

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2005

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

**CONSOLIDATED PROFIT AND LOSS ACCOUNTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2005 (IN \$ MILLION)**

	The Group	
	1st Quarter 2005-06	1st Quarter 2004-05 (Restated)
REVENUE	223.5	201.3
EXPENDITURE		
Staff costs	88.5	87.4
Material costs	52.6	55.5
Depreciation	7.7	5.6
Company accommodation	9.3	9.0
Other operating expenses	32.4	11.0
	<u>190.5</u>	<u>168.5</u>
OPERATING PROFIT	33.0	32.8
Interest income	1.6	0.9
Share of profits of associated companies	24.2	13.2
Share of profits of joint venture companies	3.2	1.6
PROFIT BEFORE TAXATION	62.0	48.5
TAXATION	(6.7)	(5.0)
PROFIT FOR THE PERIOD	55.3	43.5
Attributable to:		
Shareholders of the Company	55.2	43.4
Minority interests	0.1	0.1
	<u>55.3</u>	<u>43.5</u>

Notes:

(i) Profit for the period is arrived at after charging/(crediting) the following:

	The Group	
	1st Quarter 2005-06 S\$M	1st Quarter 2004-05 S\$M
Bad debts recovered	(0.2)	(0.1)
Provision for/(Write-back of) doubtful debts, net	3.1	(2.3)
Exchange gains, net	(1.6)	(5.3)

Note: The comparative profit and loss account for first quarter 2004-05 have been restated to take into account the retrospective adjustments relating to FRS 102 - Share-based Payment. Please see paragraph 4 for details.

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

BALANCE SHEETS AT 30 JUNE (IN \$ MILLION)

	The Group		The Company	
	30 Jun 2005	31 Mar 2005 (Restated)	30 Jun 2005	31 Mar 2005 (Restated)
SHARE CAPITAL				
Authorised	300.0	300.0	300.0	300.0
Issued and fully paid	102.2	101.8	102.2	101.8
RESERVES				
Distributable				
General reserve	797.3	741.0	645.8	615.1
Foreign currency translation reserve	(10.1)	(15.5)	-	-
Share-based compensation reserve	7.1	5.6	7.1	5.6
Non-distributable				
Share premium	32.4	25.6	32.4	25.6
	826.7	756.7	685.3	646.3
EQUITY ATTRIBUTABLE TO SHAREHOLDERS	928.9	858.5	787.5	748.1
MINORITY INTEREST	6.7	2.3	-	-
TOTAL EQUITY	935.6	860.8	787.5	748.1
DEFERRED TAXATION	14.7	14.4	14.7	14.4
	950.3	875.2	802.2	762.5
Represented by :				
FIXED ASSETS	250.9	246.3	247.0	242.5
SUBSIDIARY COMPANIES	-	-	9.1	3.8
ASSOCIATED COMPANIES	304.8	277.2	166.6	166.6
JOINT VENTURE COMPANIES	60.1	56.0	56.6	56.6
LONG-TERM INVESTMENTS	14.6	14.6	14.6	14.6
CURRENT ASSETS				
Trade and other debtors	43.9	41.0	40.2	39.4
Immediate holding company	61.0	76.4	60.6	76.3
Related parties	18.0	15.7	16.2	13.8
Stocks	7.6	6.9	6.5	6.0
Work-in-progress	76.1	40.4	75.2	40.0
Short-term deposits	344.5	288.9	344.5	288.9
Cash and bank balances	37.4	37.0	28.0	36.3
	588.5	506.3	571.2	500.7
Less:				
CURRENT LIABILITIES				
Trade and other creditors	244.1	206.0	239.4	203.9
Bank loans	0.8	0.8	-	-
Provision for taxation	23.7	18.4	23.5	18.4
	268.6	225.2	262.9	222.3
NET CURRENT ASSETS	319.9	281.1	308.3	278.4
	950.3	875.2	802.2	762.5

Note: The comparative balance sheets for 31 March 2005 have been restated to take into account the retrospective adjustments relating to FRS 102 - Share-based Payment. Please see paragraph 4 for details.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2005		As at 31/03/2005	
Secured	Unsecured	Secured	Unsecured
-	S\$0.8M	-	S\$0.8M

Amount repayable after one year

As at 30/06/2005		As at 31/03/2005	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Nil

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

**CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2005 (IN \$ MILLION)**

	The Group	
	1st Quarter 2005-06	1st Quarter 2004-05 (Restated)
NET CASH PROVIDED BY OPERATING ACTIVITIES	54.7	19.3
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(12.3)	(5.3)
Repayment of loans by investee companies	-	2.3
Dividends received from associated companies	0.6	-
NET CASH USED IN INVESTING ACTIVITIES	(11.7)	(3.0)
CASH FLOW FROM FINANCING ACTIVITIES		
Capital contribution from minority shareholders of subsidiaries	5.1	-
Proceeds from exercise of share options	7.2	4.7
NET CASH PROVIDED BY FINANCING ACTIVITIES	12.3	4.7
NET CASH INFLOW	55.3	21.0
CASH AND CASH EQUIVALENTS AT 1 APRIL	325.9	472.4
Effect of exchange rate changes	0.7	2.7
CASH AND CASH EQUIVALENTS AT 30 JUNE	381.9	496.1
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short-term deposits	344.5	408.9
Cash and bank balances	37.4	87.2
CASH AND CASH EQUIVALENTS AT 30 JUNE	381.9	496.1

Note: The comparative cash flow statement for first quarter 2004-05 have been restated to take into account the retrospective adjustments relating to FRS 102 - Share-based Payment. Please see paragraph 4 for details.

CASH FLOW FROM OPERATING ACTIVITIES (IN \$ MILLION)

	The Group	
	1st Quarter 2005-06	1st Quarter 2004-05 (Restated)
Profit before taxation	62.0	48.5
Adjustment for:		
Depreciation of fixed assets	7.7	5.6
Share-based payment expense	1.5	0.3
Interest income	(1.6)	(0.9)
Share of profits of associated and joint venture companies	(27.4)	(14.8)
Exchange differences	(1.6)	(5.3)
Operating profit before working capital changes	40.6	33.4
(Increase)/decrease in debtors	(2.6)	2.9
Increase in stocks/work-in-progress	(36.4)	(22.6)
Increase in creditors	38.3	14.2
Decrease/(increase) in amounts owing from related companies	13.7	(9.6)
Cash generated from operations	53.6	18.3
Interest received from deposits	1.1	1.0
NET CASH PROVIDED BY OPERATING ACTIVITIES	54.7	19.3

Note: The comparative cash flow statement for first quarter 2004-05 have been restated to take into account the retrospective adjustments relating to FRS 102 - Share-based Payment. Please see paragraph 4 for details.

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2005 (IN \$ MILLION)**

The Group	Attributable to Shareholders of the Company						Minority interest	Total equity
	Share capital	Share premium	Share-based compensation reserve	Foreign currency translation reserve	General reserve	Total		
Balance at 31 March 2005, as previously reported	101.8	25.6	-	(15.5)	746.6	858.5	2.3	860.8
<u>Effect of adopting</u> - FRS 102	-	-	5.6	-	(5.6)	-	-	-
Balance at 31 March 2005, as restated	101.8	25.6	5.6	(15.5)	741.0	858.5	2.3	860.8
<u>Effect of adopting</u> - FRS 39	-	-	-	-	1.1	1.1	-	1.1
Balance at 1 April 2005	101.8	25.6	5.6	(15.5)	742.1	859.6	2.3	861.9
Share-based payment	-	-	1.5	-	-	1.5	-	1.5
Share options exercised *	0.4	6.8	-	-	-	7.2	-	7.2
Foreign currency translation differences	-	-	-	5.4	-	5.4	(0.8)	4.6
Capital contribution	-	-	-	-	-	-	5.1	5.1
Profit for the period April – June 2005	-	-	-	-	55.2	55.2	0.1	55.3
Balance at 30 June 2005	102.2	32.4	7.1	(10.1)	797.3	928.9	6.7	935.6

* 4,073,600 ordinary shares of \$0.10 par value issued at exercise price \$1.21, \$1.75, \$1.85, and \$2.18 each pursuant to the Employee Share Option Plan. Share capital and share premium increased by \$407,000 and \$6,834,000 respectively.

The Group	Attributable to Shareholders of the Company						Minority interest	Total equity
	Share capital	Share premium	Share-based compensation reserve	Foreign currency translation reserve	General reserve	Total		
Balance at 31 March 2004, as previously reported	100.5	6.4	-	(10.4)	829.3	925.8	2.1	927.9
<u>Effect of adopting</u> - FRS 102	-	-	0.9	-	(0.9)	-	-	-
Balance at 31 March 2004, as restated	100.5	6.4	0.9	(10.4)	828.4	925.8	2.1	927.9
Foreign currency translation differences	-	-	-	6.8	-	6.8	-	6.8
Share-based payment	-	-	0.3	-	-	0.3	-	0.3
Share options exercised #	0.3	4.4	-	-	-	4.7	-	4.7
Profit for the period April – June 2004	-	-	-	-	43.4	43.4	0.1	43.5
Balance at 30 June 2004	100.8	10.8	1.2	(3.6)	871.8	981.0	2.2	983.2

3,155,000 ordinary shares of \$0.10 par value issued at exercise price of \$1.41, \$1.95 and \$2.05 each pursuant to the Employee Share Option Plan. Share capital and share premium increased by \$316,000 and \$4,397,000 respectively.

**STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2005 (IN \$ MILLION)**

The Company	Share capital	Share premium	Share-based compensation reserve	Foreign currency translation reserve	General reserve	Total
Balance at 31 March 2005, as previously reported	101.8	25.6	-	-	620.7	748.1
<u>Effect of adopting</u> - FRS 102	-	-	5.6	-	(5.6)	-
Balance at 31 March 2005, as restated	101.8	25.6	5.6	-	615.1	748.1
<u>Effect of adopting</u> - FRS 39	-	-	-	-	1.1	1.1
Balance at 1 April 2005	101.8	25.6	5.6	-	616.2	749.2
Share-based payment	-	-	1.5	-	-	1.5
Share options exercised *	0.4	6.8	-	-	-	7.2
Profit for the period April – June 2005	-	-	-	-	29.6	29.6
Balance at 30 June 2005	102.2	32.4	7.1	-	645.8	787.5
Balance at 31 March 2004, as previously reported	100.5	6.4	-	0.1	742.1	849.1
<u>Effect of adopting</u> - FRS 102	-	-	0.9	-	(0.9)	-
Balance at 31 March 2004, as restated	100.5	6.4	0.9	0.1	741.2	849.1
Foreign currency translation differences	-	-	-	(0.1)	-	(0.1)
Share-based payment	-	-	0.3	-	-	0.3
Share options exercised #	0.3	4.4	-	-	-	4.7
Profit for the period April – June 2004	-	-	-	-	29.5	29.5
Balance at 30 June 2004	100.8	10.8	1.2	-	770.7	883.5

* 4,073,600 ordinary shares of \$0.10 par value issued at exercise price \$1.21, \$1.75, \$1.85, and \$2.18 each pursuant to the Employee Share Option Plan. Share capital and share premium increased by \$407,000 and \$6,834,000 respectively.

3,155,000 ordinary shares of \$0.10 par value issued at exercise price of \$1.41, \$1.95 and \$2.05 each pursuant to the Employee Share Option Plan. Share capital and share premium increased by \$316,000 and \$4,397,000 respectively.

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

SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY

- (i) The issued and paid-up capital of the Company increased from \$101,742,003 as at 31 March 2005 to \$102,149,363 as at 30 June 2005. The increase is due to new shares allotted and issued pursuant to the exercise of share options granted under the SIA Engineering Company Limited Employee Share Option Plan, which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees.
- (ii) The movement of share options of the Company during the first quarter from 1 April to 30 June 2005 is as follows:

Date of grant	Balance at 01.04.2005/ date of grant	Cancelled	Exercised	Balance at 30.06.2005	Exercise Price*	Exercisable period
28.03.2000	11,585,500	(16,000)	(1,999,600)	9,569,900	\$1.85	28.03.2001-27.03.2010
03.07.2000	9,417,650	(6,800)	(1,420,000)	7,990,850	\$1.75	03.07.2001-02.07.2010
02.07.2001	4,791,000	-	(379,600)	4,411,400	\$1.21	02.07.2002-01.07.2011
01.07.2002	15,429,800	(27,200)	(274,400)	15,128,200	\$2.18	01.07.2003-30.06.2012
01.07.2003	7,290,325	(11,400)	-	7,278,925	\$1.55	01.07.2004-30.06.2013
01.07.2004	15,195,500	(26,400)	-	15,169,100	\$1.89	01.07.2005-30.06.2014
Total	63,709,775	(87,800)	(4,073,600)	59,548,375		

* At the extraordinary general meeting of the Company held on 26 July 2004, the Company's shareholders approved an amendment to the Plan allowing for adjustment to the exercise prices of the existing options by the Committee administering the Plan, in the event of the declaration of a special dividend. At the same meeting, the Company's shareholders approved the declaration of a special dividend. The said Committee then approved a S\$0.20 reduction of the exercise prices of the outstanding share options. The exercise prices reflected here are the exercise prices after such adjustment.

- (iii) As at 30 June 2004, the number of share options of the Company outstanding was 58,886,400.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared to the audited financial statements as at 31 March 2005 except for the adoption of all the new and revised Financial Reporting Standards (FRS) that became effective for the Group for the financial year beginning 1 April 2005.

The adoption of these new and revised FRSs did not have any significant financial impact to the Group except as discussed below:

FRS 39: Financial Instruments: Recognition and Measurement

FRS 39 sets out the new requirement for the recognition, derecognition and measurement of the Group's financial instruments. The adoption of FRS 39 has resulted in the Group recognising available-for-sale investments at cost, loans and receivables and financial liabilities at amortised cost, which in the case of the Group, based on the nature of the underlying financial instruments, equate materially to cost. There are no material adjustments arising from the adoption of FRS 39.

In accordance with the transitional provisions of FRS 39, the comparative financial statements for FY2004-05 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 April 2005.

	Increase by \$ million
General reserve	1.1
Trade debtors	1.4
Deferred taxation	0.3

FRS 102: Share-based Payment

FRS 102 requires the Group to recognise an expense in the profit and loss account with a corresponding increase in equity for share options granted after 22 November 2002 and not vested by 1 April 2005. The total amount to be recognised as an expense in the profit and loss account is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in the profit and loss account and a corresponding adjustment to equity over the remaining vesting period.

The application of FRS 102 is retrospective and accordingly, the comparative financial statements are restated and the financial impact on the Group is as follows:

	Increased/(Decreased) by \$ million
Profit for the period April-June 2004	(0.3)
Profit for the period April-June 2005	(1.5)
General Reserve as at 31 March 2004	(0.9)
General Reserve as at 31 March 2005	(5.6)
Share-based Compensation Reserve as at 31 March 2004	0.9
Share-based Compensation Reserve as at 31 March 2005	5.6
	Decreased by Cents
Basic Earnings Per Share for the quarter ended 30 June 2004	(0.04)
Basic Earnings Per Share for the quarter ended 30 June 2005	(0.14)
Diluted Earnings Per Share for the quarter ended 30 June 2004	(0.03)
Diluted Earnings Per Share for the quarter ended 30 June 2005	(0.14)

FRS 103: Business Combinations; FRS 36: Impairment of Assets; and FRS 38: Intangible Assets

The new accounting standard FRS 103: Business Combinations has resulted in consequential amendments to two other accounting standards, FRS 36: Impairment of Assets and FRS 38: Intangible Assets.

Under FRS 103, goodwill acquired in a business combination is no longer subjected to amortisation to the profit and loss account. Instead, it is subjected to impairment review annually or whenever there is an indication that the goodwill is impaired as required by the revised FRS 36. Any impairment loss is charged to the profit and loss account and subsequent reversal is not allowed.

The Group adopted FRS 103 with effect from 1 April 2005.

Previously, goodwill was amortised using the straight-line method over a period not exceeding twenty years. No goodwill amortisation was recorded for the first quarter of FY2005-06 (First quarter of FY2004-05: \$0.1 million).

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

Please refer to paragraph 4.

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

	Group	
	1st Quarter 2005-06	1st Quarter 2004-05 (Restated)
Earnings per share (cents)		
- Basic *	5.42	4.31
- Diluted #	5.35	4.30

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

Based on the weighted average number of ordinary shares in issue, after adjusting for the effects of dilutive options.

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

	Group		Company	
	As at 30 Jun 05	As at 31 Mar 05 (Restated)	As at 30 Jun 05	As at 31 Mar 05 (Restated)
Net asset value per share (cents)	91.0	84.4	77.1	73.5

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

GROUP EARNINGS

With increased contributions from our associated and joint venture companies, the Group turned in a 27.1% increase in net profit to \$55.3 million for the first quarter of FY2005-06. Operating profit was unchanged at \$33.0 million, as revenue growth of 11.0% was offset by a higher expenditure increase of 13.1%.

Revenue gained \$22.2 million or 11.0% to \$223.5 million. Revenue for the current quarter included an amount of \$5.7 million for overhaul work on a customer's engine. On occasional instances like this when engine overhaul work is received as part of an aircraft overhaul package, the Company subcontracts the engine overhaul work to an engine maintenance facility. Growth in airframe and component overhaul workload and an increase of more than 10% in the number of flights handled by Line Maintenance division also contributed to the increase in revenue. Fleet management work also grew during the quarter, increasing its contribution to the Group's revenue to 3% from 2% in the corresponding period last year. Airframe and component overhaul and line maintenance contributed 65% and 32% to the Group's revenue respectively.

Expenditure increased by 13.1% to \$190.5 million, caused in part by higher subcontract and overtime costs in line with higher workload. In addition, expenditure for the same quarter last year was offset by a write-back of provision for doubtful debts of \$2.4 million and an exchange gain of \$5.3 million. Expenditure for the current quarter included a provision for doubtful debts of \$2.9 million and was offset by a smaller exchange gain of \$1.6 million.

Share of profits from our associated and joint venture companies surged 85.1% (+\$12.6 million) to \$27.4 million. Boosted by the share of profits, which made up 44.2% of the Group's pre-tax profits, profit before taxation increased 27.8% to \$62.0 million.

With effect from 1 June 2004, the Company's tax incentives have come under the Development Expansion Incentive scheme (Relief from Income Tax). Tax is payable at the prevailing corporate tax rate on a defined tax base and at a concessionary tax rate of 10% on profits in excess of the tax base. Prior to 1 June 2004, there was no tax payable on profits in excess of the defined tax base. The defined tax base is significantly higher with effect from 1 June 2005 under the terms of the Development Expansion Incentive scheme.

Profit attributable to shareholders for the quarter was \$55.2 million (+27.2% or \$11.8 million). Basic earnings per share increased 25.8% to 5.42 cents.

GROUP FINANCIAL POSITION (as at 30 June 2005)

Total equity stood at \$935.6 million as at 30 June 2005, 8.7% or \$74.8 million higher than at 31 March 2005.

Total assets increased by \$118.5 million (+10.8%) to \$1,218.9 million. Net asset value per share was 91.0 cents, an increase of 6.6 cents (+7.8%) from 31 March 2005.

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

Not applicable.

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

OUTLOOK STATEMENT

While the maintenance, repair and overhaul (MRO) business environment remains challenging, strategic initiatives undertaken by the Company to strengthen its Total Support Services have led to a healthy pipeline of new customers and products.

With airlines facing mounting pressure from escalating fuel costs, the pressure on MRO rates is expected to continue unabated.

- 11. Dividend**

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

- 12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared/recommendeded for the quarter ended 30 June 2005.

13. Interested Persons Transactions

Interested Persons Transactions

(In thousands of S\$)

1st Quarter FY2005-06

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions pursuant to the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual))	Aggregate value of all IPTs under the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual) during the financial year under review (excluding transactions less than \$100,000)
Singapore Airlines Ltd	–	125
Asprecise Pte Ltd	–	840
Total	–	965

BY ORDER OF THE BOARD

Devika Rani Davar
Company Secretary
29 July 2005

Singapore Co. Regn. No.: 198201025C