SIA Engineering Company Limited
and its Subsidiaries
Registration Number: 198201025C

Annual Report
Year ended 31 March 2024

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 2024.

In our opinion:

(a) the financial statements set out on pages 17 to 105 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 2024, 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)
Raj Thampuran	(Independent)
Wee Siew Kim	(Independent)
Chin Yau Seng	(Non-independent)
Chua Bin Hwee	(Independent)
Lim Kong Puay	(Independent)
Chong Chuan Neo	(Independent)
Tan Tze Gay	(Independent)
Tan Kai Ping	(Non-independent, appointed on 10 September 2023)

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	1.4.2023/date of appointment	31.3.2024	1.4.2023/date of appointment	31.3.2024
Interest in Singapore Airlines Limited				
Ordinary shares				
Goh Choon Phong	3,806,779	4,300,975	–	–
Chin Yau Seng	346,907	468,992	–	–
Chua Bin Hwee	–	–	30,000	30,000
Chong Chuan Neo	–	–	18,000	18,000
Tan Tze Gay	23,000	23,000	–	–
Tan Kai Ping	391,307	391,307	–	–
Conditional award of Restricted Share Plan ("RSP") shares[(1)]				
Goh Choon Phong				
– Base Awards	93,494	73,856	–	–
– Final Awards (Pending Release)	121,978	112,232	–	–
Chin Yau Seng				
– Base Awards	34,689	–	–	–
– Final Awards (Pending Release)	41,182	41,642	–	–
Tan Kai Ping				
– Base Awards	40,445	40,445	–	–
– Final Awards (Pending Release)	46,362	46,362	–	–
Conditional award of Performance Share Plan ("PSP") shares[(2)]				
Goh Choon Phong				
– Base Awards	429,517	405,302	–	–
Chin Yau Seng				
– Base Awards	79,204	59,604	–	–
Tan Kai Ping				
– Base Awards	146,756	146,756	–	–
Conditional award of Strategic restricted shares[(3)]				
Goh Choon Phong				
Final Awards (Pending Release)	122,125	193,075	–	–
Chin Yau Seng				
Final Awards (Pending Release)	41,650	15,725	–	–
Tan Kai Ping				
Final Awards (Pending Release)	77,975	77,975	–	–
$600 million 3.16% Notes due 2023				
Tang Kin Fei	$250,000	–	–	–
2021 $6.197 billion Mandatory Convertible Bonds due 2030				
Goh Choon Phong	$500,000	$125,000	–	–
Tan Tze Gay	$48,070	$12,018	–	–

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

	Direct interest		Deemed interest	
Name of Director	1.4.2023/date of appointment	31.3.2024	1.4.2023/date of appointment	31.3.2024
Interest in SIA Engineering Company Limited				
Ordinary shares				
Tang Kin Fei	–	–	20,000	20,000
Tan Tze Gay	5,000	5,000	–	–
Conditional award of RSP shares[(1)]				
Chin Yau Seng				
– Initial Awards	–	74,600	–	–
Conditional award of PSP shares[(2)]				
Chin Yau Seng				
– Initial Awards	–	91,600	–	–
Interest in Astrea IV Pte. Ltd.				
$242 million 4.35% Class A-1 Secured Fixed Rate Bonds due 2028				
Chin Yau Seng	$133,000	–	–	–
Tan Tze Gay	$8,000	–	–	–
Interest in Astrea V Pte. Ltd.				
$315 million 3.85% Class A-1 Secured Fixed Rate Bonds due 2029				
Tan Tze Gay	$5,000	$5,000	–	–
Interest in Astrea 7 Pte. Ltd.				
US$200 million 6% Class B Secured Fixed Rate Bonds due 2032				
Chin Yau Seng	US$298,000	US$298,000	–	–
$526 million 4.125% Class A-1 Secured Fixed Rate Bonds due 2032				
Tan Tze Gay	$100,000	$100,000	–	–
Interest in CapitaLand Ascendas REIT				
Units				
Tan Tze Gay	10,000	10,000	–	–
$208 million 3.468% Green Fixed Rate Notes due 2029				
Tan Tze Gay	$250,000	$250,000	–	–
Interest in CapitaLand Ascott Trust				
Units				
Tan Tze Gay	12,310	14,510	–	7,943
Interest in CapitaLand China Trust				
Units				
Tan Tze Gay	5,786	5,786	–	–
Wee Siew Kim	170,000	170,000	–	–

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

	Direct interest		Deemed interest	
Name of Director	1.4.2023/date of appointment	31.3.2024	1.4.2023/date of appointment	31.3.2024
Interest in CapitaLand Integrated Commercial Trust				
Units				
Goh Choon Phong	10,237	10,237	–	–
Chua Bin Hwee	71,470[(4)]	84,660[(4)]	–	–
Tan Tze Gay	17,995	17,995	21,550	21,550
Ordinary shares				
Goh Choon Phong	35,000	35,000	–	–
Tan Tze Gay	38,605	38,605	139,336	139,336
Interest in CapitaLand Investment Limited				
S$400 million 3.33% Fixed Rate Senior Notes due 2027				
Goh Choon Phong	$250,000	$250,000	–	–
Interest in Mapletree Australia Commercial Private Trust				
Units in Stapled Securities				
Mapletree QL Trust				
Chua Bin Hwee	75,000	75,000	–	–
Mapletree ROA Trust				
Chua Bin Hwee	375,000	375,000	–	–
Interest in Mapletree Global Student Accommodation Private Trust				
Units				
Class A (USD)				
Goh Choon Phong	4,823	4,823	–	–
Class B (GBP)				
Goh Choon Phong	4,823	4,823	–	–
Interest in Mapletree Industrial Trust				
Units				
Tang Kin Fei	50,000	50,000	–	–
Wee Siew Kim	169,101	169,101	–	–
Tan Tze Gay	3,118	3,118	–	–
Interest in Mapletree Logistics Trust				
Units				
Tang Kin Fei	40,000	40,000	–	–
Tan Tze Gay	23,500	23,500	114,900	114,900
Interest in Mapletree Pan Asia Commercial Trust				
Units				
Wee Siew Kim	45,312	45,312	–	–
Tan Tze Gay	36,192	36,192	115,000	115,000

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

	Direct interest		Deemed interest	
Name of Director	1.4.2023/date of appointment	31.3.2024	1.4.2023/date of appointment	31.3.2024
Interest in Mapletree Treasury Services Limited				
<u>$700 million 3.95% Perpetual Securities</u>				
Tang Kin Fei	$500,000	$500,000	–	–
Tan Tze Gay	$250,000	$250,000	–	–
Interest in Mapletree US & EU Logistics Private Trust				
<u>Units</u>				
<u>(USD)</u>				
Wee Siew Kim	300	300	–	–
Chua Bin Hwee	200	200	–	–
<u>(EUR)</u>				
Wee Siew Kim	300	300	–	–
Chua Bin Hwee	200	200	–	–
Interest in Mapletree US Income Commercial Trust				
<u>Units</u>				
Chua Bin Hwee	150	150	–	–
Interest in Mapletree US Logistics Private Trust				
<u>Units</u>				
Chua Bin Hwee	100	100	–	–
Interest in Olam International Limited				
<u>$250 million 5.375% Perpetual Securities</u>				
Tan Tze Gay	$250,000	$250,000	–	–
Interest in Paragon REIT				
<u>Units</u>				
Tan Tze Gay	2,782	2,782	210,000	210,000
Interest in Singapore Technologies Engineering Limited				
<u>Ordinary shares</u>				
Tang Kin Fei	100,000	100,000	50,000	50,000
Goh Choon Phong	6,000	6,000	–	–
Tan Tze Gay	30,011	30,011	120,046	120,046
Interest in Singapore Technologies Telemedia Pte. Ltd.				
<u>$500 million 4.2% Perpetual Securities</u>				
Tan Tze Gay	$500,000	$500,000	–	–

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

Name of Director	Direct interest 1.4.2023/date of appointment	Direct interest 31.3.2024	Deemed interest 1.4.2023/date of appointment	Deemed interest 31.3.2024
Interest in Singapore Telecommunications Limited				
Ordinary shares				
Tang Kin Fei	30,190	30,190	190	190
Goh Choon Phong	1,610	1,610	–	–
Raj Thampuran	600	600	–	–
Wee Siew Kim	501,838	501,838	190	190
Chin Yau Seng	100,000	100,000	–	–
Lim Kong Puay	15,000	15,000	–	–
Tan Tze Gay	13,755	13,755	61,360	61,360
Interest in StarHub Ltd				
Ordinary shares				
Wee Siew Kim	72,600	72,600	–	–
Interest in Temasek Financial (IV) Private Limited				
$500 million 2.7% Notes due 2023				
Lim Kong Puay	$7,000	–	–	–
$500 million 1.8% Bonds due 2026				
Tan Tze Gay	$66,000	$66,000	–	–
Interest in Vertex Venture Holdings Ltd				
$450 million 3.3% Notes due 2028				
Tan Tze Gay	$250,000	$250,000	–	–
Interest in 17Live Group Limited (formerly known as Vertex Technology Acquisition Corporation Ltd)				
Ordinary shares				
Tan Tze Gay	–	–	10,000	–
Warrants				
Tan Tze Gay	–	–	3,000	3,000

Notes:
1. The actual number of RSP Final Awards of fully paid ordinary shares will range from 0% to 150% of the Base Awards or Initial Awards and is contingent on the achievements against targets over the one-year performance periods relating to the relevant awards.
2. The actual number of PSP Final Awards of fully paid ordinary shares will range from 0% to 200% of the Base Awards or Initial Awards and is contingent on the achievements against targets over the three-year performance periods relating to the relevant awards.
3. The Final Strategic Award of fully-paid ordinary shares will vest over two years with 50% vesting immediately upon the date of grant of the award, and the balance at 25% over the next two years. On the final vesting date, an additional equity kicker equivalent to 20% of the Final Award will be settled with the participants.
4. Held in the name of Citibank Nominees Singapore 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 2024.

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 11 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.

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.

For DSA shares granted in 2023, the Initial Award will vest with 1/3 vesting immediately upon the date of grant, and the balance at 1/3 over the next two years. Balance will vest equally over the subsequent two years with fulfilment of service requirements and additional dividend kicker upon final vesting.

5. AUDIT COMMITTEE

At the date of this statement, the Audit Committee comprises the following five Non-Executive, Independent Directors:

Quek Bin Hwee – Chairman
Raj Thampuran
Lim Kong Puay
Chong Chuan Neo
Tan Tze Gay

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) Half-yearly 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, effectiveness and quality 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); and
(vi) whistle-blowing programme instituted by the Company.

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.

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

CHIN YAU SENG
Chief Executive Officer

10 May 2024

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Independent auditors' report

Members of the Company
SIA Engineering Company Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SIA Engineering Company Limited (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2024, 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 material accounting policy information and other explanatory information, as set out on pages 17 to 105.

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 2024 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.

Impairment risk on non-financial assets

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

Risk

During the financial year, the airframe maintenance, repair and component overhaul ("MRO") businesses faced significant challenges amid ongoing economic uncertainties, such as supply chain disruptions, labour challenges and geopolitical tensions. Accordingly, there were indications that the property, plant and equipment and right-of-use assets (collectively, the "PPE") deployed across the Airframe Maintenance, Component Service units, and intangible assets from the Group's participative right in Engine Development Programme (collectively, the "Cash-generating units" or "CGUs") may be impaired.

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

<u>Airframe Maintenance</u>

Airframe Maintenance – Management's value-in-use computation assumed gradual increase of base maintenance work volumes at the hangars, along with improvement in operational efficiency, and financial performance to be achieved through optimising productivity of the current workforce and stabilising costs.

Our response

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

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

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

We evaluated these assumptions by comparing them to past historical performance and the Group's planned productivity and cost initiatives. We also challenged management's judgement by assessing the growth trajectory against industry forecast and trends based on publicly available industry reports.

We stress-tested Management's key assumptions by reducing the growth estimates over revenue and profit margins.

For the termination of the PW1500G Engine Risk-Revenue Sharing Programme, we reviewed the termination agreement and considered its terms and conditions in assessing the financial impact arising from the termination.

We considered the appropriateness of disclosures in the financial statements.

Impairment risk on non-financial assets (continued)

Risk	**Our response**
The estimated recoverable amount is in excess of the carrying value of the PPE, net of accumulated impairment loss (as brought forward from the previous year). Management has considered sensitivity analysis for recoverable amount from risk of forecasting errors with the prevailing market conditions remaining highly uncertain, neither additional impairment loss nor reversal of previously recognised impairment loss was considered necessary for the current year. Component Services – No impairment loss on PPE was considered necessary following a review of individual customer contracts, factoring in the contractual revenues secured and the financial performance of existing contracts. **<u>Intangible assets - Engine development costs</u>** The Group has a participative right in an Engine Development Programme with Pratt and Whitney ("PW") under the PurePower PW1500G Risk-Revenue Sharing Programme. During the financial year, following the termination of the programme, the Group recorded impairment losses of \$25,113,000, based on the net assets value associated with this programme, which included impairment of the engine development costs and net debts of \$17,652,000 and \$7,461,000, respectively.	

Findings

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

Recognition of revenue on customer contracts

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

Risk

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

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

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

Our response

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

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

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

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

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

Findings

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

Other information

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

We have obtained all other information prior to the date of this auditors' report except for *FY2023/24 At a Glance, Corporate Profile, Chairman's Statement, Corporate Calendar, Board of Directors, Key Executives, The Year in Review, Business Segments, Corporate Governance, Share Price and Turnover, and Shareholding Statistics* ("the Reports"), which are expected to be made available to us after that date.

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

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

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

Responsibilities of Management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
10 May 2024

CONSOLIDATED INCOME STATEMENT
For the Financial Year Ended 31 March 2024 (in thousands of $)

	Notes	The Group 2023/24	2022/23
REVENUE	4	1,094,217	795,970
EXPENDITURE			
Staff costs	5	576,270	426,408
Material costs		204,758	118,828
Depreciation	15,16	57,605	59,270
Amortisation of intangible assets	17	5,474	4,682
Company accommodation		20,031	18,919
Subcontract costs		109,866	93,020
Other operating expenses		117,857	101,094
		1,091,861	822,221
OPERATING PROFIT/(LOSS)	6	2,356	(26,251)
Interest income	7	24,433	12,271
Finance charges		(4,386)	(1,949)
Surplus/(Loss) on disposal of property, plant and equipment and intangible assets		95	(19)
Impairment loss (allowance)/reversal of financial and non-financial assets	15,17	(26,844)	1,678
Impairment loss reversal of associated companies	20	–	2,005
Surplus on disposal of associated companies	20	2,307	–
Surplus on disposal of subsidiaries		390	–
Share of profits of associated companies, net of tax		70,656	48,545
Share of profits of a joint venture company, net of tax		30,338	29,269
PROFIT BEFORE TAXATION		99,345	65,549
Taxation	8	(2,216)	996
PROFIT FOR THE FINANCIAL YEAR		97,129	66,545
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE PARENT		97,124	66,389
Non-controlling interests		5	156
		97,129	66,545
BASIC EARNINGS PER SHARE (CENTS)	9	8.65	5.91
DILUTED EARNINGS PER SHARE (CENTS)	9	8.61	5.89

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 2024 (in thousands of $)

	The Group	
	2023/24	**2022/23**
PROFIT FOR THE FINANCIAL YEAR	97,129	66,545
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		
Item that will not be reclassified to profit or loss:		
Actuarial gain on remeasurement of defined benefit plan	374	630
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation of foreign operations	10,978	(15,025)
Re-classification of foreign currency translation upon disposal of foreign operations	770	–
Net fair value adjustment on cash flow hedges	(771)	(611)
Share of other comprehensive (loss)/income of associated/joint venture companies	(5,504)	4,261
	5,473	(11,375)
Other comprehensive income/(loss), net of tax	5,847	(10,745)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	102,976	55,800
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE PARENT	102,909	55,861
Non-controlling interests	67	(61)
	102,976	55,800

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

BALANCE SHEETS
As at 31 March 2024 (in thousands of $)

		The Group		The Company	
	Notes	**2024**	**2023**	**2024**	**2023**
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	11	420,044	420,044	420,044	420,044
Treasury shares	12	(4,511)	(4,971)	(4,511)	(4,971)
Capital reserve	13	(388)	(482)	(388)	(482)
Share-based compensation reserve	13	7,501	5,805	7,501	5,805
Foreign currency translation reserve	13	(24,198)	(35,351)	–	–
Fair value reserve	13	(1,300)	4,442	(257)	514
Equity transaction reserve	13	(2,173)	(2,173)	–	–
General reserve	13	1,292,059	1,278,845	745,692	830,720
		1,687,034	1,666,159	1,168,081	1,251,630
NON-CONTROLLING INTERESTS		16,205	10,579	–	–
TOTAL EQUITY		1,703,239	1,676,738	1,168,081	1,251,630
NON-CURRENT LIABILITIES					
Deferred tax liabilities	14	724	539	–	–
Lease liabilities	32	80,077	90,134	73,766	83,256
Long-term bank loan	33	2,439	462	–	–
		83,240	91,135	73,766	83,256
		1,786,479	1,767,873	1,241,847	1,334,886
Represented by:					
PROPERTY, PLANT AND EQUIPMENT	15	185,215	175,143	147,019	138,829
RIGHT-OF-USE ASSETS	16	103,385	112,382	96,327	104,464
INTANGIBLE ASSETS	17	31,994	40,778	24,899	19,564
SUBSIDIARY COMPANIES	18	–	–	107,656	143,245
ASSOCIATED COMPANIES	20	487,430	452,740	167,670	178,910
JOINT VENTURE COMPANY	22	261,647	232,564	61,867	61,867
DEFERRED TAX ASSETS	14	17,781	17,539	16,313	16,688
CURRENT ASSETS					
Trade debtors	23	70,879	34,151	51,825	23,785
Contract assets	24	151,132	160,304	142,805	149,100
Prepayments and other debtors	25	20,432	17,756	14,014	6,932
Amounts owing by immediate holding company	26	30,920	43,715	30,494	43,271
Amounts owing by related parties	27	19,415	18,442	26,999	24,760
Inventories	28	61,702	43,359	28,315	25,915
Short-term deposits	29	604,869	603,539	579,770	589,128
Cash and bank balances	30	41,081	29,450	12,909	12,271
		1,000,430	950,716	887,131	875,162
Assets held for sale	15	467	1,516	467	1,516
		1,000,897	952,232	887,598	876,678
Less:					
CURRENT LIABILITIES					
Trade and other creditors	31	220,104	162,025	195,986	140,175
Contract liabilities	24	46,237	21,510	31,255	20,760
Lease liabilities	32	25,222	22,570	23,440	20,569
Amounts owing to related parties	27	334	1,239	10,464	17,170
Bank loans	33	2,699	2,029	–	–
Tax payable		7,274	6,132	6,357	6,685
		301,870	215,505	267,502	205,359
NET CURRENT ASSETS		699,027	736,727	620,096	671,319
		1,786,479	1,767,873	1,241,847	1,334,886

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 2024 (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 2023		420,044	(4,971)	(482)	5,805	(35,351)	4,442	(2,173)	1,278,845	1,666,159	10,579	1,676,738
Profit for the year		–	–	–	–	–	–	–	97,124	97,124	5	97,129
Actuarial gain on remeasurement of defined benefit plan		–	–	–	–	–	–	–	374	374	–	374
Foreign currency translation of foreign operations		–	–	–	–	10,916	–	–	–	10,916	62	10,978
Re-classification of foreign currency translation upon disposal of foreign operations		–	–	–	–	770	–	–	–	770	–	770
Net fair value adjustment on cash flow hedges		–	–	–	–	–	(771)	–	–	(771)	–	(771)
Share of other comprehensive loss of associated/joint venture companies	13	–	–	–	–	(533)	(4,971)	–	–	(5,504)	–	(5,504)
Other comprehensive income/(loss) for the year, net of tax		–	–	–	–	11,153	(5,742)	–	374	5,785	62	5,847
Total comprehensive income for the financial year		–	–	–	–	11,153	(5,742)	–	97,498	102,909	67	102,976
Share-based compensation expense	13	–	–	–	6,263	–	–	–	–	6,263	–	6,263
Share awards released	12,13	–	4,567	–	(4,567)	–	–	–	–	–	–	–
Purchase of treasury shares	12	–	(4,013)	–	–	–	–	–	–	(4,013)	–	(4,013)
Treasury shares reissued pursuant to equity compensation plans	12	–	(94)	94	–	–	–	–	–	–	–	–
Dividends	10	–	–	–	–	–	–	–	(84,284)	(84,284)	(660)	(84,944)
Total contributions by and distributions to owners		–	460	94	1,696	–	–	–	(84,284)	(82,034)	(660)	(82,694)
Acquisition of a subsidiary with non-controlling interests	19	–	–	–	–	–	–	–	–	–	5,622	5,622
Disposal of a subsidiary with non-controlling interests	19	–	–	–	–	–	–	–	–	–	597	597
Total changes in ownerships interests in subsidiary		–	–	–	–	–	–	–	–	–	6,219	6,219
Balance at 31 March 2024		420,044	(4,511)	(388)	7,501	(24,198)	(1,300)	(2,173)	1,292,059	1,687,034	16,205	1,703,239

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 2024 (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 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
Profit for the year		–	–	–	–	–	–	–	66,389	66,389	156	66,545
Actuarial gain on remeasurement of defined benefit plan		–	–	–	–	–	–	–	630	630	–	630
Foreign currency translation of foreign operations		–	–	–	–	(14,808)	–	–	–	(14,808)	(217)	(15,025)
Net fair value adjustment on cash flow hedges		–	–	–	–	–	(611)	–	–	(611)	–	(611)
Share of other comprehensive (loss)/income of associated/joint venture companies	13	–	–	–	–	(700)	4,961	–	–	4,261	–	4,261
Other comprehensive (loss)/income for the year, net of tax		–	–	–	–	(15,508)	4,350	–	630	(10,528)	(217)	(10,745)
Total comprehensive (loss)/income for the financial year		–	–	–	–	(15,508)	4,350	–	67,019	55,861	(61)	55,800
Share-based compensation expense	13	–	–	–	4,525	–	–	–	–	4,525	–	4,525
Share awards released	12,13	–	3,830	–	(3,830)	–	–	–	–	–	–	–
Purchase of treasury shares	12	–	(5,013)	–	–	–	–	–	–	(5,013)	–	(5,013)
Treasury shares reissued pursuant to equity compensation plans	12	–	1,988	(1,988)	–	–	–	–	–	–	–	–
Dividends		–	–	–	–	–	–	–	–	–	(1,150)	(1,150)
Total contributions by and distributions to owners		–	805	(1,988)	695	–	–	–	–	(488)	(1,150)	(1,638)
Acquisition of a subsidiary with non-controlling interests	19	–	–	–	–	–	–	–	–	–	1,170	1,170
Total changes in ownerships interests in subsidiary		–	–	–	–	–	–	–	–	–	1,170	1,170
Balance at 31 March 2023		420,044	(4,971)	(482)	5,805	(35,351)	4,442	(2,173)	1,278,845	1,666,159	10,579	1,676,738

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 2024 (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 2023		420,044	(4,971)	(482)	5,805	514	830,720	1,251,630
Loss for the year		–	–	–	–	–	(744)	(744)
Other comprehensive loss for the year, net of tax:								
Net fair value adjustment on cash flow hedges		–	–	–	–	(771)	–	(771)
Total comprehensive loss for the financial year		–	–	–	–	(771)	(744)	(1,515)
Share-based compensation expense	13	–	–	–	6,263	–	–	6,263
Share awards released	12,13	–	4,567	–	(4,567)	–	–	–
Purchase of treasury shares	12		(4,013)					(4,013)
Treasury shares reissued pursuant to equity compensation plans	12	–	(94)	94	–	–	–	–
Dividends	10	–	–	–	–	–	(84,284)	(84,284)
Total contributions by and distributions to owners		–	460	94	1,696	–	(84,284)	(82,034)
Balance at 31 March 2024		420,044	(4,511)	(388)	7,501	(257)	745,692	1,168,081
Balance at 1 April 2022		420,044	(5,776)	1,506	5,110	1,125	796,767	1,218,776
Profit for the year		–	–	–	–	–	33,325	33,325
Other comprehensive (loss)/income for the year, net of tax:								
Actuarial gain on remeasurement of defined benefit plan		–	–	–	–	–	628	628
Net fair value adjustment on cash flow hedges		–	–	–	–	(611)	–	(611)
Total comprehensive (loss)/income for the financial year		–	–	–	–	(611)	33,953	33,342
Share-based compensation expense	13	–	–	–	4,525	–	–	4,525
Share awards released	12,13	–	3,830	–	(3,830)	–	–	–
Purchase of treasury shares	12	–	(5,013)	–	–	–	–	(5,013)
Treasury shares reissued pursuant to equity compensation plans	12	–	1,988	(1,988)	–	–	–	–
Total contributions by and distributions to owners		–	805	(1,988)	695	–	–	(488)
Balance at 31 March 2023		420,044	(4,971)	(482)	5,805	514	830,720	1,251,630

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 2024 (in thousands of $)

	Notes	The Group 2023/24	2022/23
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		99,345	65,549
Adjustments for:			
Depreciation	15,16	57,605	59,270
Amortisation of intangible assets	17	5,474	4,682
Impairment loss allowance/(reversal) for trade receivables, contract assets and amounts owing by related parties	6	3,792	(2,106)
Share-based compensation expense		6,663	4,525
Rent concessions		–	(588)
Unrealised exchange differences		(625)	582
Interest income	7	(24,433)	(12,271)
Finance charges		4,386	1,949
(Surplus)/Loss on disposal of property, plant and equipment and intangible assets		(95)	19
Surplus on disposal of associated companies		(2,307)	–
Surplus on disposal of subsidiaries		(390)	–
Impairment loss reversal of associated companies	20	–	(2,005)
Impairment loss allowance/(reversal) of financial and non-financial assets		26,844	(1,678)
Share of profits of associated and joint venture companies, net of tax		(100,994)	(77,814)
Operating profit before working capital changes		75,265	40,114
(Increase)/Decrease in debtors		(45,450)	26,668
Decrease/(Increase) in contract assets		10,407	(35,587)
Increase in inventories		(18,374)	(7,599)
Increase in creditors		58,492	33,205
Increase in contract liabilities		10,415	8,807
Decrease/(Increase) in amounts owing by immediate holding company		11,849	(6,040)
(Increase)/Decrease in amounts owing by related parties, net		(1,402)	2,054
Cash generated from operations		101,202	61,622
Income taxes (paid)/refunded		(804)	2,987
NET CASH PROVIDED BY OPERATING ACTIVITIES		100,398	64,609

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 2024 (in thousands of $)

	Notes	The Group 2023/24	2022/23
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure	15	(39,219)	(48,599)
Purchase of intangible assets	17	(9,458)	(11,034)
Proceeds from disposal of property, plant and equipment and intangible assets		196	559
Return of shareholders' equity upon dissolution of an associated company		13,822	–
Investment in associated company		(3,022)	–
Acquisition of a subsidiary, net of cash acquired	19	15,649	(4,657)
Disposal of a subsidiary, net of cash disposed	19	91	–
Dividends received from associated companies		27,768	36,734
Interest received from deposits		24,982	7,537
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		30,809	(19,460)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	10	(84,284)	–
Dividends paid by subsidiary companies to non-controlling interests		(660)	(1,150)
Finance charges paid	34	(549)	(61)
Repayment of lease liabilities	32,34	(30,948)	(30,443)
Proceeds from borrowings	34	2,655	3,207
Repayment of borrowings	34	–	(3,645)
Purchase of treasury shares	12	(4,013)	(5,013)
NET CASH USED IN FINANCING ACTIVITIES		(117,799)	(37,105)
NET CASH INFLOW		13,408	8,044
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		632,989	625,477
Effect of exchange rate changes		(447)	(532)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		645,950	632,989
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short-term deposits	29	604,869	603,539
Cash and bank balances	30	41,081	29,450
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		645,950	632,989

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 2024 and for the year then ended comprise the Company and its subsidiaries (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 inventory technical management, the provision of line maintenance and technical ground handling services and investment holdings. The principal activities of the subsidiaries are disclosed in Note 18 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 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 10 May 2024.

2. MATERIAL 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”), except as explained in Note 2(b) which addresses changes in material accounting policies.

(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.

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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(b) Changes in material 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 2023:

- *IFRS 17: Insurance Contracts*
- *Amendments to IAS 12: Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- *Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules*
- *Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies*
- *Amendments to IAS 8: Definition of Accounting Estimates*

Other than the below, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

<u>Adoption of Deferred tax related to Assets and Liabilities arising from a Single Transaction</u>

The Group has adopted Amendments to IAS 12: Deferred tax related to Assets and Liabilities arising from a Single Transaction from 1 April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities.

For leases, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases by applying the ‘integrally linked’ approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 April 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised (see Note 14).

<u>Global minimum top-up tax</u>

The Group falls within the scope of the Global Anti-Base Erosion (GloBE) rules introduced by the OECD under the new global minimum top-up tax framework (Pillar Two) through its immediate holding company. Singapore plans to enact Pillar Two legislation which will come into effect from 1 January 2025, while some of the other countries where the Group operates have enacted or substantively enacted Pillar Two legislation.

The Group is in the process of assessing its exposure to the Pillar Two income taxes arising from the legislation.

2. MATERIAL ACCOUNTING POLICIES (continued)

(b) Changes in material accounting policies (continued)

In Japan and Malaysia where Pillar Two has been enacted or substantively, the average effective tax rates calculated based on the accounting tax expense and the accounting profits are below 15%. Despite these accounting average effective tax rates being less than 15%, the Group may not be exposed to Pillar Two income taxes in relation to these jurisdictions, as all the adjustments required to determine the effective tax rates in accordance with the Pillar Two legislation have not been considered. This could potentially lead to different effective tax rates under the legislation. In addition, other entities in the Group with higher accounting average effective rates may also be exposed to Pillar Two income taxes.

Due to the complexity of this legislation and the calculations involved, including the determination of the adjustments required under the Pillar Two legislation, the Group has assessed that the quantitative impact of the potential top-up tax arising from the enacted or substantively enacted legislation is not yet reasonably estimable. The Group continues to assess the impact of the Pillar Two legislation on its financials.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impact of the top-up tax and accounts for it as a current tax when it is incurred (see Note 2(l)).

<u>Material accounting policy information</u>

The Group adopted Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 2 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

2. MATERIAL ACCOUNTING POLICIES (continued)

(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 2025 are as follows:

Description	Effective from
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1)	1 April 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 April 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 April 2024
Lack of Exchangeability (Amendments to IAS 21)	1 April 2025

Based on our current assessment, apart from the below, the application of these amendments to standards and interpretations is not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

Non-current liabilities with covenants

As disclosed in Note 33, the Group has a secured bank loan that are subject to specific covenants. While it is classified as non-current at 31 March 2024, a future breach of the related covenants may require the Group to repay the liability earlier than the contractual maturity date. The Group is in the process of assessing the potential impact of the amendments on the classification of this liability and the related disclosure.

(d) Intangible assets

Intangible assets comprised of computer software, engine development costs, goodwill and licenses acquired in business combinations.

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

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.

Assets under construction are not amortised. Amortisation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted, if appropriate.

2. MATERIAL ACCOUNTING POLICIES (continued)

(e) 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.

Entities with non-SGD functional currencies

For the purpose of the consolidated financial statements, the net assets of subsidiaries, associated and joint venture companies whose function currency are not SGD, are translated into SGD at the rates prevailing at the reporting date. The financial results of these subsidiaries, 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 acquisition are treated as assets and liabilities of the entities acquired and are recorded in the functional currency of the entity, and where required, 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 subsidiary, joint venture or associated company is disposed, i.e. control, significant influence or joint control is lost, any cumulative amount in the foreign currency translation reserve related to that entity 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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(f) 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.

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.

Assets under construction 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

2. MATERIAL ACCOUNTING POLICIES (continued)

(g) Leases

As a lessee

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

<u>ROU asset</u>

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.

<u>Lease liability</u>

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.

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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(g) Leases (continued)

As a lessee (continued)

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.

(h) 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.

(i) 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

Financial assets

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”).

Financial liabilities

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

2. MATERIAL ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(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.

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.

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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(v) Impairment (continued)

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.

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).

<u>Credit-impaired financial assets</u>

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.

<u>Presentation of allowance for ECLs in the balance sheet</u>

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

2. MATERIAL ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

(v) Impairment (continued)

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.

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).

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.

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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(i) Financial instruments (continued)

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

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.

(j) 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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(k) 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.

(l) 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.

(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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(l) Taxation (continued)

(ii) Deferred tax (continued)

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.

(m) Revenue

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 inventory technical management.

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 is 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 inventory technical management, 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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(m) Revenue (continued)

Engine and component

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.

(n) 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 11 to the financial statements.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share 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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(n) 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.

(o) 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, Malaysia 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 38 including the factors used to identify the reportable segments and the measurement basis of segment information.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS

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

The key assumptions concerning the future and other key sources of estimation 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 aggregated carrying amounts of the Group's and Company's trade receivables, contract assets and amounts owing by related parties as at 31 March 2024 were approximately $241,426,000 (2023: $212,897,000) and $221,629,000 (2023: $197,645,000), respectively.

(b) 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.

The carrying amounts of the Group's current tax payable and deferred tax liabilities as at 31 March 2024 were approximately $7,274,000 (2023: $6,132,000) and $724,000 (2023: $539,000) respectively.

The carrying amounts of the Company's current tax payable as at 31 March 2024 was approximately $6,357,000 (2023: $6,685,000).

3. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS (continued)

(c) 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 2024 were approximately $151,132,000 (2023: $160,304,000) and $142,805,000 (2023: $149,100,000) respectively.

(d) Impairment of non-financial assets

Management performs impairment testing for the following items:

- Property, plant and equipment (refer to Note 15);
- Right-of-use assets;
- Goodwill (refer to Note 17);
- Intangible assets, relating to engine development costs (refer to Note 17); 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 revised disposal value agreed with the bidder during the year.

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.

4. REVENUE (in thousands of $)

	The Group	
	2023/24	**2022/23**
Airframe overhaul and line maintenance	836,250	644,898
Engine and component	257,967	151,072
	1,094,217	795,970

4. 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		Engine and component		Total	
	2023/24	**2022/23**	**2023/24**	**2022/23**	**2023/24**	**2022/23**
Primary geographical markets						
East Asia	675,470	487,012	138,070	105,617	813,540	592,629
Europe	74,126	67,829	82,063	21,439	156,189	89,268
South West Pacific	28,494	15,971	3,385	2,585	31,879	18,556
Americas	35,609	44,554	28,637	18,033	64,246	62,587
West Asia and Africa	22,551	29,532	5,812	3,398	28,363	32,930
	836,250	644,898	257,967	151,072	1,094,217	795,970
Major service line						
Services rendered	836,250	644,898	257,967	151,072	1,094,217	795,970
Timing of revenue recognition						
Transferred over time	836,250	644,898	257,967	151,072	1,094,217	795,970

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

(b) Transaction price allocated to the remaining performance obligations

As at 31 March 2024, the revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date for inventory technical management amounts to approximately $183,000,000 (2022/23: $151,000,000) for financial periods 2024/25 to 2026/27 (2022/23: 2023/24 to 2025/26).

Variable consideration that is constrained is not included in the transaction price and therefore 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.

5. STAFF COSTS (in thousands of $)

	The Group	
	2023/24	**2022/23**
Salary, bonuses and other costs	520,478	377,238
CPF and other defined contributions	49,129	44,444
Share-based compensation expense	6,663	4,726
	576,270	426,408

The Group contributes to unfunded, non-contributory, defined benefit plans for some of the regular employees. The Group recognised a writeback of $216,000 (2022/23: $160,000) with respect to defined benefit expenses for the year. 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 11.

In the prior year, staff costs were offset by $11,894,000 of wage support grants extended by the Singapore Government, measured at 10-50% of the qualifying wages recorded by group entities in Singapore.

6. OPERATING PROFIT/(LOSS) (in thousands of $)

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

	The Group	
	2023/24	**2022/23**
Impairment loss allowance/(reversal) for trade receivables, contract assets and amounts owing by related parties	3,792	(2,106)
Net exchange (gain)/loss*	(1,771)	1,491
Provision for obsolete stocks, net	1,049	3,256
Equipment related costs	53,314	40,046
Freight cost	12,541	10,465
Insurance and warranty	9,280	6,200
Professional fee paid to a firm in which a director is a member	90	40
Audit fees		
- Auditors of the Company	398	342
- Other auditors	54	18
Non-audit fees#		
- Auditors of the Company	17	30

* Net exchange (gain)/loss includes:

(i) Amount includes a net fair value gain on forward currency contracts used for hedging purposes of approximately $588,000 (2022/23: net fair value loss of $8,000), realised in the current financial year. Disclosures relating to fair value changes on derivative financial instruments are in Note 13.

(ii) $473,000 (2022/23: Nil) exchange gain was also recognised from discontinuation of cash flow hedge during the year.

(iii) The Company also enters into multiple spot currency contracts which realised a net exchange gain of $92,000 (2022/23: Nil).

Non-audit fees paid to the auditors of the Company include audit related services of $10,400 (2022/23: $9,700).

7. INTEREST INCOME (in thousands of $)

	The Group	
	2023/24	**2022/23**
Deposits placed with immediate holding company	22,905	11,638
Deposits placed with banks	1,528	633
	24,433	12,271

8. TAXATION (in thousands of $)

The major components of taxation for the years ended 31 March 2024 and 2023 are as follows:

	The Group	
	2023/24	**2022/23**
Current tax		
Provision for the financial year	(1,250)	197
(Under)/Over-provision in respect of prior years	(759)	874
	(2,009)	1,071
Deferred tax		
Movement in temporary differences	(6,448)	(1,457)
Over-provision in respect of prior years	6,241	1,382
	(207)	(75)
Taxation recognised in profit or loss	(2,216)	996

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

Deferred tax related to other comprehensive income:

	The Group	
	2023/24	**2022/23**
Net change in the fair value of derivative financial instruments designated as cash flow hedges	(157)	(125)
Actuarial gain on revaluation of defined benefit plans	77	129

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

	The Group	
	2023/24	**2022/23**
Profit before taxation	99,345	65,549
Less: share of results of associated and joint venture companies	(100,994)	(77,814)
	(1,649)	(12,265)
Taxation at statutory tax rate of 17.0%	280	2,085
Adjustments		
Income not subject to tax	1,328	1,188
Deferred tax assets not recognised	(5,569)	(268)
Expenses not deductible for tax purposes	(4,942)	(5,277)
Effects of difference in tax rates of other countries	1,339	721
Over-provision in relation to prior years	5,482	2,256
Provision of withholding tax expense	(268)	(108)
Tax incentives	–	(36)
Others	134	435
Taxation	(2,216)	996

9. EARNINGS PER SHARE

	The Group	
	2023/24	**2022/23**
Profit attributable to owners of the parent (in thousands of $)	97,124	66,389
Weighted average number of ordinary shares in issue used for computing basic earnings per share*	1,122,884,979	1,122,872,605
Adjustment for dilutive potential ordinary shares	5,170,142	4,355,127
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	1,128,055,121	1,127,227,732
Basic earnings per share (cents)	8.65	5.91
Diluted earnings per share (cents)	8.61	5.89

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

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

9. **EARNINGS PER SHARE (continued)**

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.

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

	The Group and Company	
	2023/24	**2022/23**
Dividends paid:		
Final dividend of 5.5 cents per share in respect of 2022/23 (2021/22: Nil)	61,814	–
Interim dividend of 2.0 cents per share in respect of 2023/24 (2022/23: Nil)	22,470	–
	84,284	–

The directors propose a final tax exempt (one-tier) dividend of 6.0 cents per share (2022/2023: final tax exempt (one-tier) dividend of 5.5 cents per share) amounting to approximately $67,331,000 (2023: $61,814,000) to be paid for the financial year ended 31 March 2024.

11. SHARE CAPITAL (in thousands of $)

	The Group and Company			
	Number of shares		**Amount**	
	2024	**2023**	**2024**	**2023**
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 and deferred share award were settled by way of issuance of 1,913,024 (2022/23: 1,628,003) 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.

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

Share-based incentive plans (continued)

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.
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) 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.	The Initial Award will vest with 1/3 vesting immediately upon the date of grant, and the balance at 1/3 over the next two years. Balance will vest equally over the subsequent two years with fulfilment of service requirements. 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.

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

Share-based incentive plans (continued)

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

RSP

	Number of Restricted shares				
Date of grant	Balance at 1.4.2023/ date of grant	Adjustments*	Cancelled	Released	Balance at 31.3.2024
07.07.2020	352,762	–	–	(352,762)	–
04.01.2021	5,005	–	–	(5,005)	–
07.07.2021	820,658	2,900	(6,508)	(417,700)	399,350
05.11.2021	11,000	(2,900)	–	(4,000)	4,100
07.07.2022	1,224,975	–	(25,514)	(414,729)	784,732
25.01.2023	4,700	–	–	(1,600)	3,100
07.07.2023	1,782,134	–	(22,000)	(39,600)	1,720,534
	4,201,234	–	(54,022)	(1,235,396)	2,911,816

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

PSP

	Number of Performance shares				
Date of grant	Balance at 1.4.2023/ date of grant	Adjustments*	Cancelled	Released	Balance at 31.3.2024
06.07.2018	–	8,946	–	(8,946)	–
05.07.2019	–	25,474	–	(25,474)	–
07.07.2020	422,200	(422,200)	–	–	–
04.01.2021	7,100	(7,100)	–	–	–
07.07.2021	346,300	–	–	–	346,300
05.11.2021	9,700	–	–	–	9,700
07.07.2022	357,500	–	–	–	357,500
25.01.2023	4,000	–	–	–	4,000
07.07.2023	525,600	–	–	–	525,600
	1,672,400	(394,880)	–	(34,420)	1,243,100

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

DSA

	Number of Deferred shares				
Date of grant	Balance at 1.4.2023/ date of grant	Adjustments*	Cancelled	Released	Balance at 31.3.2024
05.07.2019	–	2,894	–	(2,894)	–
07.07.2020	155,616	4,498	–	(160,114)	–
07.07.2021	247,947	–	–	–	247,947
07.07.2022	385,664	–	–	(192,900)	192,764
07.07.2023	861,815	–	–	(287,300)	574,515
	1,651,042	7,392	–	(643,208)	1,015,226

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

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

Share-based incentive plans (continued)

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 2023, January 2023 and July 2022 award:

	July 2023 Award			January 2023 Award		July 2022 Award		
	RSP	PSP	DSA	RSP	PSP	RSP	PSP	DSA
Expected dividend yield (%)	Management's forecast in line with dividend policy							
Expected volatility (%)	25.02	25.02	18.59 – 21.61	33.88	33.88	33.73	33.73	24.5-28.10
Risk-free interest rate (%)	3.49 – 3.70	3.49	3.49 – 3.64	3.06 – 4.01	3.06	2.52 – 2.61	2.61	2.52-2.55
Expected term (years)	1.00 – 3.00	3.00	2.00	1.00 – 3.00	3.00	1.00 – 3.00	3.00	2.00
Share price at date of grant ($)	2.45	2.45	2.45	2.48	2.48	2.40	2.40	2.40

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 $2.19 to $2.36 (2022/23: $2.16 to $2.33), the estimated fair value at date of grant for each share granted under the PSP is $2.40 (2022/23: $2.53) and the estimated fair value at date of grant for each share granted under the DSA is $2.27 to $2.45 (2022/23: $2.25 to $2.40).

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 2024, were 2,911,816 (2023: 2,419,100), 1,243,100 (2023: 1,146,800) and 1,015,226 (2023: 789,227) 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 3,772,083 (2023: 3,033,938), 2,486,200 (2023: 2,293,600) and 1,015,226 (2023: 789,227) fully-paid ordinary shares for RSP, PSP and DSA respectively.

For the current financial year, the Group has provided approximately $6,663,000 (2022/23: $4,726,000) 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.

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

Share-based incentive plans (continued)

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

	The Group and Company	
	2023/24	**2022/23**
Share-based compensation expense		
- Restricted share plan	3,384	2,517
- Performance share plan	958	842
- Deferred share award	2,321	1,367
	6,663	4,726

12. TREASURY SHARES (in thousands of $)

	The Group and Company 31 March	
	2024	**2023**
Balance at 1 April	(4,971)	(5,776)
Purchase of treasury shares	(4,013)	(5,013)
Treasury shares reissued pursuant to equity compensation plans:		
- RSP/PSP/DSA awarded	4,567	3,830
- (Gain)/Loss on reissuance of treasury shares	(94)	1,988
	4,473	5,818
Balance at 31 March	(4,511)	(4,971)

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

During the financial year, the Company purchased 1,722,200 (2022/23: 2,150,000) of its ordinary shares by way of on-market purchases at share prices ranging from $2.25 to $2.40 (2022/23: $2.12 to $2.51). The total amount paid to purchase the shares was approximately $4,013,000 (2022/23: $5,013,000) and this is presented as a component within equity attributable to owners of the Parent.

The Company transferred 1,913,024 (2022/23: 1,628,003) treasury shares to employees on vesting of share-based incentive plans. The number of treasury shares as at 31 March 2024 was 1,935,914 (2023: 2,126,738).

13. OTHER RESERVES (in thousands of $)

(a) Capital reserve

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

(b) Share-based compensation reserve

Share-based compensation reserve represents the equity-settled share 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.

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

(c) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of subsidiaries, joint venture and associated companies 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** **2024**	 **2023**
Balance at 1 April	4,442	92
Net gain/(loss) on fair value adjustment	290	(619)
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	(588)	8
Effect from discontinuation of cash flow hedge	(473)	–
Share of other comprehensive income of a joint venture company	(4,971)	4,961
Balance at 31 March	(1,300)	4,442

	The Company **31 March** **2024**	 **2023**
Balance at 1 April	514	1,125
Net gain/(loss) on fair value adjustment	290	(619)
Recognised in "other operating expenses" in profit or loss on occurrence of forecast transactions	(588)	8
Effect from discontinuation of cash flow hedge	(473)	–
Balance at 31 March	(257)	514

(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.

14. DEFERRED TAXATION (in thousands of $)

Deferred tax relates to the following items:

	The Group				The Company	
	Consolidated balance sheet **31 March**		Consolidated income statement		Balance sheet **31 March**	
	2024	**2023**	**2023/24**	**2022/23**	**2024**	**2023**
Deferred tax liabilities						
Differences in depreciation of property, plant and equipment	409	130	(16,803)	983	–	14,137
Revaluation of forward currency contracts to fair value#	–	105	–	–	–	105
Undistributed profits of overseas associated companies	315	282	122	108	–	–
Other items	–	22	–	–	–	–
Deferred tax assets						
Actuarial loss on revaluation of defined benefit plans##	(385)	(385)	–	–	(385)	(385)
Differences in depreciation of property, plant and equipment	(953)	–	–	–	(1,070)	–
Provisions	(748)	(3,735)	2,359	548	(748)	(3,792)
Revaluation of forward currency contracts to fair value#	(52)	–	–	–	(52)	–
Unabsorbed capital allowances and tax losses	(12,637)	(12,447)	14,130	(1,243)	(11,968)	(26,753)
Other items	(3,006)	(972)	399	(321)	(2,090)	–
	(17,057)	(17,000)			(16,313)	(16,688)
Deferred income tax expense			207	75		

As at 31 March 2024, the Group and Company have deferred tax effects of changes in fair value of derivative financial instruments of approximately $157,000 (2022/23: $125,000) which were recognised in other comprehensive income (Refer to Note 8).

As at 31 March 2024, the Group and Company have deferred tax effects of actuarial loss on revaluation of defined benefit plans of approximately $77,000 (2022/23: $129,000) which were recognised in other comprehensive income (Refer to Note 8).

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 $14,130,000 utilised during the year (2022/23: $1,243,000 recognised) came from benefits of tax losses and unutilised capital allowances that arose during periods of the COVID-19 pandemic. With the full resumption of flight services, management has forecasted certain group entities to be generating future taxable profits in the foreseeable future to utilise these carry-forward tax losses.

As at 31 March 2024, the Group has remaining unrecognised tax losses of approximately $193,059,000 (2023: $166,252,000) 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. Out of these tax losses, $13,779,000 (2023: $11,207,000) will expire between 2028 – 2034 (2023: 2028 – 2033). 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 2024, the unremitted earnings aggregated to $15,497,000 (2023: $15,389,000), and the deferred tax liability effect is $4,649,000 (2023: $4,617,000).

15. 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	Assets under construction#	Total
Cost							
At 1 April 2022	294,694	295,512	95,507	69,362	8,324	3,680	767,079
Acquisitions through business combinations	–	430	–	129	–	–	559
Additions	951	4,168	36,969	670	360	5,481	48,599
Transfers	16	464	8	3,940	–	(4,428)	–
Disposals	(1)	(2,301)	(192)	(939)	(149)	–	(3,582)
Exchange differences	(830)	(654)	(106)	(90)	(38)	(29)	(1,747)
At 31 March 2023	294,830	297,619	132,186	73,072	8,497	4,704	810,908
Acquisitions through business combinations	–	15	–	112	–	–	127
Re-classification from asset held-for-sale	–	–	18,332	–	–	–	18,332
Additions	147	8,316	23,778	880	327	5,771	39,219
Transfers	72	3,729	102	2,505	–	(6,408)	–
Disposal of subsidiary	–	(1,041)	–	(283)	–	–	(1,324)
Disposals	(270)	(5,559)	(291)	(1,087)	–	–	(7,207)
Exchange differences	702	990	75	582	27	(78)	2,298
At 31 March 2024	295,481	304,069	174,182	75,781	8,851	3,989	862,353
Accumulated depreciation and impairment losses							
At 1 April 2022	208,918	260,184	72,375	61,739	6,962	–	610,178
Depreciation	8,345	11,540	5,005	4,741	572	–	30,203
Disposals	(1)	(2,313)	(124)	(937)	(149)	–	(3,524)
Exchange differences	(334)	(599)	(86)	(47)	(26)	–	(1,092)
At 31 March 2023	216,928	268,812	77,170	65,496	7,359	–	635,765
Depreciation	8,395	9,726	6,160	4,125	504	–	28,910
Impairment losses	–	643	–	28	–	–	671
Re-classification from asset held-for-sale	–	–	18,330	–	–	–	18,330
Disposal of subsidiary	–	(1,041)	–	(283)	–	–	(1,324)
Disposals	(265)	(5,560)	(197)	(1,084)	–	–	(7,106)
Exchange differences	256	946	69	594	27	–	1,892
At 31 March 2024	225,314	273,526	101,532	68,876	7,890	–	677,138
Net book value							
At 31 March 2023	77,902	28,807	55,016	7,576	1,138	4,704	175,143
At 31 March 2024	70,167	30,543	72,650	6,905	961	3,989	185,215

15. 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	Assets under construction	Total
Cost							
At 1 April 2022	247,624	253,957	89,786	66,325	6,404	3,137	667,233
Additions	(1)	2,682	36,801	117	40	4,856	44,495
Transfers	16	463	–	3,940	–	(4,419)	–
Disposals	–	(2,089)	(116)	(715)	(149)	–	(3,069)
At 31 March 2023	247,639	255,013	126,471	69,667	6,295	3,574	708,659
Additions	–	6,690	23,319	304	42	3,107	33,462
Transfers	–	3,188	–	2,486	–	(5,674)	–
Re-classification from asset held-for-sale	–	–	18,332	–	–	–	18,332
Disposals	–	(5,091)	(17)	(725)	–	–	(5,833)
At 31 March 2024	247,639	259,800	168,105	71,732	6,337	1,007	754,620
Accumulated depreciation and impairment losses							
At 1 April 2022	192,673	221,730	67,901	59,047	5,425	–	546,776
Depreciation	6,499	10,111	4,718	4,381	369	–	26,078
Disposals	–	(2,087)	(73)	(715)	(149)	–	(3,024)
At 31 March 2023	199,172	229,754	72,546	62,713	5,645	–	569,830
Depreciation	6,499	8,954	5,825	3,688	302	–	25,268
Re-classification from asset held-for-sale	–	–	18,330	–	–	–	18,330
Disposals	–	(5,091)	(11)	(725)	–	–	(5,827)
At 31 March 2024	205,671	233,617	96,690	65,676	5,947	–	607,601
Net book value							
At 31 March 2023	48,467	25,259	53,925	6,954	650	3,574	138,829
At 31 March 2024	41,968	26,183	71,415	6,056	390	1,007	147,019

\# Assets under construction comprise mainly plant, equipment and engine overhaul tooling (2023: plant, equipment and engine overhaul tooling).

<u>Assets held for sale</u>

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 are generally measured at the lower of their carrying amount and fair value less costs to sell.

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.

Assets held for sale consist of aircraft rotable spares for specific aircraft types.

During the year, there was a change in business plan not to sell certain aircraft rotable spares that were previously classified as assets held for sale. The revised business plan came following internal assessment that some of the existing inventory management contracts require such rotable spares. As a result, this group of aircraft rotable spares are reclassified to property, plant and equipment at the lower of their carrying amount adjusted for any depreciation that would have been recognised had the asset not been reclassified as held for sale or its recoverable amount at the date of the decision not to sell.

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

For the remaining aircraft rotable spares, Management recognised an impairment loss of $1,047,000 (2022/23: Revaluation gain of $1,678,000) in current year's profit or loss, following a downward revision of the disposal value, by the same third-party bidder who have committed to the sale during the last financial year. The committed sale is expected to be fully realised in the next financial year. The expected disposal value of approximately $925,000 (2022/23: $2,021,000) represents the fair value less costs to sell under the Group's accounting policy in Note 3(d). Of the $925,000 disposal value, $458,000 were disposed in prior year.

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

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 2022	360
Revaluation gain	1,678
Disposal during the year	(522)
Balance as at 31 March 2023	1,516
Impairment loss	(1,047)
Re-classification to property, plant and equipment	(2)
Balance as at 31 March 2024	467

Impairment test

During the year, the aviation and MRO sectors remained strong as global air travel and flight activities edged closer to pre-pandemic level. However, the market conditions remained uncertain, driven by post-pandemic challenges such as supply chain disruptions, labour shortages and inflationary pressures. Accordingly, there were indications that 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 increase of work volume at hangars, improved operational and financial performance through optimising productivity of the current workforce and stabilising costs, with gradual improvement in cash flows over the cash flow periods. The Group applied a pre-tax rate of 7.6% (2022/23: 8.4%) 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 previous year of $35,000,000 (2022/23: $35,000,000). However, as the outlook 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 rate of 13.0% is applied to reflect the forecasting risk error over the cash flow projections, the reduction in recoverable amount is $37,000,000. Should the recoverable amount be extended to the simulated recoverable amount at this higher discount rate as described, the net carrying value of the non-financial assets deployed in the BMD CGU continues to fall below this possible recoverable amount.

16. 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 2022	61,885	875	138	107	63,005
Additions	73,635	3,570	38	550	77,793
Acquisitions through business combinations	1,301	–	–	–	1,301
Derecognition of right-of-use assets	(396)	–	–	–	(396)
Depreciation	(28,172)	(640)	(100)	(155)	(29,067)
Exchange differences	(238)	(68)	45	7	(254)
At 31 March 2023	108,015	3,737	121	509	112,382
Additions	17,965	1,441	16	123	19,545
Acquisitions through business combinations	478	–	–	–	478
Derecognition of right-of-use assets	(152)	–	–	–	(152)
Depreciation	(27,555)	(793)	(91)	(256)	(28,695)
Disposal of subsidiary	–	(4)	–	–	(4)
Exchange differences	(170)	–	–	1	(169)
At 31 March 2024	98,581	4,381	46	377	103,385

The Company	Land and buildings	Plant and equipment	Office furniture and computer equipment	Motor vehicles	Total
At 1 April 2022	55,911	785	97	48	56,841
Additions	71,287	3,524	33	52	74,896
Derecognition of right-of-use assets	(396)	–	–	–	(396)
Depreciation	(26,209)	(597)	(48)	(23)	(26,877)
At 31 March 2023	100,593	3,712	82	77	104,464
Additions	16,731	1,422	–	–	18,153
Depreciation	(25,426)	(774)	(54)	(36)	(26,290)
At 31 March 2024	91,898	4,360	28	41	96,327

17. INTANGIBLE ASSETS (in thousands of $)

The Group	Computer software	Engine development costs	Assets under construction#	Goodwill	Total
Cost					
At 1 April 2022	52,408	45,258	5,390	–	103,056
Additions	26	–	11,008	–	11,034
Acquisitions through business combinations	–	–	449	1,566	2,015
Transfers	6,916	–	(6,916)	–	–
Disposals	(57)	(34)	–	–	(91)
Exchange differences	(24)	(618)	(25)	–	(667)
At 31 March 2023	59,269	44,606	9,906	1,566	115,347
Additions	303	–	9,155	–	9,458
Acquisitions through business combinations	–	–	–	4,718	4,718
Transfers	10,783	–	(10,783)	–	–
Disposals	(372)	(11,731)	–	–	(12,103)
Disposal of subsidiary	(36)	–	–	–	(36)
Exchange differences	(21)	580	(6)	–	553
At 31 March 2024	69,926	33,455	8,272	6,284	117,937

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

The Group	Computer software	Engine development costs	Assets under construction#	Goodwill	Total
Accumulated amortisation and impairment losses					
At 1 April 2022	45,712	24,558	–	–	70,270
Amortisation	3,144	1,538	–	–	4,682
Disposal	(57)	–	–	–	(57)
Exchange differences	(24)	(302)	–	–	(326)
At 31 March 2023	48,775	25,794	–	–	74,569
Amortisation	4,087	1,387	–	–	5,474
Impairment losses	13	17,652	–	–	17,665
Disposal	(372)	(11,731)	–	–	(12,103)
Disposal of subsidiary	(36)	–	–	–	(36)
Exchange differences	21	353	–	–	374
At 31 March 2024	52,488	33,455	–	–	85,943
Net book value					
At 31 March 2023	10,494	18,812	9,906	1,566	40,778
At 31 March 2024	17,438	–	8,272	6,284	31,994

Assets under construction comprise mainly computer software (2023: computer software).

Impairment testing of 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").

During the year, following the exit in the aircraft engine development project, a full impairment loss of $25,113,000, based on the net assets value associated with the engine programme, was charged to profit or loss, which included impairment losses of the engine development costs and net debts of $17,652,000 and $7,461,000 respectively.

Impairment testing of goodwill

Goodwill has been allocated to the Group's CGUs (subsidiary companies) as follows:

	The Group **31 March** **2024**	**2023**
Asia Pacific Aircraft Component Services Sdn. Bhd.	1,566	1,566
JADE Engineering Pte. Ltd.	4,718	–
	6,284	1,566

The Company tests goodwill at each financial year end for impairment, or more frequently if there are indications that goodwill is impaired.

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

Asia Pacific Aircraft Component Services Sdn. Bhd.

This relates to the goodwill arising from acquisition of subsidiary in the prior financial year.

The estimated recoverable amounts of the CGU were determined based on value-in-use calculations using cash flow projections from financial forecast approved by Management covering a five-year period. The pre-tax discount rate and average 5-year forecast growth rate applied to the cash flow projection is 15.0% and 31.1% respectively; nil growth rate is assumed to derive the terminal value. Under these assumptions, the estimated recoverable amount of the CGU is in excess of its net carrying value, no impairment loss is considered necessary for the current year.

The calculations of value-in-use are most sensitive to the realisation of revenue from new repair capabilities. Assuming either a one-year delay in the commencement of new repair capabilities or 50% reduction in revenue generated from new capabilities, the estimated recoverable amount of the CGU continues to be in excess of its net carrying value.

JADE Engineering Pte. Ltd.

This relates to the goodwill arising from the acquisition of an additional 10% shares of its associated company, resulting it to become a subsidiary company, in the current financial year.

The estimated recoverable amounts of the CGU were determined based on value-in-use calculations using cash flow projections from financial forecast approved by Management covering a five-year period. The pre-tax discount rate and average 5-year forecast growth rate applied to the cash flow projection is 9.8% and 16.7% respectively; nil growth rate is assumed to derive the terminal value. Under these assumptions, the estimated recoverable amount of the CGU is in excess of its net carrying value, no impairment loss is considered necessary for the current year.

The calculations of value-in-use are most sensitive to revenue growth and discount rate. Assuming either slower revenue growth or higher discount rate, the estimated range of recoverable amount of the CGU continues to be in excess of its net carrying value.

The Company	Computer software	Assets under construction#	Total
Cost			
At 1 April 2022	50,593	5,390	55,983
Additions	(10)	10,714	10,704
Transfers	6,916	(6,916)	–
Disposals	(17)	–	(17)
At 31 March 2023	57,482	9,188	66,670
Additions	157	9,065	9,222
Transfers	10,043	(10,043)	–
Disposals	(26)	–	(26)
At 31 March 2024	67,656	8,210	75,866
Accumulated amortisation			
At 1 April 2022	44,052	–	44,052
Amortisation	3,071	–	3,071
Disposals	(17)	–	(17)
At 31 March 2023	47,106	–	47,106
Amortisation	3,887	–	3,887
Disposals	(26)	–	(26)
At 31 March 2024	50,967	–	50,967
Net book value			
At 31 March 2023	10,376	9,188	19,564
At 31 March 2024	16,689	8,210	24,899

\# Assets under construction comprise mainly computer software (2023: computer software).

18. SUBSIDIARY COMPANIES (in thousands of $)

	The Company 31 March 2024	2023
Unquoted shares, at cost	151,908	161,838
Loans to subsidiary companies	23,346	13,294
Accumulated impairment loss	(67,598)	(31,887)
	107,656	143,245

(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 2024	Cost 2023	Percentage equity held by the Group 2024	Percentage equity held by the Group 2023
NexGen Network (2) Holding Pte. Ltd. * ++	Investment holding	Singapore	56,177	56,177	100	100
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	5,315	5,315	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
Base Maintenance Malaysia Sdn. Bhd. ^	Provide aircraft maintenance, repair and overhaul	Malaysia	2,754	–	100	–
Asia Pacific Aircraft Component Services Sdn. Bhd. (f.k.a. SR Technics Malaysia Sdn. Bhd.) ^	Provide airframe maintenance and component overhaul services	Malaysia	5,077	5,077	75	75

18. 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 2024	Cost 2023	Percentage equity held by the Group 2024	Percentage equity held by the Group 2023
JADE Engineering Pte. Ltd. (f.k.a JAMCO Aero Design & Engineering Private Limited) *	Provide turnkey solutions for aircraft interior modifications	Singapore	2,016	–	55	–
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
NexGen Network (1) Holding Pte. Ltd.	Investment holding	Singapore	–	12,000	–	100
Additive Flight Solutions Pte. Ltd.	Additive manufacturing of aircraft cabin parts and tooling for the aerospace industry	Singapore	–	2,700	–	60

* Audited by KPMG LLP, Singapore
** Not required to be audited by KPMG LLP, Singapore in current year
^ 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
++ Remained dormant at financial year-end

During the financial year:

1. NexGen Network (1) Holding Pte. Ltd ("NGN1") was deemed dissolved following the registration for its dissolution in February 2024 and a loss on disposal of $626,000 is recognised. The liquidation procedure will be completed in May 2024.

2. The Company entered into an agreement with PW to exit from the PW1500G engine RRSP which was held through its wholly-owned subsidiary company, NexGen Network (2) Holding Pte. Ltd ("NGN2"), on 28 March 2024. As a result, an impairment loss of $50,411,000 was recognised against the cost of investment at 31 March 2024, where the estimated recoverable amount was based on the net asset value, comprising predominantly monetary assets and liabilities.

3. The Company disposed off its entire interest of 60% of the shares in Additive Flight Solutions Pte. Ltd. ("AFS") for a cash consideration of approximately $121,000. AFS ceased to be a subsidiary of the Group from 8 February 2024, upon completion of the divestment (see Note 19) with a gain of $1,016,000 recognised in profit or loss.

4. The Company acquired an additional 10% of the shares and voting interests in JADE Engineering Pte. Ltd. ("JADE") on 20 Oct 2023 (see Note 19). As a result, the Group's equity interest in JADE increased from 45% to 55%, granting it control of JADE.

5. The Company incorporated a wholly-owned subsidiary, Base Maintenance Malaysia Sdn. Bhd. ("BMM") on 26 September 2023. Its issued and paid-up capital is $2,754,000.

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

(a) Composition of the Group (continued)

6. Loans extended to subsidiary companies comprised:

   (i) $13,495,000 extended to a subsidiary company bears interest ranging from 7.52% to 7.69% (2022/23: 2.76% to 7.25%) per annum. The loan is non-trade related, unsecured and repayable in tranches till maturity date 1 January 2028.

   (ii) $9,851,000 extended to a subsidiary company bears interest ranging from 7.32% to 7.57% per annum. The loan is non-trade related, unsecured and repayable in September 2025.

In the prior year:

1. The Company conducted an impairment review on the expected recoverable amount of its investment in a subsidiary company, Additive Flight Solutions Pte. Ltd. ("AFS"). Due to its continued loss-making position since incorporation, a full impairment loss of $2,700,000 was recognised against the cost of investment at 31 March 2023. Management assumed nil recoverable amount as AFS is in a net liability position with the fair value of net liabilities comprising predominantly monetary assets and liabilities.

2. The Company acquired 75% of the shares and voting interests in Asia Pacific Aircraft Component Services Sdn. Bhd. ("APACS") on 31 May 2022 (see Note 19).

3. The Company invested approximately $604,000 in SIA Engineering Japan Corporation ("SIAEJ").

4. The loan extended to a subsidiary company bears interest ranging from 2.76% to 7.25% per annum. The loan is non-trade related, unsecured and repayable in tranches till maturity date 31 March 2025.

<u>Movements in allowance for impairment loss</u>

	The Company	
	31 March	
	2024	**2023**
At 1 April	(31,887)	(29,187)
Impairment loss recognised	(50,411)	(2,700)
Impairment loss reversed	328	–
Impairment loss written off	14,372	–
At 31 March	(67,598)	(31,887)

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

(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 2024 %	Ownership interests held by NCI 2023 %
Aerospace Component Engineering Services Pte. Limited ("ACES")	Singapore	Engine and component	49	49
JADE Engineering Pte. Ltd. ("JADE")	Singapore	Airframe overhaul and line maintenance	45	–

(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:

	ACES 31 March		JADE 31 March	
	2024	2023	2024	2023
Summarised balance sheet				
Current				
Assets	22,245	18,819	22,457	–
Liabilities	(6,050)	(3,548)	(14,846)	–
Net current assets	16,195	15,271	7,611	–
Non-Current				
Assets	5,837	5,583	403	–
Liabilities	(1,373)	(1,306)	(135)	–
Net non-current assets	4,464	4,277	268	–
Net assets	20,659	19,548	7,879	–
Add: Fair value adjustment arising from acquisition	–	–	4,718	–
Adjusted net assets	20,659	19,548	12,597	–
Summarised statement of comprehensive income				
Revenue	30,996	20,854	4,497	–
Profit before income tax	2,512	1,745	119	–
Taxation	(355)	(361)	56	–
Profit after tax and total comprehensive income	2,157	1,384	175	–
Other summarised information				
Net cash flow from operations	(2,216)	866	(1,799)	–
Acquisition of significant property, plant and equipment	(1,003)	(614)	(34)	–

19. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (in thousands of $)

(a) Acquisition of JADE Engineering Pte. Ltd. ("JADE")

On 20 October 2023, the Company acquired an additional 10% of the shares and voting interests in JADE Engineering Pte. Ltd. ("JADE"). As a result, the Group's equity interest in JADE increased from 45% to 55%, granting it control of JADE.

JADE's principal activities include the provision of total solutions in areas relating to aircraft cabin modification, configuration, retrofit and programme integration. This restructuring initiative will play an important part in the development of the Group's cabin maintenance and retrofit services.

For the subsequent period till 31 March 2024, JADE contributed revenue of $4,497,000 and profit of approximately $175,000 to the Group's results. If the acquisition had occurred at the start of the financial year, the revenue and profit contribution would have been approximately $7,326,000 and $267,000 respectively.

The change in control is accounted for using the acquisition method, and the Group's previously held equity interest is re-measured to fair value and a gain of $2,088,000 on deemed disposal was recognised in profit or loss. Goodwill of $4,718,000 is recognised resulting from the difference between the fair value of the Group's interest in JADE and the fair value of the net assets acquired.

Consideration transferred

The Company paid a consideration of $1,249,000 (equivalent to US$915,000) in cash for the 10% stake.

The net cash inflow on acquisition of subsidiary was as follows:

	2024
Cash and cash equivalents acquired	16,898
Less: Purchase consideration in cash	(1,249)
Net cash inflow on acquisition of subsidiary	15,649

19. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (in thousands of $) (continued)

(a) Acquisition of JADE Engineering Pte. Ltd. ("JADE") (continued)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	As at date of acquisition
Property, plant and equipment	15	127
Right-of-use assets	16	478
Trade debtors		1,876
Prepayments and other debtors		1,614
Contract assets		3,836
Cash and bank balances		3,275
Short-term deposits		13,623
Trade and other creditors		(2,169)
Lease liabilities		(480)
Contract liabilities		(14,311)
Tax payable		(59)
Deferred tax liabilities		(34)
Total identifiable net assets		7,776
Less: Non-controlling interests measured at fair value		(5,622)
Less: Fair value of previously held equity interest		(5,623)
Goodwill arising from acquisition	17	4,718
Total purchase consideration		1,249

19. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (in thousands of $) (continued)

(a) Acquisition of JADE Engineering Pte. Ltd. ("JADE") (continued)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset required	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique*: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Goodwill

Goodwill arising from the acquisition, attributable to the capabilities, future growth opportunities as well as the potential synergies expected to arise from the acquisition, has been recognised as follows:

	As at date of acquisition
Fair value of consideration	1,249
Fair value of NCI	5,622
Fair value of previously held equity investment	5,623
Subtotal	12,494
Fair value of identifiable assets	(7,776)
Goodwill	4,718

(b) Disposal of Additive Flight Solutions Pte. Ltd. ("AFS")

The Company disposed off its entire interest of 60% of the shares in AFS for a cash consideration of $121,000 (equivalent to US$90,000). AFS ceased to be a subsidiary of the Group from 8 February 2024, upon completion of the divestment.

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

	As at date of disposal
Right-of-use assets	4
Trade debtors	97
Inventories	32
Prepayment and other debtors	15
Cash and bank balances	30
Total assets	178
Less:	
Trade and other creditors	(1,666)
Lease liabilities	(4)
Net liabilities disposed	(1,492)

19. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (in thousands of $) (continued)

(b) Disposal of Additive Flight Solutions Pte. Ltd. ("AFS") (continued)

Surplus on disposal:

	2024
Cash received	121
Net liabilities disposed	1,492
NCI at disposal	(597)
Surplus on disposal	1,016

The net cash inflow on disposal of subsidiary was as follows:

	2024
Sales consideration received	121
Less: Cash and cash equivalents disposed	(30)
Net cash inflow on disposal of subsidiary	91

(c) Acquisition of Asia Pacific Aircraft Component Services Sdn. Bhd. ("APACS")

On 31 May 2022, the Group acquired 75% of the shares and voting interests in Asia Pacific Aircraft Component Services Sdn. Bhd. ("APACS"). As a result, APACS became a subsidiary of the Group.

The Group aims to create synergies and bring about new capabilities for more than 750 distinct aircraft parts to enhance its existing component repair and overhaul services and inventory technical management programme through the acquisition of APACS.

For the 10 months ended 31 March 2023, APACS contributed revenue of $10,336,000 and losses of approximately $1,000 to the Group's results. If the acquisition had occurred at the start of the financial year, the revenue and loss contribution would have been approximately $11,987,000 and $61,000 respectively.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

	2023
Cash	4,979
Deferred consideration	98
Total cash purchase consideration	5,077

Deferred consideration

A retention sum of $512,000 was initially held by the Group as security as at the date of acquisition in which any breach of obligations committed may be deducted against this amount and will be paid to the selling shareholder six months from acquisition completion. $414,000 was paid to the selling shareholder during the year. As at 31 March 2024, a retention sum of $98,000 (2023: $98,000) continued to be withheld by the Group as security for obligations yet to be fulfilled. This amount will be paid to the selling shareholder in the next 12 months should all remaining obligations be fulfilled.

19. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (in thousands of $) (continued)

(c) Acquisition of Asia Pacific Aircraft Component Services Sdn. Bhd. ("APACS") (continued)

The net cash outflow on acquisition of subsidiary was as follows:

	2023
Purchase consideration in cash	4,979
Less: Cash and cash equivalents acquired	(322)
Net cash outflow on acquisition of subsidiary	4,657

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	**As at date of acquisition**
Property, plant and equipment	15	559
Right-of-use assets	16	1,301
Intangible assets	17	449
Trade debtors		1,174
Inventories		2,766
Cash and bank balances		322
Trade and other creditors		(1,890)
Total identifiable net assets		4,681
Less: Non-controlling interests		(1,170)
Goodwill arising from acquisition	17	1,566
Total purchase consideration		5,077

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset required	**Valuation technique**
Property, plant and equipment	*Market comparison technique and cost technique*: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	*Cost technique:* The valuation model considers replacement cost, adjusted for functional and economic obsolescence when appropriate.

19. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (in thousands of $) (continued)

(c) Acquisition of Asia Pacific Aircraft Component Services Sdn. Bhd. ("APACS") (continued)

Goodwill

Goodwill arising from the acquisition, attributable to the capabilities, future growth opportunities as well as the potential synergies expected to arise from the acquisition, has been recognised as follows:

	As at date of acquisition
Total consideration transferred	5,077
NCI	1,170
Fair value of identifiable net assets	(4,681)
Goodwill	1,566

20. ASSOCIATED COMPANIES (in thousands of $)

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
Unquoted shares, at cost	167,670	216,379	167,670	216,379
Share of post-acquisition reserves	419,730	347,701	–	–
Share of other comprehensive income	(1,330)	67	–	–
Goodwill written-off to reserves	(24,398)	(24,398)	–	–
Translation adjustment	(74,242)	(86,663)	–	–
Accumulated Impairment loss	–	(346)	–	(37,469)
	487,430	452,740	167,670	178,910

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	
			2024	**2023**	**2024**	**2023**
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
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

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

Name of company	Principal activities	Country of incorporation and place of business	Cost 2024	Cost 2023	Percentage equity held by the Group 2024	Percentage equity held by the Group 2023
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
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
POS Aviation Engineering Services Sdn. Bhd. ^^++	Provide aircraft maintenance services, including technical and non-technical handling at the airport	Malaysia	3,023	–	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
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
Turbine Coating Services Pte Ltd #+	Repair and overhaul of aircraft engine turbine airfoils	Singapore	5,671	5,671	24.5	24.5

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

Name of company	Principal activities	Country of incorporation and place of business	Cost		Percentage equity held by the Group	
			2024	**2023**	**2024**	**2023**
Boeing Asia Pacific Aviation Services Pte. Ltd.	Provide engineering, material management and fleet support solutions	Singapore	–	50,965	–	49.0
JADE Engineering Pte. Ltd (f.k.a. JAMCO Aero Design & Engineering Private Limited)	Provide turnkey solutions for aircraft interior modifications	Singapore	–	767	–	45.0

@ Audited by KPMG LLP, Singapore
# Audited by PriceWaterhouseCoopers, Singapore
Not required to be audited by laws of country of incorporation
* Audited by Chan Li Law CPA Ltd
** Audited by Cypress Singapore Public Accounting Corporation
*** Audited by Deloitte & Touche, Vietnam
**** Audited by Mazars LLP, Singapore
^ Audited by Ernst & Young LLP, Indonesia
^^ Audited by KPMG LLP, Malaysia
+ 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 officially liquidated. The Group and the Company wrote back impairment losses of $346,000 and $326,000 respectively. The Group recognised a surplus on disposal of $219,000, being the total gain after writing back impairment losses previously recognised.

2. The Company acquired an additional 10% of the shares and voting interests in JADE Engineering Pte. Ltd. (“JADE”) on 20 Oct 2023 (see Note 19). As a result, the Group’s equity interest in JADE increased from 45% to 55%, granting it control of JADE.

In the prior year:

1. Boeing Asia Pacific Aviation Services Pte. Ltd. (“BAPAS”) ceased operations amidst challenges arising from the changing business environment. Management has reassessed the recoverable amount of BAPAS based on its available cash balance for distribution to shareholders upon closure. Accordingly. the Group and the Company wrote back impairment losses of $2,005,000 and $3,635,000 respectively.

<u>Movements in allowance for impairment loss</u>

	The Group		The Company	
	2024	**2023**	**2024**	**2023**
At 1 April	(346)	(2,351)	(37,469)	(41,104)
Impairment loss written off	–	–	37,143	–
Impairment loss reversed	346	2,005	326	3,635
At 31 March	–	(346)	–	(37,469)

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

The carrying amount of the material investment is as follows:

	The Group 31 March 2024	2023
Eagle Services Asia Private Limited ("ESA")	290,994	265,450
Other associated companies	196,436	187,290
	487,430	452,740

The activities of ESA complement the Group's activities.

No dividends were received from ESA in 2023/24 (2022/23: Nil).

Summarised financial information in respect of ESA is as follows:

	31 March 2024	2023
Summarised balance sheet		
Funds employed:		
Current assets	925,666	912,073
Non-current assets	117,987	119,661
	1,043,653	1,031,734
Current liabilities	(439,700)	(474,886)
Non-current liabilities	(10,086)	(15,112)
	593,867	541,736
Financed by:		
Shareholders' equity	593,867	541,736

	2023/24	2022/23
Summarised statement of comprehensive income		
Revenue	2,042,932	1,604,001
Profit after taxation from continuing operations	44,026	34,546
Total comprehensive income	44,026	34,546

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.

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

	The Group 31 March 2024	2023
Group's share of 49% of net assets	290,994	265,450

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

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

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

	The Group 31 March 2024	2023
Summarised balance sheet		
Funds employed:		
Current assets	210,778	238,159
Non-current assets	71,665	21,316
	282,443	259,475
Current liabilities	(79,342)	(65,077)
Non-current liabilities	(9,676)	(10,119)
	193,425	184,279
Financed by:		
Shareholders' equity	193,425	184,279

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

	2023/24	2022/23
Summarised statement of comprehensive income		
Profit after tax from continuing operations	48,998	31,617
Other comprehensive income	(533)	(700)
Total comprehensive income	48,465	30,917

21. ACQUISITION OF ASSOCIATED COMPANY (in thousands of $)

On 10 August 2023, the Group acquired 49% stake in POS Aviation Engineering Services Sdn. Bhd. ("PAES") from POS Aviation Sdn. Bhd., a wholly owned subsidiary of POS Malaysia Berhad at a purchase price consideration of $1,180,000 (equivalent to MYR 4,000,000).

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset required	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique*: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

The fair value measurement was categorised as Level 1 in the fair value hierarchy based on the inputs in the valuation technique used.

Goodwill arising from the acquisition is approximately $750,000 and forms part of the carrying value of the associated companies in the consolidated balance sheet.

22. JOINT VENTURE COMPANY (in thousands of $)

	The Group 31 March 2024	The Group 31 March 2023	The Company 31 March 2024	The Company 31 March 2023
Unquoted shares, at cost	61,867	61,867	61,867	61,867
Share of post-acquisition reserves	216,014	185,675	–	–
Share of other comprehensive income	(1,043)	3,928	–	–
Translation adjustment	(15,191)	(18,906)	–	–
	261,647	232,564	61,867	61,867

The joint venture company at 31 March is as follows:

Name of company	Principal activities	Country of incorporation and place of business	Cost 2024	Cost 2023	Percentage equity held by the Group 2024	Percentage equity held by the Group 2023
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 2024	The Group 31 March 2023
Singapore Aero Engine Services Private Limited (“SAESL”)	261,647	232,564

The Group has 50% (2023: 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 (2022/23: Nil) were received from SAESL.

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

Summarised financial information in respect of SAESL is as follows:

	31 March 2024	31 March 2023
Summarised balance sheet		
Funds employed:		
Cash and short-term deposits	140,717	314,718
Other current assets	1,575,837	1,648,881
Total current assets	1,716,554	1,963,599
Non-current assets	216,573	238,398
Total assets	1,933,127	2,201,997
Current liabilities	(1,396,875)	(1,736,868)
Non-current liabilities	(12,957)	–
Total liabilities	(1,409,832)	(1,736,868)
Net assets	523,295	465,129
Financed by:		
Shareholders' equity	523,295	465,129

	2023/24	**2022/23**
Summarised statement of comprehensive income		
Revenue	4,032,173	3,742,708
Depreciation and amortisation	(33,012)	(35,892)
Interest income	11,266	4,454
Interest expense	(2,055)	(5,168)
Profit before tax	64,948	64,428
Taxation	(4,271)	(5,889)
Profit after taxation	60,677	58,539
Other comprehensive income	(9,943)	9,922
Total comprehensive income	50,734	68,461

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 IFRS(I).

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

	The Group 31 March 2024	The Group 31 March 2023
Group's share of 50% of net assets	261,647	232,564

23. TRADE DEBTORS (in thousands of $)

	The Group 31 March		The Company 31 March	
	2024	**2023**	**2024**	**2023**
Trade debtors, net	70,879	34,151	51,825	23,785

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

	The Group 31 March		The Company 31 March	
	2024	**2023**	**2024**	**2023**
Not past due and not impaired	44,143	21,691	31,221	14,828
Past due				
Trade debtors – collectively assessed	29,276	13,939	22,930	10,109
Less: Accumulated impairment losses	(2,540)	(1,479)	(2,326)	(1,152)
	26,736	12,460	20,604	8,957
Credit-impaired trade debtors – individually assessed	3,612	543	3,402	427
Less: Accumulated impairment losses	(3,612)	(543)	(3,402)	(427)
	–	–	–	–
Total trade debtors, net	70,879	34,151	51,825	23,785

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 2024, trade debtors in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 65% (2023: 66%) for the Group and 85% (2023: 86%) for the Company.

24. 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**	
	2024	**2023**	**2024**	**2023**
Contract assets	151,132	160,304	142,805	149,100
Contract liabilities	(46,237)	(21,510)	(31,255)	(20,760)

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 $62,823,000 (2023: $75,302,000) and $62,658,000 (2023: $75,142,000) for the Group and Company respectively; and services rendered to fellow subsidiaries of the immediate holding company of approximately $13,506,000 (2023: $20,541,000) and $13,500,000 (2023: $19,888,000) 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 write-back of provision for impairment of $132,000 (2023: provision for impairment of $40,000) 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.

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**	
	2024	**2023**	**2024**	**2023**
The Group				
(a) Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	24,902	12,292
(b) Increase due to cash received, excluding amounts recognised as revenue during the year	–	–	(35,241)	(21,007)
(c) Contract assets recognised	164,893	199,769	–	–
(d) Transfer from contract assets to trade debtors	(167,288)	(161,293)	–	–
(e) Acquisition of subsidiary	3,836	–	(14,311)	–

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

	Contract assets 31 March		Contract liabilities 31 March	
	2024	**2023**	**2024**	**2023**
The Company				
(a) Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	16,717	10,008
(b) Increase due to cash received, excluding amounts recognised as revenue during the year	–	–	(27,212)	(18,120)
(c) Contract assets recognised	150,967	145,981	–	–
(d) Transfer from contract assets to trade debtors	(149,099)	(112,954)	–	–

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

	The Group 31 March		The Company 31 March	
	2024	**2023**	**2024**	**2023**
Current assets				
Prepayments	5,441	11,047	1,039	2,133
Other debtors	14,991	6,709	12,975	4,799
	20,432	17,756	14,014	6,932

As at 31 March 2024, the contract/notional amounts of the forward currency contracts were approximately $66,804,000 (2023: $23,323,000) for the Group and Company. These contracts were entered into by the Company's immediate holding company, on behalf of the Group and Company. In the prior year, the fair value gain of $803,000 for the Group and Company were recorded in other debtors.

In the prior year, other debtors also included wage support grant receivable of approximately $677,742.

In the prior year, out of the outstanding prepayments, $3,203,079 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 1 year.

26. 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			The Company		
	31 March 2024			**31 March 2024**		
	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	102,717	(71,797)	30,920	102,291	(71,797)	30,494
Payables	(71,797)	71,797	–	(71,797)	71,797	–
	31 March 2023			**31 March 2023**		
	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	102,648	(58,933)	43,715	102,204	(58,933)	43,271
Payables	(58,933)	58,933	–	(58,933)	58,933	–

27. 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		The Company	
	31 March		**31 March**	
	2024	**2023**	**2024**	**2023**
Amounts owing by related parties				
- Fellow subsidiaries	17,713	16,475	17,644	16,083
- Subsidiaries	–	–	8,695	6,933
- Joint venture/associated companies	1,646	1,906	599	1,683
- Others	56	61	61	61
	19,415	18,442	26,999	24,760
Amounts owing to related parties				
- Subsidiaries	–	–	(10,130)	(15,931)
- Joint venture/associated companies	(334)	(1,239)	(334)	(1,239)
	(334)	(1,239)	(10,464)	(17,170)

27. 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 2024			The Company 31 March 2024		
	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	17,713	–	17,713	17,644	–	17,644
- Subsidiaries	–	–	–	8,703	(8)	8,695
- Joint venture/ associated companies	1,646	–	1,646	599	–	599
- Others	56	–	56	61	–	61
	19,415	–	19,415	27,007	(8)	26,999
Amounts owing to related parties						
- Subsidiaries	–	–	–	(10,726)	596	(10,130)
- Joint venture/ associated companies	(334)	–	(334)	(334)	–	(334)
	(334)	–	(334)	(11,060)	596	(10,464)

	The Group 31 March 2023			The Company 31 March 2023		
	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	16,475	–	16,475	16,083	–	16,083
- Subsidiaries	–	–	–	6,933	–	6,933
- Joint venture/ associated companies	1,906	–	1,906	1,683	–	1,683
- Others	61	–	61	61	–	61
	18,442	–	18,442	24,760	–	24,760
Amounts owing to related parties						
- Subsidiaries	–	–	–	(16,290)	359	(15,931)
- Joint venture/ associated companies	(1,239)	–	(1,239)	(1,239)	–	(1,239)
	(1,239)	–	(1,239)	(17,529)	359	(17,170)

Amounts owing by related parties are stated after deducting impairment losses. During the year, the Group has not made any provision for impairment (2022/23: $18,000) on amounts owing by related parties as the expected credit loss is assessed as not material.

28. INVENTORIES (in thousands of $)

	The Group 31 March		The Company 31 March	
	2024	**2023**	**2024**	**2023**
Aircraft and component spares	47,972	33,288	28,202	25,618
Consumable stores and stocks	13,730	10,071	113	297
Total inventories at lower of cost and net realisable value	61,702	43,359	28,315	25,915

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

	The Group 31 March		The Company 31 March	
	2024	**2023**	**2024**	**2023**
Balance at 1 April	27,799	25,002	26,680	23,882
Charge to profit or loss, net	1,049	3,256	517	2,920
Provision utilised during the year	(1,828)	(459)	(2,430)	(122)
Balance at 31 March	27,020	27,799	24,767	26,680

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

	The Group 31 March		The Company 31 March	
	2024	**2023**	**2024**	**2023**
Deposits placed with the immediate holding company	578,178	587,579	578,178	587,579
Fixed deposits placed with banks	26,691	15,960	1,592	1,549
	604,869	603,539	579,770	589,128

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 1.00% to 5.91% (2022/23: 0.05% to 5.46%) per annum and can be withdrawn on demand. The interest rates are repriced at varying periods ranging from 1 to 12 months (2023: 1 to 18 months).

As at 31 March 2024, short-term deposits in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 13% (2023: 19%) for the Group and 14% (2023: 20%) for the Company.

30. 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 1.50% (2022/23: 0.0% to 0.45%) per annum.

As at 31 March 2024, cash and bank balances in currencies other than the Group's functional currencies which were denominated in United States Dollars amounted to 29% (2023: 25%) for the Group and 61% (2023: 52%) for the Company.

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

	The Group 31 March 2024	The Group 31 March 2023	The Company 31 March 2024	The Company 31 March 2023
Trade	80,044	59,115	73,462	47,159
Accruals	137,338	100,154	120,063	90,535
Contingent consideration	967	967	967	967
Provision for warranty claims	1,755	1,789	1,494	1,514
	220,104	162,025	195,986	140,175

These amounts are non-interest bearing.

As at 31 March 2024, trade and other creditors in currencies other than the Group's functional currencies which were mainly denominated in United States Dollars amounted to 7% (2023: 3%) for the Group and 7% (2023: 3%) for the Company.

As at 31 March 2024, included in trade and other creditors are fair value losses arising from forward currency contracts (Note 36) of approximately $437,000 for the Group and Company.

Contingent consideration

The Group and the Company had previously entered into an agreement related to the sales and acquisition of its subsidiary companies whereby the selling shareholder would be compensated for any recovery of bad debts and insurance claims after the acquisition. The Group and the Company has included approximately $967,000 as contingent consideration related to the additional consideration.

The fair value of contingent consideration falls under level 3 of fair value hierarchy.

Provision for warranty claims

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

	The Group 31 March 2024	The Group 31 March 2023	The Company 31 March 2024	The Company 31 March 2023
Balance at 1 April	1,789	2,903	1,514	2,440
Charge/(Reversed) to profit or loss, net	1,233	(421)	(20)	(926)
Provision utilised during the year	(1,267)	(693)	–	–
Balance at 31 March	1,755	1,789	1,494	1,514

32. 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 (2023: 1 and 48 years). There are no restrictions placed upon the Group or the Company under these arrangements.

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

(a) As lessee (continued)

Amounts recognised in consolidated income statement

	The Group	
	2023/24	**2022/23**
Leases under IFRS 16		
Finance charges	3,834	1,887
Income from sub-leasing right-of-use assets	34	(87)
Expenses relating to variable lease payments not included in the measurement of lease liabilities	873	807
Expenses relating to short-term leases	1,423	789
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	83	78

Amounts recognised in statement of cash flows

	The Group	
	2023/24	**2022/23**
Total cash outflow for leases	33,327	32,117

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

In the prior year, 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. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its property leases.

The rent concessions recognised in profit or loss for prior reporting period to which the Group has applied the practical expedient for COVID-19-related rent concessions was $588,000.

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

(b) As lessor

Operating lease

As at 31 March 2024, the Company leased its properties to another subsidiary for a lease term of 3 years. Another subsidiary also leased out its property to a third party for a period of 2 years and 3 months (2023: 6 months).

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

	The Group 31 March		The Company 31 March	
	2024	**2023**	**2024**	**2023**
Within one year	55	22	170	170
After one year but less than 5 years	69	–	340	–
	124	22	510	170

33. BANK LOANS (in thousands of $)

	The Group 31 March	
	2024	**2023**
Current liabilities		
Revolving credit facilities	2,699	2,029
Non-current liability		
Long-term bank loan	2,439	462

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 6.71% (2022/23: 6.21%) per annum. The current revolving credit facilities shall be repayable within 12 months after the reporting date.

The long-term bank loan denominated in United States dollars drawn down by a subsidiary company is unsecured and bears interest at a floating rate of 7.42% per annum, to be re-priced after half a year. This draw down is repayable by 15 March 2028.

34. 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 2023	90,134	22,570	462	2,029	115,195
Changes from financing cash flows					
Finance charges paid	–	–	(183)	(366)	(549)
Proceeds from borrowings	–	–	1,986	669	2,655
Repayment of lease liabilities	–	(30,948)	–	–	(30,948)
Total changes from financing cash flows	–	(30,948)	1,803	303	(28,842)
Non-cash changes					
Interest expense	–	3,837	183	366	4,386
Additions	12,916	6,629	–	–	19,545
Acquisition of subsidiary	299	181	–	–	480
Disposal	–	(155)	–	–	(155)
Disposal of subsidiary	(2)	(2)	–	–	(4)
Reclassification	(23,168)	23,168	–	–	–
Foreign exchange movement	(102)	(58)	(9)	1	(168)
	(10,057)	33,600	174	367	24,084
Balance at 31 March 2024	80,077	25,222	2,439	2,699	110,437
Balance at 1 April 2022	38,424	28,507	–	2,801	69,732
Changes from financing cash flows					
Finance charges paid	–	–	(1)	(60)	(61)
Proceeds from borrowings	–	–	462	2,745	3,207
Repayment of lease liabilities	–	(30,443)	–	–	(30,443)
Repayment of borrowings	–	–	–	(3,645)	(3,645)
Total changes from financing cash flows	–	(30,443)	461	(960)	(30,942)
Non-cash changes					
Interest expense	–	1,888	1	60	1,949
Additions	58,414	16,814	–	–	75,228
Reclassification	(6,440)	6,440	–	–	–
Rent concessions	–	(588)	–	–	(588)
Foreign exchange movement	(264)	(48)	–	128	(184)
	51,710	24,506	1	188	76,405
Balance at 31 March 2023	90,134	22,570	462	2,029	115,195

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

35. CAPITAL EXPENDITURE COMMITMENTS (in thousands of $)

The Group and the Company have commitments for capital expenditure, with an aggregate value of approximately $91,101,000 (2023: $55,455,000) and $91,098,000 (2023: $51,848,595) respectively.

In addition, the Group's share of a joint venture company's commitments for capital expenditure is approximately $6,207,000 (2023: $2,812,000).

36. FINANCIAL INSTRUMENTS (in thousands of $)

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and financial liabilities in the balance sheet by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

	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 2024					
Assets					
Trade debtors	70,879	–	–	–	70,879
Other debtors	14,991	–	–	–	14,991
Amount due from immediate holding company	30,920	–	–	–	30,920
Amounts owing by related parties	19,415	–	–	–	19,415
Short-term deposits	604,869	–	–	–	604,869
Cash and bank balances	41,081	–	–	–	41,081
Total financial assets	782,155	–	–	–	782,155
Assets held for sale					467
Total non-financial assets					1,305,727
Total assets					2,088,349
Liabilities					
Trade and other creditors*	–	437	218,700	–	219,137
Contingent consideration	–	–	–	967	967
Amounts owing to related parties	–	–	334	–	334
Bank loans	–	–	2,699	–	2,699
Long-term bank loans	–	–	2,439	–	2,439
Total financial liabilities	–	437	224,172	967	225,576
Total non-financial liabilities					159,534
Total liabilities					385,110

* Excluding contingent consideration

36. 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 2023					
Assets					
Trade debtors	34,151	–	–	–	34,151
Other debtors	5,906	803	–	–	6,709
Amount due from immediate holding company	43,715	–	–	–	43,715
Amounts owing by related parties	18,442	–	–	–	18,442
Short-term deposits	603,539	–	–	–	603,539
Cash and bank balances	29,450	–	–	–	29,450
Total financial assets	735,203	803	–	–	736,006
Assets held for sale					1,516
Total non-financial assets					1,245,856
Total assets					1,983,378
Liabilities					
Trade and other creditors*	–	–	161,058	–	161,058
Contingent consideration	–	–	–	967	967
Amounts owing to related parties	–	–	1,239	–	1,239
Bank loans	–	–	2,029	–	2,029
Long-term bank loans	–	–	462	–	462
Total financial liabilities	–	–	164,788	967	165,755
Total non-financial liabilities					140,885
Total liabilities					306,640

	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 2024					
Assets					
Trade debtors	51,825	–	–	–	51,825
Other debtors	12,975	–	–	–	12,975
Immediate holding company	30,494	–	–	–	30,494
Loan to a subsidiary company	23,346	–	–	–	23,346
Amounts owing by related parties	26,999	–	–	–	26,999
Short-term deposits	579,770	–	–	–	579,770
Cash and bank balances	12,909	–	–	–	12,909
Total financial assets	738,318	–	–	–	738,318
Assets held for sale					467
Total non-financial assets					770,564
Total assets					1,509,349
Liabilities					
Trade and other creditors*	–	437	194,582	–	195,019
Contingent consideration	–	–	–	967	967
Amounts owing to related parties	–	–	10,464	–	10,464
Total financial liabilities	–	437	205,046	967	206,450
Total non-financial liabilities					134,818
Total liabilities					341,268

* Excluding contingent consideration

36. 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 2023					
Assets					
Trade debtors	23,785	–	–	–	23,785
Other debtors	3,996	803	–	–	4,799
Immediate holding company	43,271	–	–	–	43,271
Loan to a subsidiary company	13,294	–	–	–	13,294
Amounts owing by related parties	24,760	–	–	–	24,760
Short-term deposits	589,128	–	–	–	589,128
Cash and bank balances	12,271	–	–	–	12,271
Total financial assets	710,505	803	–	–	711,308
Assets held for sale					1,516
Total non-financial assets					827,421
Total assets					1,540,245
Liabilities					
Trade and other creditors*	–	–	139,208	–	139,208
Contingent consideration	–	–	–	967	967
Amounts owing to related parties	–	–	17,170	–	17,170
Total financial liabilities	–	–	156,378	967	157,345
Total non-financial liabilities					131,270
Total liabilities					288,615

* 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).

36. 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 2024**			
	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	–	–	–	–
Financial liability				
Contingent consideration	–	–	(967)	(967)
Currency hedging contracts	–	(437)	–	(437)
	–	(437)	(967)	(1,404)

	The Group and Company **31 March 2023**			
	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	–	803	–	803
Financial liability				
Contingent consideration	–	–	(967)	(967)
	–	803	(967)	(164)

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.

36. 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 loan to a subsidiary company is reasonable approximation of fair value as the loan is a floating rate loan that re-price to market interest rate quarterly.

Level 3 fair value measurements

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

37. 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 various 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"), Malaysian Ringgit ("MYR") 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 2024, these accounted for 18% of total revenue (2022/23: 21%) and 7% of total operating expenses (2022/23: 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 $87,708,000 (2023: $123,671,000) and $86,636,000 (2023: $122,701,000) for the Group and the Company respectively.

37. 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.

During the year, the Company re-designated certain USD set aside in short-term deposits (non-derivative instrument) for one of the forecast transactions for working capital, following assessment that the transaction is no longer highly probable. Accordingly, the unrealised exchange gain of $473,000 in fair value reserve was reversed and recognised as realised exchange gain in profit or loss.

The remaining 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 2024, a net fair value loss before tax of $310,000 (2022/23: $619,000) with a related deferred tax liability $52,000 (2023: deferred tax asset of $105,000), 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**	
	2024	**2023**	**2024**	**2023**
Effect of weakening of SGD against USD				
Profit before taxation [R1]	923	1,203	972	1,209
Equity [R2]	(672)	(199)	(672)	(199)
Effect of strengthening of SGD against USD				
Profit before taxation [R1]	(923)	(1,203)	(972)	(1,209)
Equity [R2]	672	199	672	199

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

37. 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 FY2023/24.

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 2024, other than those short-term deposits and borrowings, the Group has a floating rate long-term bank loan.

Interest rate sensitivity analysis

At the end of the reporting period, if the floating rates had been 100 basis points (2022/23: 100 basis points) lower/higher with all other variables held constant, the Group's profit before tax would have been approximately $46,000 (2022/23: $5,000) higher/lower, arising mainly as a result of lower/higher interest expense on the floating rate loan.

(c) Credit and counterparty risk

The Group's and Company's maximum exposure to credit risk in the event that counterparties fail to perform their contractual obligations as at 31 March 2024 in relation to each class of recognised financial assets are as follows:

	The Group		The Company	
	31 March		**31 March**	
	2024	**2023**	**2024**	**2023**
Loan to a subsidiary company	–	–	23,346	13,294
Trade debtors	70,879	34,151	51,825	23,785
Contract assets	151,132	160,304	142,805	149,100
Other debtors	14,991	6,709	12,975	4,799
Amount due from immediate holding company	30,920	43,715	30,494	43,271
Amounts owing by related parties	19,415	18,442	26,999	24,760
Short-term deposits	604,869	603,539	579,770	589,128
Cash and bank balances	41,081	29,450	12,909	12,271
	933,287	896,310	881,123	860,408

Surplus funds are invested in interest-bearing bank deposits and deposits with immediate holding company. The 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.

37. 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 2024, the only trade debtor exceeding 23% (2023: 42%) of the Group's trade debtors was an amount of approximately $30,920,000 (2023: $43,715,000) due from its immediate holding company.

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.

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

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 2024 and 31 March 2023:

		The Group	
		31 March 2024	
	Weighted average loss rate	**Gross carrying amount**	**Impairment loss allowance**
Less than 30 days	0.49%	212,865	(1,053)
30 days to 60 days	1.02%	9,790	(100)
61 days to 90 days	4.38%	5,273	(231)
More than 90 days	24.42%	19,690	(4,808)
		247,618	(6,192)

		The Group	
		31 March 2023	
	Weighted average loss rate	**Gross carrying amount**	**Impairment loss allowance**
Less than 30 days	0.31%	198,545	(607)
30 days to 60 days	0.04%	6,786	(3)
61 days to 90 days	6.18%	2,588	(160)
More than 90 days	20.70%	7,248	(1,500)
		215,167	(2,270)

37. 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 2024		
	Weighted average loss rate	**Gross carrying amount**	**Impairment loss allowance**
Less than 30 days	0.49%	190,285	(928)
30 days to 60 days	0.65%	8,591	(56)
61 days to 90 days	5.36%	4,306	(231)
More than 90 days	18.67%	24,176	(4,514)
		227,358	(5,729)

	The Company 31 March 2023		
	Weighted average loss rate	**Gross carrying amount**	**Impairment loss allowance**
Less than 30 days	0.28%	183,123	(514)
30 days to 60 days	0.08%	2,617	(2)
61 days to 90 days	6.79%	2,357	(160)
More than 90 days	8.11%	11,126	(902)
		199,223	(1,578)

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 2022	3,309	3,764	7,073
Reversed during the year	(1,689)	(417)	(2,106)
Provision utilised during the year	(54)	(2,643)	(2,697)
Balance at 31 March 2023	1,566	704	2,270
Charged during the year	782	3,010	3,792
Acquisition of subsidiary	101	–	101
Provision utilised during the year	(18)	–	(18)
Exchange difference	149	(102)	47
Balance at 31 March 2024	2,580	3,612	6,192

37. 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 2022	2,488	1,592	4,080
Reversed during the year	(1,337)	(419)	(1,756)
Provision utilised during the year	–	(746)	(746)
Balance at 31 March 2023	1,151	427	1,578
Charged during the year	1,176	2,975	4,151
Balance at 31 March 2024	2,327	3,402	5,729

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 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 2024 and 31 March 2023.

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.

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

(c) Credit and counterparty risk (continued)

Exposures to credit 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**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Counterparty profiles								
By industry:								
Airlines	628,310	631,295	80%	86%	610,992	630,851	82%	89%
Financial institutions	75,224	15,960	10%	2%	1,592	1,548	0%	0%
Others	19,309	–	2%	–	19,011	–	3%	–
	722,843	647,255	92%	88%	631,595	632,399	85%	89%
By region:								
East Asia	669,255	643,267	85%	87%	598,296	632,399	80%	89%
Europe	15,843	–	2%	–	13,837	–	2%	–
South West Pacific	5,802	–	1%	–	4,088	–	1%	–
Americas	22,652	3,988	3%	1%	6,967	–	1%	–
West Asia and Africa	9,291	–	1%	–	8,407	–	1%	–
	722,843	647,255	92%	88%	631,595	632,399	85%	89%
By Moody's credit ratings:								
Investment grade (A to Aaa)	68,053	15,960	9%	2%	1,592	1,548	0%	0%
Investment grade (Baa)	5,733	–	1%	–	–	–	–	–
Non-rated	649,057	631,295	82%	86%	630,003	630,851	85%	89%
	722,843	647,255	92%	88%	631,595	632,399	85%	89%

(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 2024, the Group had at its disposal, cash and short-term deposits amounting to approximately $645,950,000 (2023: $632,989,000).

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 $10,257,000 (2023: $11,557,000) that are unsecured and can be drawn down to meet short-term financing needs.

In the prior 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 2024, 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.

37. 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							
2024							
Financial liabilities							
Trade and other creditors	220,104	–	–	–	–	–	220,104
Contract liabilities	46,237	–	–	–	–	–	46,237
Amounts owing to related parties	334	–	–	–	–	–	334
Lease liabilities	30,063	25,667	22,739	5,555	5,492	29,032	118,548
Bank loans	2,753	–	–	–	–	–	2,753
Long-term bank loan	181	1,733	882	–	–	–	2,796
Total undiscounted financial and lease liabilities	299,672	27,400	23,621	5,555	5,492	29,032	390,772
2023							
Financial liabilities							
Trade and other creditors	162,025	–	–	–	–	–	162,025
Contract liabilities	21,510	–	–	–	–	–	21,510
Amounts owing to related parties	1,239	–	–	–	–	–	1,239
Lease liabilities	26,674	22,730	22,170	21,601	4,663	29,763	127,601
Bank loans	2,029	–	–	–	–	–	2,029
Long-term bank loan	16	–	154	154	154	–	478
Total undiscounted financial and lease liabilities	213,493	22,730	22,324	21,755	4,817	29,763	314,882
The Company							
2024							
Financial liabilities							
Trade and other creditors	195,986	–	–	–	–	–	195,986
Contract liabilities	31,255	–	–	–	–	–	31,255
Amounts owing to related parties	10,464	–	–	–	–	–	10,464
Lease liabilities	28,011	24,212	22,168	5,130	5,171	22,909	107,601
Total undiscounted financial and lease liabilities	265,716	24,212	22,168	5,130	5,171	22,909	345,306
2023							
Financial liabilities							
Trade and other creditors	140,175	–	–	–	–	–	140,175
Contract liabilities	20,760	–	–	–	–	–	20,760
Amounts owing to related parties	17,170	–	–	–	–	–	17,170
Lease liabilities	24,261	21,255	21,092	21,121	4,387	23,543	115,659
Total undiscounted financial and lease liabilities	202,366	21,255	21,092	21,121	4,387	23,543	293,764

38. 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 inventory technical management. 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. Inventory technical management 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 2024 and 31 March 2023 and certain assets information of the operating segments as at those dates.

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

Operating Segments

2023/24	Notes	Airframe and line maintenance	Engine and component	Total segments	Elimination and adjustments	Per consolidated financial statements
SEGMENT REVENUE						
External revenue						
Company and subsidiaries		836,250	257,967	1,094,217	–	1,094,217
Associated companies	(a)	53,390	2,737,201	2,790,591	(2,790,591)	–
Joint venture company	(a)	–	4,032,173	4,032,173	(4,032,173)	–
Inter-segment revenue	(b)	2,398	1,707	4,105	(4,105)	–
		892,038	7,029,048	7,921,086	(6,826,869)	1,094,217
SEGMENT RESULTS						
Segment results						
Company and subsidiaries		32,965	(30,609)	2,356	–	2,356
Associated companies	(a)	8,359	168,912	177,271	(177,271)	–
Joint venture company	(a)	–	55,566	55,566	(55,566)	–
		41,324	193,869	235,193	(232,837)	2,356
Interest income						24,433
Impairment loss allowance of financial and non-financial assets						(26,844)
Surplus on disposal of associated companies						2,307
Surplus on disposal of subsidiaries						390
Share of profits of associated companies, net of tax					70,656	70,656
Share of profits of a joint venture company, net of tax					30,338	30,338
Other unallocated amounts						(4,291)
Profit before taxation	(c)					99,345
Taxation						(2,216)
Profit for the financial year						97,129
Other segment items						
Depreciation		41,194	16,411	57,605	–	57,605
Amortisation of intangible assets		3,163	2,311	5,474	–	5,474
Segment assets						
Property, plant and equipment		92,874	92,341	185,215	–	185,215
Right-of-use assets		95,815	7,570	103,385	–	103,385
Intangible assets		29,702	2,292	31,994	–	31,994
Investment in associated/joint venture companies		12,850	736,227	749,077	–	749,077
Other unallocated assets	(d)					1,018,678
Total assets		231,241	838,430	1,069,671	–	2,088,349

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

Operating Segments

2022/23	Notes	Airframe and line maintenance	Engine and component	Total segments	Elimination and adjustments	Per consolidated financial statements
SEGMENT REVENUE						
External revenue						
Company and subsidiaries		644,898	151,072	795,970	–	795,970
Associated companies	(a)	40,991	2,148,898	2,189,889	(2,189,889)	–
Joint venture company	(a)	–	3,742,708	3,742,708	(3,742,708)	–
Inter-segment revenue	(b)	–	1,958	1,958	(1,958)	–
		685,889	6,044,636	6,730,525	(5,934,555)	795,970
SEGMENT RESULTS						
Segment results						
Company and subsidiaries		(1,955)	(24,296)	(26,251)	–	(26,251)
Associated companies	(a)	(4,888)	113,996	109,108	(109,108)	–
Joint venture company	(a)	–	63,286	63,286	(63,286)	–
		(6,843)	152,986	146,143	(172,394)	(26,251)
Interest income						12,271
Reversal of impairment of financial and non-financial assets						1,678
Reversal of impairment of an associated company						2,005
Share of profits of associated companies, net of tax					48,545	48,545
Share of profits of a joint venture company, net of tax					29,269	29,269
Other unallocated amounts						(1,968)
Profit before taxation	(c)					65,549
Taxation						996
Profit for the financial year						66,545
Other segment items						
Depreciation		44,673	14,597	59,270	–	59,270
Amortisation of intangible assets		2,513	2,169	4,682	–	4,682
Segment assets						
Property, plant and equipment		102,567	72,576	175,143	–	175,143
Right-of-use assets		104,159	8,223	112,382	–	112,382
Intangible assets		18,164	22,614	40,778	–	40,778
Investment in associated/joint venture companies		22,082	663,222	685,304	–	685,304
Other unallocated assets	(d)					969,771
Total assets		246,972	766,635	1,013,607	–	1,983,378

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.

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

Notes: (continued)

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

	31 March 2024	31 March 2023
Finance charges	(4,386)	(1,949)
Surplus/(Loss) on disposal of property, plant and equipment and intangible assets	95	(19)
	(4,291)	(1,968)

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

	31 March 2024	31 March 2023
Deferred tax assets	17,781	17,539
Current assets	1,000,897	952,232
	1,018,678	969,771

<u>Geographical segments</u>

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

	Revenue*		Non-current assets 31 March	
	2023/24	**2022/23**	**2024**	**2023**
East Asia	813,540	592,629	1,085,227	1,010,564
Europe	156,189	89,268	–	–
South West Pacific	31,879	18,556	–	–
Americas	64,246	62,587	2,225	20,582
West Asia and Africa	28,363	32,930	–	–
Total	1,094,217	795,970	1,087,452	1,031,146

* Revenue from Company and subsidiary companies.

For the year ended 31 March 2024, revenue of approximately $718,261,000 (2022/23: $514,009,000) and $139,206,000 (2022/23: $63,295,000) were from customers located in Singapore and France respectively. The remaining revenue from customers in other countries were individually insignificant.

As at 31 March 2024, non-current assets of approximately $1,033,407,000 (2023: $963,544,000) 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.

<u>Major customers</u>

Revenue from one major customer amounted to approximately $569,133,000 (2022/23: $426,372,000), arising from services provided by airframe and line maintenance segment.

39. CAPITAL MANAGEMENT (in thousands of $)

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

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

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.

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	
	2024	**2023**	**2024**	**2023**
Total debt:				
Lease liabilities	105,299	112,704	97,206	103,825
Bank loans	5,138	2,491	–	–
	110,437	115,195	97,206	103,825
Total capital:				
Share capital	420,044	420,044	420,044	420,044
Reserves	1,266,990	1,246,115	748,037	831,586
	1,687,034	1,666,159	1,168,081	1,251,630
Capital and total debt	1,797,471	1,781,354	1,265,287	1,355,455

40. 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.

40. 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	
	2023/24	**2022/23**
Income		
Sales of services and related materials to:		
- the immediate holding company and related corporations	645,145	484,719
- associated companies	3,749	10,019
- a joint venture company	353	4,448
- others	1,475	10
Interest income from the immediate holding company	22,905	11,638
Equipment fee charged to the immediate holding company	128	129
Rental of office space charged to the immediate holding company	–	81
Expense		
Management fees charged by the immediate holding company for corporate, general and administrative, technical and insurance services and equipment leases	15,273	12,814
Rental of hangars, workshops and office space charged by the immediate holding company	18,157	18,657
Purchases of materials from the immediate holding company and fellow subsidiaries	88,807	59,670
Purchases of goods from:		
- associated companies	7,007	5,410
- a joint venture company	98	750
- others	11,782	20,170
Services rendered by:		
- the immediate holding company	9,445	7,319

Compensation of key management personnel

Directors' and key executives' remuneration of the Company

	The Company	
	2023/24	**2022/23**
Directors		
Directors' fees	1,371	1,283
Key executives		
Salary, bonuses and other costs	8,786	4,381
CPF and other defined contributions	166	118
Share-based compensation expense	4,688	3,325

40. 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 2023 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2024/ cessation of employment = (a)+(b)-(c)	Aggregate Base Awards granted since commencement of RSP to end of financial year under review
Ng Chin Hwee*	143,300	167,100	143,300	167,100	628,000
Wong Yue Jeen	24,000	27,900	24,000	27,900	277,105
Philip Quek Cher Heong	24,200	228,300	222,000	30,500	447,895
Foo Kean Shuh	44,800	57,600	44,800	57,600	217,350
Schmuck Stefan	22,200	26,700	22,200	26,700	59,900
Ng Lay Pheng	24,500	25,900	24,500	25,900	138,400
Ng Jan Lin Wilin	22,300	25,000	22,300	25,000	265,790
Chua Hock Hai	22,200	21,400	22,200	21,400	77,600
So Man Fung	25,500	28,000	25,500	28,000	201,393
Bernd Riggers	4,700	21,400	4,700	21,400	26,100
Chin Yau Seng	–	74,600	–	74,600	74,600

(b) RSP Final Awards (Pending Release)

Name of participant	Balance as at 1 April 2023 (a)	Final Awards granted during the financial year^ (b)	Final Awards released during the financial year (c)	Balance as at 31 March 2024/ 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*	159,940	143,300	155,460	147,780	318,660
Wong Yue Jeen	27,040	24,000	25,680	25,360	191,529
Philip Quek Cher Heong	26,590	222,000	65,490	183,100	225,020
Foo Kean Shuh	30,075	44,800	34,385	40,490	99,445
Schmuck Stefan	8,100	22,200	11,400	18,900	15,400
Ng Lay Pheng	28,345	24,500	26,645	26,200	85,539
Ng Jan Lin Wilin	26,845	22,300	25,055	24,090	197,270
Chua Hock Hai	21,615	22,200	19,505	24,310	34,105
So Man Fung	28,682	25,500	27,562	26,620	132,649
Bernd Riggers	–	4,700	1,600	3,100	1,600
Chin Yau Seng	–	–	–	–	–

^ 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.

* Mr Ng Chin Hwee retired from his role as Chief Executive Officer (CEO) on 30 September 2023.

40. 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 2023 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2024/ 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*	530,000	204,300	218,800	515,500	734,300	–
Wong Yue Jeen	66,700	24,300	23,500	67,500	158,538	27,249
Philip Quek Cher Heong	67,000	21,000	25,100	62,900	164,494	18,067
Foo Kean Shuh	89,100	49,900	25,200	113,800	191,319	19,037
Schmuck Stefan	29,000	23,200	–	52,200	52,200	–
Ng Lay Pheng	68,900	22,600	24,100	67,400	112,300	6,864
Ng Jan Lin Wilin	65,200	21,700	24,000	62,900	103,600	5,511
Chua Hock Hai	49,100	18,600	–	67,700	67,700	–
So Man Fung	45,000	24,300	–	69,300	69,300	–
Bernd Riggers	4,000	18,600	–	22,600	22,600	–
Chin Yau Seng	–	91,600	–	91,600	91,600	–

(d) DSA Base Awards

Name of participant	Balance as at 1 April 2023 (a)	Base Awards granted during the financial year (b)	Base Awards vested during the financial year (c)	Balance as at 31 March 2024/ 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*	236,132	297,446	155,700	377,878	212,300
Wong Yue Jeen	86,292	68,845	67,365	87,772	106,782
Philip Quek Cher Heong	85,646	75,000	69,084	91,562	106,838
Foo Kean Shuh	83,625	78,555	69,834	92,346	108,209
Schmuck Stefan	14,488	64,858	28,800	50,546	36,000
Ng Lay Pheng	85,423	66,766	65,993	86,196	100,311
Ng Jan Lin Wilin	85,568	72,864	68,202	90,230	87,922
Chua Hock Hai	40,347	57,228	36,500	61,075	53,900
So Man Fung	43,268	67,389	41,600	69,057	60,700
Bernd Riggers	–	12,864	4,300	8,564	4,300
Chin Yau Seng	–	–	–	–	–

* Mr Ng Chin Hwee retired from his role as Chief Executive Officer (CEO) on 30 September 2023.

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 2023/24 are as follows:

		FY2023/24	
Name of interested person	Nature of relationship	Aggregate value of all IPTs (excluding all mandated transactions pursuant to Rule 920 of the SGX Listing Manual and transactions less than $100,000)	Aggregate value of all IPTs conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)
Singapore Airlines Group			
Singapore Airlines Limited	Controlling shareholder of SIAEC	–	885,757,820*
Scoot TigerAir Pte Ltd	Wholly-owned subsidiaries of SIAEC's controlling shareholder	–	89,664,369
Singapore Aviation and General Insurance Company (Pte) Ltd		–	497,422
Tata SIA Airlines Limited	Associate of SIAEC's controlling shareholder	–	910,000
Singtel Group			
Hope Technik Pte Ltd	Associate of Temasek Holdings (Private) Limited ("Temasek")	–	316,000
NCS Communications Engineering Pte Ltd	Associate of Temasek Holdings (Private) Limited ("Temasek")	–	204,568
Non-listed Associates of Temasek Holdings (Private) Limited ("Temasek")			
Aetos Integrated Solutions Pte Ltd	Associate of Temasek	–	199,200
T-Search Global Pte Ltd	Associate of Temasek	–	242,500
Boardroom Corporate and Advisory Services Pte Ltd	Associate of Temasek	–	138,000
SATS Group			
SATS Ltd	Associate of Temasek	–	10,063,735
ST Engineering Group			
ST Engineering Aerospace Services Company Pte Ltd	Associate of Temasek Holdings (Private) Limited	–	507,687
ST Engineering Aerospace Systems Pte Ltd	Associate of Temasek Holdings (Private) Limited	–	538,947
ST Engineering Aerospace Engines Pte Ltd	Associate of Temasek Holdings (Private) Limited	–	142,799
Total		–	989,183,047

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

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Additional Information

Required By The Singapore Exchange Securities Trading Limited

1. INTERESTED PERSON TRANSACTIONS (in thousands of $) (continued)

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 2024, 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.

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