Short-term deposits	570,081	–	–	–	570,081
Cash and bank balances	13,486	–	–	–	13,486
Total financial assets	704,661	109	–	–	704,770
Assets held for sale					360
Total non-financial assets					711,296
Total assets					1,416,426
Liabilities					
Trade and other creditors*	–	–	103,301	–	103,301
Contingent consideration	–	–	–	984	984
Amounts owing to related parties	–	–	11,670	–	11,670
Total financial liabilities	–	–	114,971	984	115,955
Total non-financial liabilities					81,695
Total liabilities					197,650

* Excluding deferred income and contingent consideration

35. FINANCIAL INSTRUMENTS (in thousands of $) (continued)

(a) Classification of financial instruments (continued)

	Financial assets at amortised cost	Derivatives used for hedging at fair value	Financial liabilities at amortised cost	Mandatorily at FVTPL – others	Total
The Company					
31 March 2021					
Assets					
Trade debtors	26,222	–	–	–	26,222
Other debtors	32,580	42	–	–	32,622
Immediate holding company	68,395	–	–	–	68,395
Amounts owing by related parties	28,446	–	–	–	28,446
Short-term deposits	508,166	–	–	–	508,166
Cash and bank balances	66,465	–	–	–	66,465
Total financial assets	730,274	42	–	–	730,316
Assets held for sale					9,026
Total non-financial assets					702,539
Total assets					1,441,881
Liabilities					
Trade and other creditors*	–	–	105,831	–	105,831
Contingent consideration	–	–	–	956	956
Amounts owing to related parties	–	–	12,679	–	12,679
Total financial liabilities	–	–	118,510	956	119,466
Total non-financial liabilities					117,736
Total liabilities					237,202

* Excluding deferred income and contingent consideration

(b) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

35. FINANCIAL INSTRUMENTS (in thousands of $) (continued)

(b) Fair values (continued)

Financial instruments carried at fair value

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	The Group and Company **31 March 2022**			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs, other than quoted price (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Recurring fair value measurements				
Financial Asset				
Currency hedging contracts	–	109	–	109
Financial liability				
Contingent consideration	–	–	(984)	(984)
	–	109	(984)	(875)

	The Group and Company **31 March 2021**			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs, other than quoted price (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Recurring fair value measurements				
Financial Asset				
Currency hedging contracts	–	42	–	42
Financial liability				
Contingent consideration	–	–	(956)	(956)
	–	42	(956)	(914)

Level 2 fair value measurements

The Group and Company have carried all derivative instruments at their fair values.

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

35. FINANCIAL INSTRUMENTS (in thousands of $) (continued)

(b) Fair values (continued)

Financial instruments whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the following financial assets and financial liabilities are reasonable approximations of their fair values due to their short-term nature: cash and bank balances, short-term deposits, amounts owing by/to related parties, immediate holding company, loans, contract assets and liabilities, trade and other debtors and creditors.

The carrying amount of the long-term loan is reasonable approximations of fair value as the loans are floating rate loans that re-price to market interest rate quarterly.

<u>Level 3 fair value measurements</u>

The fair value of the contingent consideration is determined by reference to specific debts provisioning and insurance claims to be settled post-acquisition.

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

The Group operates principally in Singapore and generates revenue mainly in Singapore dollars. The Group also has investments in subsidiaries, associated and joint venture companies that operate in seven countries. The Group's operations carry certain financial risks, including the effects of changes in foreign exchange rates and interest rates. The Group's risk management approach is to moderate the effects of such volatility on its financial performance. The Group's policy permits the use of derivatives to hedge specific exposures.

As derivatives are used for the purpose of risk management, they do not expose the Group to market risk because gains and losses on the derivatives offset losses and gains on the matching asset, liability, and expected future cash flows being hedged. Moreover, counterparty credit risk is generally restricted to any hedging gain from time to time, and not the principal amount hedged. Therefore the possibility of material loss arising in the event of non-performance by a counterparty is considered to be unlikely.

The Audit Committee provides oversight to the work of the Group Risk Management Committee in respect of financial risks.

(a) Foreign currency risk

The Group has transactional currency exposures arising from operating revenues and expenses that are denominated in a currency other than the respective functional currencies of Group entities, primarily, Singapore dollars ("SGD"), Philippine Pesos ("PHP"), Japanese Yen ("JPY") and United States dollars ("USD"). The foreign currencies in which these transactions are denominated are mainly United States dollars. For the financial year ended 31 March 2022, these accounted for 19% of total revenue (2020/21: 25%) and 8% of total operating expenses (2020/21: 9%). The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Group and Company also hold cash and cash equivalents in foreign currencies other than the functional currencies of the Group, denominated mainly in USD, for working capital purposes. At the end of the reporting period, such USD balances amounted to approximately $109,166,000 (2021: $107,628,000) and $108,744,000 (2021: $105,663,000) for the Group and the Company respectively.

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

(a) Foreign currency risk (continued)

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. Surpluses of convertible currencies are sold, as soon as practicable, for Singapore dollars. The Group also uses forward foreign currency contracts to hedge a portion of its future foreign exchange exposure. Such contracts provide for the Group to sell United States dollars at predetermined forward rates, depending on forecast requirements, with settlement dates that range up to one year for the Company and up to 3 years for a joint venture. The Group uses forward contracts purely as a hedging tool. It does not take positions in currencies with a view to make speculative gains from currency movements.

Cash flow hedges

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

The cash flow hedges of the expected inflows and outflows in USD in the next 12 months and the highly probable USD capital injections in an associated company were assessed to be highly effective and at 31 March 2022, a net fair value gain before tax of $1,355,000 (2020/21: $806,000) with a related deferred tax asset $230,000 (2021: deferred tax asset of $137,000), were included in fair value reserve in respect of these contracts.

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective; hence there will be no impact on profit before taxation from the cash flow hedges.

The following table details the sensitivity to a 1% weakening or strengthening of SGD exchange rate against the USD with all other variables held constant. The sensitivity analysis includes only the USD currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rate.

	The Group		The Company	
	31 March		**31 March**	
	2022	**2021**	**2022**	**2021**
Effect of weakening of SGD against USD				
Profit before taxation R1	1,130	1,111	1,125	1,089
Equity R2	(311)	(350)	(311)	(350)
Effect of strengthening of SGD against USD				
Profit before taxation R1	(1,130)	(1,111)	(1,125)	(1,089)
Equity R2	311	350	311	350

R1 Sensitivity analysis on significant outstanding USD denominated monetary items.
R2 Sensitivity analysis on outstanding USD hedging contracts.

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

(a) Foreign currency risk (continued)

Foreign currency hedging effectiveness

The effectiveness of the foreign currency hedges has been determined based on forecast foreign currency receipts using projections approved by Management covering a 12-month period, and forecast timing of capital injections in an associated company. All hedges were effective in FY2021/22.

The calculation of foreign currency hedging effectiveness is sensitive to and is derived from forecasted foreign currency receipts and capital investments that have high probability to occur.

(b) Interest rate risk

The Group's exposure to market risk for changes in the interest rates relates primarily to the Group's short-term deposits with the immediate holding company and banks and other interest-bearing financial assets and financial liabilities.

As at 31 March 2022, the Group has short-term deposits and borrowings.

Interest rate sensitivity analysis

At the end of the reporting period, if the floating rates had been 100 basis points (2020/21: 10 basis points) lower/higher with all other variables held constant, the Group's profit before tax would have been approximately $282,000 (2020/21: $28,000) higher/lower, arising mainly as a result of lower/higher interest expense on the floating rate loan.

(c) Credit and counterparty risk

Credit risk

The Group's and Company's maximum exposure to credit risk in the event that counterparties fail to perform their contractual obligations as at 31 March 2022 in relation to each class of recognised financial assets are as follows:

	The Group **31 March**		The Company **31 March**	
	2022	**2021**	**2022**	**2021**
Trade debtors	35,351	34,817	24,290	26,222
Contract assets	124,562	101,572	118,770	93,667
Other debtors	27,455	36,489	25,873	32,622
Amount due from immediate holding company	36,465	68,568	36,130	68,395
Amounts owing by related parties	20,703	18,936	26,790	28,446
Short-term deposits	584,007	521,497	570,081	508,166
Cash and bank balances	41,470	94,467	13,486	66,465
	870,013	876,346	815,420	823,983

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

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

(c) Credit and counterparty risk (continued)

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors. Concentrations of credit risk with respect to trade debtors are limited to the entities comprising the Group's customer base. The Group carefully assesses the financial strength of its customers and where appropriate, obtains collaterals, including bank guarantees and letters of credit, from customers. In addition, the Group monitors the receivable balances on an ongoing basis, providing for doubtful accounts whenever risks are identified. At 31 March 2022, the only trade debtor exceeding 30% (2021: 43%) of the Group's trade debtors was an amount of approximately $36,465,000 (2021: $68,568,000) due from its immediate holding company, Singapore Airlines Limited.

The COVID-19 pandemic has significantly weakened the financial positions of airline customers. The Group's credit risk assessment is based on circumstances and information available as of the reporting date. The Group has provided for the necessary impairments on the recoverability of receivables and amounts owing by related parties from these airline customers. Such assessment extends to airline customers that are credit-impaired. For non-credit impaired customers, Management applied its best estimate on the expected credit loss allowances.

<u>Expected credit loss assessment for trade receivables, contract assets and amounts owing by related parties</u>

The Group and Company use an allowance matrix by age bracket to measure the ECLs of trade receivables, contract assets and amounts owing by related parties.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the common credit risk characteristics.

The following table provides information about the exposure to credit risk and ECLs for trade receivables, contract assets and amounts owing by related parties as at 31 March 2022 and 31 March 2021:

		The Group	
		31 March 2022	
	Weighted average loss rate	**Gross carrying amount**	**Impairment loss allowance**
Less than 30 days	0.40%	154,575	(622)
30 days to 60 days	1.49%	7,899	(118)
61 days to 90 days	5.58%	2,546	(142)
More than 90 days	27.31%	22,669	(6,191)
		187,689	(7,073)

		The Group	
		31 March 2021	
	Weighted average loss rate	**Gross carrying amount**	**Impairment loss allowance**
Less than 30 days	0.40%	124,700	(505)
30 days to 60 days	4.38%	4,179	(183)
61 days to 90 days	3.80%	1,790	(68)
More than 90 days	29.53%	36,060	(10,648)
		166,729	(11,404)

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

(c) Credit and counterparty risk (continued)

Expected credit loss assessment for trade receivables, contract assets and amounts owing by related parties (continued)

		The Company	
		31 March 2022	
	Weighted average loss rate	**Gross carrying amount**	**Impairment loss allowance**
Less than 30 days	0.26%	139,672	(364)
30 days to 60 days	0.24%	7,232	(17)
61 days to 90 days	0.42%	3,092	(13)
More than 90 days	15.40%	23,934	(3,686)
		173,930	(4,080)

		The Company	
		31 March 2021	
	Weighted average loss rate	**Gross carrying amount**	**Impairment loss allowance**
Less than 30 days	0.02%	109,986	(26)
30 days to 60 days	1.43%	3,014	(43)
61 days to 90 days	1.46%	3,843	(56)
More than 90 days	33.26%	47,376	(15,759)
		164,219	(15,884)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables, contract assets and amounts owing by related parties in accordance with the simplified life-time approach set out in IFRS 9:

	The Group		
Lifetime ECL	**Not credit-impaired Collectively assessed**	**Credit-impaired Individually assessed**	**Total**
Balance at 1 April 2020	1,719	11,065	12,784
Charged during the year	1,466	490	1,956
Disposal of a subsidiary company	(164)	(30)	(194)
Provision utilised during the year	(161)	(2,981)	(3,142)
Balance at 31 March 2021	2,860	8,544	11,404
Charged/(Reversed) during the year	495	(402)	93
Provision utilised during the year	(46)	(4,378)	(4,424)
Balance at 31 March 2022	3,309	3,764	7,073

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

(c) Credit and counterparty risk (continued)

Expected credit loss assessment for trade receivables, contract assets and amounts owing by related parties (continued)

	The Company		
Lifetime ECL	**Not credit-impaired Collectively assessed**	**Credit-impaired Individually assessed**	**Total**
Balance at 1 April 2020	658	7,835	8,493
Charged during the year	1,772	7,519	9,291
Provision utilised during the year	–	(1,900)	(1,900)
Balance at 31 March 2021	2,430	13,454	15,884
Charged/(Reversed) during the year	58	(1,420)	(1,362)
Provision utilised during the year	–	(10,442)	(10,442)
Balance at 31 March 2022	2,488	1,592	4,080

Loss rates are based on actual credit loss experience over the past three years adjusted for current conditions and the Group's view of economic conditions impacted by COVID-19 pandemic over the expected lives of the receivables when these factors have a significant impact to the credit loss. No scalar factor has been applied for the financial year ended 31 March 2022 and 31 March 2021.

Immediate holding company

The Group and Company performed an individual assessment of the expected credit risk on the outstanding receivables and contract assets owing from the immediate holding company. The liquidity of the immediate holding company was evaluated by the Company, considering its financial position and other external credit-default risk factors appraised by credit-rating agencies. Through such assessments, the ECL for immediate holding company has been assessed to be insignificant.

Other financial assets

Other financial assets comprise other debtors, amounts owing by immediate holding company, short-term deposits and cash and bank balances. The Group considers its other financial assets to have low credit risk and the amount of allowance is insignificant.

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

(c) Credit and counterparty risk (continued)

Counterparty risk

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

	The Group				The Company			
	Outstanding balance **31 March**		Percentage of total financial assets **31 March**		Outstanding balance **31 March**		Percentage of total financial assets **31 March**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Counterparty profiles								
By industry:								
Airlines	605,024	708,482	81%	81%	604,689	706,018	86%	86%
Financial institutions	56,529	108,008	8%	12%	15,008	67,987	2%	8%
Others	389	23,367	0%	3%	–	17,356	–	2%
	661,942	839,857	89%	96%	619,697	791,361	88%	96%
By region:								
East Asia	644,543	775,066	87%	89%	619,697	752,252	88%	91%
Europe	–	38,544	–	4%	–	33,685	–	4%
South West Pacific	–	873	–	0%	–	–	–	–
Americas	17,399	22,595	2%	3%	–	2,924	–	1%
West Asia and Africa	–	2,779	–	0%	–	2,500	–	0%
	661,942	839,857	89%	96%	619,697	791,361	88%	96%
By Moody's credit ratings:								
Investment grade (A to Aaa)	56,410	108,902	8%	13%	15,008	67,987	2%	8%
Non-rated	605,532	730,955	81%	83%	604,689	723,374	86%	88%
	661,942	839,857	89%	96%	619,697	791,361	88%	96%

(d) Liquidity risk

The Group monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and credit facilities from financial institutions. As at 31 March 2022, the Group had at its disposal, cash and short-term deposits amounting to approximately $625,477,000 (2021: $615,964,000).

In response to possible future liquidity constraints arising from the uncertain recovery trajectory, the Group also maintains available undrawn short-term credit facilities amounting to $23,186,000 (2021: $18,214,000) that are unsecured and can be drawn down to meet short-term financing needs.

During the year, the Group has also established a Euro Medium Term Note Programme under which it may issue notes up to $1.0 billion. As of 31 March 2022, the programme remained unutilised.

The Group's holding of cash and short-term deposits, together with credit facilities and net cash flow from operations, are expected to be sufficient for working capital purposes as well as future capital commitments.

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

(d) Liquidity risk (continued)

The maturity profile of the financial liabilities of the Group and the Company is set out below. The amounts disclosed in the table are the contractual undiscounted cash flows, including estimated interest payments.

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
The Group							
2022							
Financial liabilities							
Trade and other creditors*	123,181	–	–	–	–	–	123,181
Contract liabilities	12,703	–	–	–	–	–	12,703
Amounts owing to related parties	1,456	–	–	–	–	–	1,456
Lease liabilities	30,421	7,308	4,215	3,822	3,847	29,993	79,606
Bank loans	2,807	–	–	–	–	–	2,807
Total undiscounted financial and lease liabilities	170,568	7,308	4,215	3,822	3,847	29,993	219,753
2021							
Financial liabilities							
Trade and other creditors*	124,127	–	–	–	–	–	124,127
Contract liabilities	11,305	–	–	–	–	–	11,305
Amounts owing to related parties	2,795	–	–	–	–	–	2,795
Lease liabilities	26,212	22,126	4,399	3,146	3,013	32,154	91,050
Bank loans	7,961	–	–	–	–	–	7,961
Long-term bank loan	140	2,808	–	–	–	–	2,948
Total undiscounted financial and lease liabilities	172,540	24,934	4,399	3,146	3,013	32,154	240,186
The Company							
2022							
Financial liabilities							
Trade and other creditors*	104,285	–	–	–	–	–	104,285
Contract liabilities	12,648	–	–	–	–	–	12,648
Amounts owing to related parties	11,670	–	–	–	–	–	11,670
Lease liabilities	28,403	6,068	3,461	3,450	3,476	22,339	67,197
Total undiscounted financial and lease liabilities	157,006	6,068	3,461	3,450	3,476	22,339	195,800
2021							
Financial liabilities							
Trade and other creditors*	106,787	–	–	–	–	–	106,787
Contract liabilities	11,089	–	–	–	–	–	11,089
Amounts owing to related parties	12,679	–	–	–	–	–	12,679
Lease liabilities	24,220	20,628	3,114	2,496	2,497	20,891	73,846
Total undiscounted financial and lease liabilities	154,775	20,628	3,114	2,496	2,497	20,891	204,401

* Excluding deferred income

37. SEGMENT INFORMATION (in thousands of $)

For management purposes, the Group is organised into business units based on the nature of the services provided and has the reportable operating segments as follows:

- The airframe and line maintenance segment provides airframe maintenance, line maintenance, and fleet management programme. These services include scheduled routine maintenance and overhaul, specialised and non-routine maintenance, modification and refurbishment programmes. Line maintenance provides aircraft certification and technical ground handling services such as push-back and towing, and the provision of aircraft ground support equipment and rectification work. Fleet management programme encompasses fleet technical management and inventory technical management services, which include the provision of comprehensive engineering and MRO solutions that can be customised to provide maintenance support to airlines.
- The engine and component segment provides component overhaul and engine repair and overhaul services.

Associated and joint venture companies contribute significantly to the performance of the Group. Management has organised the presentation of the segment results and revenue to better reflect the contribution of the associated and joint venture companies towards the Group's performance. The businesses operated by these equity-accounted investees form part of the Group's reportable segments.

All other unallocated items will be disclosed in the consolidated financial statements.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Segment liabilities are not available as the information is not used by Management to make operating decisions.

Transfer prices between operating segments are on agreed terms between the operating segments.

The Group's businesses are organised and managed separately according to the nature of the services provided. The following tables present revenue and profit information regarding operating segments for the financial years ended 31 March 2022 and 31 March 2021 and certain assets information of the operating segments as at those dates.

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

Operating Segments

2021/22	Notes	Airframe and line maintenance	Engine and component	Total segments	Elimination and adjustments	Per consolidated financial statements
SEGMENT REVENUE						
External revenue						
Company and subsidiaries		533,963	32,123	566,086	–	566,086
Associated companies	(a)	71,329	2,159,713	2,231,042	(2,231,042)	–
Joint venture company	(a)	–	2,708,375	2,708,375	(2,708,375)	–
Inter-segment revenue	(b)	–	1,416	1,416	(1,416)	–
		605,292	4,901,627	5,506,919	(4,940,833)	566,086
SEGMENT RESULTS						
Segment results						
Company and subsidiaries		(9,135)	(12,735)	(21,870)	–	(21,870)
Associated companies	(a)	(21,588)	108,455	86,867	(86,867)	–
Joint venture company	(a)	–	52,627	52,627	(52,627)	–
		(30,723)	148,347	117,624	(139,494)	(21,870)
Interest income						1,816
Impairment of non-financial assets						(8,405)
Impairment of an associated company						(2,145)
Surplus on disposal of associated companies						2,618
Share of profits of associated companies, net of tax					49,695	49,695
Share of profits of a joint venture company, net of tax					29,397	29,397
Other unallocated amounts						(1,946)
Profit before taxation	(c)					49,160
Taxation						18,611
Profit for the financial year						67,771
Other segment items						
Depreciation		56,847	2,997	59,844	–	59,844
Amortisation of intangible assets		1,957	1,533	3,490	–	3,490
Segment assets						
Property, plant and equipment		140,383	16,518	156,901	–	156,901
Right-of-use assets		55,360	7,645	63,005	–	63,005
Intangible assets		12,053	20,733	32,786	–	32,786
Investment in associated/joint venture companies		19,439	631,786	651,225	–	651,225
Prepayments and other debtors		–	3,891	3,891	–	3,891
Other unallocated assets	(d)					930,385
Total assets		227,235	680,573	907,808	–	1,838,193

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

Operating Segments

2020/21	Notes	Airframe and line maintenance	Engine and component	Total segments	Elimination and adjustments	Per consolidated financial statements
SEGMENT REVENUE						
External revenue						
Company and subsidiaries		428,258	14,736	442,994	–	442,994
Associated companies	(a)	87,977	2,077,653	2,165,630	(2,165,630)	–
Joint venture company	(a)	–	1,677,854	1,677,854	(1,677,854)	–
Inter-segment revenue	(b)	–	912	912	(912)	–
		516,235	3,771,155	4,287,390	(3,844,396)	442,994
SEGMENT RESULTS						
Segment results						
Company and subsidiaries		(20,778)	(4,185)	(24,963)	–	(24,963)
Associated companies	(a)	(26,804)	131,976	105,172	(105,172)	–
Joint venture company	(a)	–	40,694	40,694	(40,694)	–
		(47,582)	168,485	120,903	(145,866)	(24,963)
Interest income						3,947
Impairment of non-financial assets						(48,297)
Impairment of an associated company						(206)
Surplus on disposal of a subsidiary company						1,973
Share of profits of associated companies, net of tax					25,734	25,734
Share of profits of a joint venture company, net of tax					14,154	14,154
Other unallocated amounts						(7,929)
Loss before taxation	(c)					(35,587)
Taxation						16,033
Loss for the financial year						(19,554)
Other segment items						
Depreciation		66,610	1,149	67,759	–	67,759
Amortisation of intangible assets		1,826	1,617	3,443	–	3,443
Segment assets						
Property, plant and equipment		164,499	5,633	170,132	–	170,132
Right-of-use assets		70,165	1,152	71,317	–	71,317
Intangible assets		9,227	22,453	31,680	–	31,680
Investment in associated/joint venture companies		32,560	569,429	601,989	–	601,989
Prepayments and other debtors		–	8,697	8,697	–	8,697
Other unallocated assets	(d)					925,953
Total assets		276,451	607,364	883,815	–	1,809,768

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

Notes:

(a) 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.

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

(c) The following items are deducted from segment results to arrive at "profit before taxation" presented in the consolidated income statement:

	31 March 2022	31 March 2021
Finance charges	(2,633)	(2,922)
Surplus/(Loss) on disposal of property, plant and equipment and intangible assets	687	(5,007)
	(1,946)	(7,929)

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

	31 March 2022	31 March 2021
Current assets	912,782	925,953

Geographical segments

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

	Revenue*		Non-current assets 31 March	
	2021/22	**2020/21**	**2022**	**2021**
East Asia	449,089	349,049	899,433	851,393
Europe	56,598	37,683	–	–
South West Pacific	4,848	4,468	–	–
Americas	34,957	24,710	25,978	32,422
West Asia and Africa	20,594	27,084	–	–
Total	566,086	442,994	925,411	883,815

* Revenue from Company and subsidiary companies.

For the year ended 31 March 2022, revenue of approximately $400,215,000 (2020/21: $301,915,000) and $32,130,000 (2020/21: $30,255,000) were from customers located in Singapore and France respectively. The remaining revenue from customers in other countries were individually insignificant.

As at 31 March 2022, non-current assets of approximately $854,856,000 (2021: $802,970,000) were located in Singapore. The remaining non-current assets located in other countries were individually insignificant.

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.

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

Major customers

Revenue from one major customer amounted to approximately $323,185,000 (2020/21: $264,557,000), arising from services provided by airframe and line maintenance segment.

38. CAPITAL MANAGEMENT (in thousands of $)

The primary objective of the management of the Company's capital structure is to maintain an appropriate capital base while retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events including the impact of COVID-19 pandemic on cash flows. Capital comprises share capital and accumulated profits.

The Directors regularly review the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

During the financial year ended 31 March 2022, there was no dividend payment by the Company to shareholders (2020/21: $56,070,000 for final dividend in respect of 2019/20).

No significant changes were made in the objectives, policies or processes relating to the Management of the Company's capital structure. The Company continues to maintain the need to conserve cash to sustain the business through the uncertain recovery path and retain financial flexibility to pursue business opportunities. As such, the Board will not be recommending any dividend for 2021/22.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Capital for the Group and Company is tabulated below:

	The Group 31 March		The Company 31 March	
	2022	**2021**	**2022**	**2021**
Total debt:				
Lease liabilities	66,931	74,164	59,975	66,246
Bank loans	2,801	9,915	–	–
	69,732	84,079	59,975	66,246
Total capital:				
Share capital	420,044	420,044	420,044	420,044
Reserves	1,190,742	1,113,649	798,732	784,635
	1,610,786	1,533,693	1,218,776	1,204,679
Capital and total debt	1,680,518	1,617,772	1,278,751	1,270,925

39. RELATED PARTY TRANSACTIONS (in thousands of $)

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Group considers the Directors, Chief Executive Officer, Chief Financial Officer, Executive Vice President and Senior Vice Presidents of the Company to be key management personnel of the Company.

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

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

Sale and purchase of goods and services

	The Group	
	2021/22	**2020/21**
Income		
Sales of services and related materials to:		
- the immediate holding company and related corporations	369,310	279,587
- associated companies	17,249	17,217
- a joint venture company	2,853	2,252
Interest income from the immediate holding company	1,701	3,693
Equipment fee charged to the immediate holding company	132	135
Rental of office space charged to the immediate holding company	81	81
Expense		
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases	10,631	10,355
Rental of hangars, workshops and office space charged by the immediate holding company	17,959	16,738
Purchases of materials from the immediate holding company and fellow subsidiaries	55,752	40,006
Purchases of goods from:		
- associated companies	10,664	9,183
- a joint venture company	865	471
- others	14,322	14,310
Services rendered by:		
- the immediate holding company	449	52

Compensation of key management personnel

Directors' and key executives' remuneration of the Company

	The Company	
	2021/22	**2020/21**
Directors		
Directors' fees	1,066	941
Key executives		
Salary, bonuses and other costs	3,748	3,916
CPF and other defined contributions	112	127
Share-based compensation expense	2,130	1,772

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

Compensation of key management personnel (continued)

Directors' and key executives' remuneration of the Company (continued)

The details of RSP, PSP and DSA granted to key executives of the Company are as follows:

(a) RSP Base Awards

Name of participant	Balance as at 1 April 2021 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2022/ cessation of employment = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Ng Chin Hwee	174,800	142,800	174,800	142,800	317,600
Ivan Neo Seok Kok	64,700	59,300	64,700	59,300	438,319
Wong Yue Jeen	26,400	25,600	26,400	25,600	225,205
Philip Quek Cher Heong	28,200	24,000	28,200	24,000	195,395
Foo Kean Shuh	28,300	28,900	28,300	28,900	114,950
Schmuck Stefan	–	11,000	–	11,000	11,000
Ng Lay Pheng	27,100	27,000	27,100	27,000	88,000
Ng Jan Lin Wilin	26,900	24,900	26,900	24,900	218,490
Chua Hock Hai	7,900	26,100	7,900	26,100	34,000
So Man Fung	29,960	26,200	29,960	26,200	147,893

(b) RSP Final Awards (Pending Release)

Name of participant	Balance as at 1 April 2021 (a)	Final Awards granted during the financial year^ (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2022/ cessation of employment = (a)+(b)-(c)	Aggregate ordinary shares released to participant since commencement of RSP to end of financial year under review
Ng Chin Hwee	–	166,060	55,400	110,660	55,400
Ivan Neo Seok Kok	41,132	61,465	49,432	53,165	303,334
Wong Yue Jeen	16,170	25,080	19,850	21,400	143,329
Philip Quek Cher Heong	17,568	26,790	20,988	23,370	136,350
Foo Kean Shuh	17,560	26,885	21,160	23,285	70,435
Schmuck Stefan	–	–	–	–	–
Ng Lay Pheng	16,394	25,745	19,314	22,825	34,714
Ng Jan Lin Wilin	16,040	25,555	19,820	21,775	149,895
Chua Hock Hai	–	7,505	2,500	5,005	2,500
So Man Fung	20,180	28,462	22,920	25,722	79,227

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

Compensation of key management personnel (continued)

Directors' and key executives' remuneration of the Company (continued)

(c) PSP Base Awards

Name of participant	Balance as at 1 April 2021 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2022/ cessation of employment = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of PSP to end of financial year under review	Aggregate ordinary shares released to participant since commencement of PSP to end of financial year under review
Ng Chin Hwee	218,800	136,000	–	354,800	354,800	–
Ivan Neo Seok Kok	135,000	51,300	33,900	152,400	370,603	123,611
Wong Yue Jeen	55,600	22,300	15,300	62,600	113,338	21,705
Philip Quek Cher Heong	59,400	20,900	14,500	65,800	95,994	11,533
Foo Kean Shuh	59,800	25,100	14,900	70,000	102,619	12,536
Schmuck Stefan	–	9,700	–	9,700	9,700	–
Ng Lay Pheng	44,900	23,500	–	68,400	68,400	–
Ng Jan Lin Wilin	40,700	21,700	–	62,400	62,400	–
Chua Hock Hai	71,00	22,700	–	29,800	29,800	–
So Man Fung	–	22,800	–	22,800	22,800	–

(d) DSA Base Awards

Name of participant	Balance as at 1 April 2021 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2022/ cessation of employment = (a)+(b)-(c)	Aggregate ordinary shares released to participant since commencement of DSA to end of financial year under review
Ng Chin Hwee	–	122,970	–	122,970	–
Ivan Neo Seok Kok	48,338	–	–	48,338	–
Wong Yue Jeen	44,327	23,082	–	67,409	–
Philip Quek Cher Heong	42,395	22,817	–	65,212	–
Foo Kean Shuh	45,217	22,664	–	67,881	–
Schmuck Stefan	–	–	–	–	–
Ng Lay Pheng	39,171	23,214	–	62,385	–
Ng Jan Lin Wilin	24,902	22,543	–	47,445	–
Chua Hock Hai	–	5,697	–	5,697	–
So Man Fung	–	4,960	–	4,960	–

^ Final Awards granted during the financial year are determined by applying the achievement factor to the Base Awards that have vested during the financial year.

Additional Information

Required By The Singapore Exchange Securities Trading Limited

1. INTERESTED PERSON TRANSACTIONS (in thousands of $)

The aggregate value of all interested person transactions ("IPTs") entered into during the financial year 2021/22 are as follows:

Name of interested person	Nature of relationship	FY2021/22 Aggregate value of all IPTs (excluding all mandated transactions pursuant to Rule 920 of the SGX Listing Manual and transactions less than $100,000)	FY2021/22 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	–	489,272*
SilkAir (Singapore) Pte Ltd	Wholly-owned subsidiaries of SIAEC's controlling shareholder	–	396
Scoot TigerAir Pte Ltd		–	9,838
Singapore Aviation and General Insurance Company (Pte) Ltd		–	629
Non-listed Associates of Temasek Holdings (Private) Limited ("Temasek")			
AJI International Pte Ltd	Associates of Temasek	–	15,000
SATS Group			
SATS Airport Services Pte Ltd	Associate of Temasek Holdings (Private) Limited ("Temasek")	–	368
Total		–	515,503

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

Notes:

1. 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.

2. MATERIAL CONTRACTS

Except as disclosed above and in the financial statements for the financial year ended 31 March 2022, there were no material contracts entered into by the Company and its subsidiary companies involving the interests of the Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.