

UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2006

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 2006 (IN \$ MILLION)**

| | The Group | |
|---|------------------------|------------------------|
| | 1st Quarter 2006-07 | 1st Quarter 2005-06 |
| REVENUE | 248.6 | 223.5 |
| EXPENDITURE | | |
| Staff costs | 91.4 | 88.5 |
| Material costs | 63.9 | 52.6 |
| Depreciation | 6.8 | 6.0 |
| Amortisation of intangibles | 1.8 | 1.7 |
| Company accommodation | 10.2 | 9.3 |
| Other operating expenses | 41.4 | 32.4 |
| | <u>215.5</u> | <u>190.5</u> |
| OPERATING PROFIT | 33.1 | 33.0 |
| Interest income | 4.4 | 1.6 |
| Dividend received from long-term investment | 4.7 | - |
| Share of profits of associated companies | 25.4 | 24.2 |
| Share of profits of joint venture companies | 6.9 | 3.2 |
| PROFIT BEFORE TAXATION | 74.5 | 62.0 |
| TAXATION | (8.2) | (6.7) |
| PROFIT FOR THE PERIOD | 66.3 | 55.3 |
| PROFIT ATTRIBUTABLE TO: | | |
| EQUITY HOLDERS OF THE COMPANY | 66.4 | 55.2 |
| Minority interests | (0.1) | 0.1 |
| | <u>66.3</u> | <u>55.3</u> |
| Basic earnings per share (cents) | 6.38 | 5.42 |
| Diluted earnings per share (cents) | 6.25 | 5.35 |

Notes:

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

| | The Group | |
|--|------------------------|------------------------|
| | 1st Quarter 2006-07 | 1st Quarter 2005-06 |
| | S\$M | S\$M |
| Bad debts recovered | (0.2) | (0.2) |
| (Write-back of) / Impairment of trade debtors, net | (0.8) | 3.1 |
| Exchange loss / (gain), net | 0.8 | (1.6) |
| Adjustment for overprovision of tax in respect of prior year | (0.5) | - |

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 2006 | 31 Mar 2006 | 30 Jun 2006 | 31 Mar 2006 |
| SHARE CAPITAL | 174.1 | 163.1 | 174.1 | 163.1 |
| RESERVES | | | | |
| General reserve | 952.1 | 885.5 | 755.8 | 718.3 |
| Share-based compensation reserve | 12.6 | 11.9 | 12.6 | 11.9 |
| Foreign currency translation reserve | (21.4) | (21.7) | - | - |
| | 943.3 | 875.7 | 768.4 | 730.2 |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | 1,117.4 | 1,038.8 | 942.5 | 893.3 |
| MINORITY INTERESTS | 14.0 | 14.1 | - | - |
| TOTAL EQUITY | 1,131.4 | 1,052.9 | 942.5 | 893.3 |
| DEFERRED TAXATION | 14.7 | 14.8 | 14.5 | 14.5 |
| NON-CURRENT LIABILITY | | | | |
| Finance lease commitments | | | | |
| – repayable after one year | 1.9 | 2.0 | - | - |
| | 1,148.0 | 1,069.7 | 957.0 | 907.8 |
| Represented by : | | | | |
| FIXED ASSETS | 235.6 | 230.1 | 222.6 | 218.5 |
| INTANGIBLES | 17.7 | 19.2 | 17.1 | 18.9 |
| SUBSIDIARY COMPANIES | - | - | 16.3 | 16.3 |
| ASSOCIATED COMPANIES | 323.6 | 299.8 | 168.3 | 168.3 |
| JOINT VENTURE COMPANIES | 75.6 | 69.8 | 56.6 | 56.6 |
| LONG-TERM INVESTMENTS | 14.6 | 14.6 | 14.6 | 14.6 |
| CURRENT ASSETS | | | | |
| Trade and other debtors | 52.6 | 52.6 | 43.8 | 45.8 |
| Immediate holding company | 69.9 | 84.6 | 69.6 | 84.2 |
| Related parties | 23.5 | 29.8 | 19.4 | 24.5 |
| Stocks | 9.6 | 8.3 | 6.9 | 6.9 |
| Work-in-progress | 34.7 | 18.3 | 33.8 | 18.2 |
| Short-term deposits | 522.3 | 464.1 | 511.1 | 455.1 |
| Cash and bank balances | 49.0 | 36.4 | 44.4 | 28.3 |
| | 761.6 | 694.1 | 729.0 | 663.0 |
| Less: | | | | |
| CURRENT LIABILITIES | | | | |
| Trade and other creditors | 240.1 | 224.1 | 228.5 | 216.0 |
| Finance lease commitments | | | | |
| – repayable within one year | 0.2 | 0.2 | - | - |
| Bank loans | 0.8 | 0.8 | - | - |
| Current tax payable | 39.6 | 32.8 | 39.0 | 32.4 |
| | 280.7 | 257.9 | 267.5 | 248.4 |
| NET CURRENT ASSETS | 480.9 | 436.2 | 461.5 | 414.6 |
| | 1,148.0 | 1,069.7 | 957.0 | 907.8 |

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

Amount repayable in one year or less, or on demand

| As at 30/06/2006 | | As at 31/03/2006 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$0.2M | S\$0.8M | S\$0.2M | S\$0.8M |

Amount repayable after one year

| As at 30/06/2006 | | As at 31/03/2006 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$1.9M | - | S\$2.0M | - |

Details of any collateral

The secured borrowings pertains to a finance lease secured over factory premises.

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 2006 (IN \$ MILLION)**

| | The Group | |
|--|--------------------------------|--------------------------------|
| | 1st Quarter 2006-07 | 1st Quarter 2005-06 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 64.6 | 53.6 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital expenditure | (11.3) | (12.1) |
| Purchase of intangible assets | (0.3) | (0.2) |
| Dividends received from associated and joint venture companies | 1.3 | 0.6 |
| Dividend received from long-term investment | 4.7 | - |
| Proceeds from disposal of fixed assets | 0.1 | - |
| Interest received from deposits | 2.2 | 1.1 |
| NET CASH USED IN INVESTING ACTIVITIES | (3.3) | (10.6) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of share capital by subsidiary companies to minority shareholders | - | 5.1 |
| Proceeds from exercise of share options | 10.0 | 7.2 |
| Repayment of finance lease obligations | (0.1) | - |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 9.9 | 12.3 |
| NET CASH INFLOW | 71.2 | 55.3 |
| CASH AND CASH EQUIVALENTS AT 1 APRIL | 500.5 | 325.9 |
| Effect of exchange rate changes | (0.4) | 0.7 |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | 571.3 | 381.9 |
| ANALYSIS OF CASH AND CASH EQUIVALENTS | | |
| Short-term deposits | 522.3 | 344.5 |
| Cash and bank balances | 49.0 | 37.4 |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | 571.3 | 381.9 |

CASH FLOW FROM OPERATING ACTIVITIES (IN \$ MILLION)

| | The Group | |
|--|--------------------------------|--------------------------------|
| | 1st Quarter 2006-07 | 1st Quarter 2005-06 |
| Profit before taxation | 74.5 | 62.0 |
| Adjustments for: | | |
| Depreciation of fixed assets | 6.8 | 6.0 |
| Amortisation of intangibles | 1.8 | 1.7 |
| Share-based payment expense | 1.9 | 1.5 |
| Interest income | (4.4) | (1.6) |
| Share of profits of associated and joint venture companies | (32.3) | (27.4) |
| Exchange differences | 0.8 | (1.6) |
| Dividend received from long-term investment | (4.7) | - |
| Operating profit before working capital changes | 44.4 | 40.6 |
| Increase in debtors | (0.3) | (2.6) |
| Increase in stocks/work-in-progress | (17.7) | (36.4) |
| Increase in creditors | 15.0 | 38.3 |
| Decrease in amounts owing from related companies | 23.2 | 13.7 |
| Net cash provided by operating activities | 64.6 | 53.6 |

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

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2006 (IN \$ MILLION)**

| The Group | Attributable to Equity Holders of the Company | | | | | | Minority interests | Total equity |
|--|---|---------------|----------------------------------|--------------------------------------|-----------------|---------|--------------------|--------------|
| | Share capital | Share premium | Share-based compensation reserve | Foreign currency translation reserve | General reserve | Total | | |
| Balance at 1 April 2006 | 163.1 | - | 11.9 | (21.7) | 885.5 | 1,038.8 | 14.1 | 1,052.9 |
| Currency translation differences not recognised in the profit and loss account | - | - | - | 0.3 | - | 0.3 | - | 0.3 |
| Profit for the period April – June 2006 | - | - | - | - | 66.4 | 66.4 | (0.1) | 66.3 |
| Net income and expense recognised for the period | - | - | - | 0.3 | 66.4 | 66.7 | (0.1) | 66.6 |
| Share-based payment | - | - | 1.9 | - | - | 1.9 | - | 1.9 |
| Share options exercised | 11.0 | - | (1.0) | - | - | 10.0 | - | 10.0 |
| Share options lapsed | - | - | (0.2) | - | 0.2 | - | - | - |
| Balance at 30 June 2006 | 174.1 | - | 12.6 | (21.4) | 952.1 | 1,117.4 | 14.0 | 1,131.4 |

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2006 (IN \$ MILLION)**

| The Group | Attributable to Equity Holders of the Company | | | | | | Minority interests | Total equity |
|--|---|---------------|----------------------------------|--------------------------------------|-----------------|-------|--------------------|--------------|
| | Share capital | Share premium | Share-based compensation reserve | Foreign currency translation reserve | General reserve | Total | | |
| Balance at 1 April 2005 | 101.8 | 25.6 | 5.6 | (15.5) | 742.1 | 859.6 | 2.3 | 861.9 |
| Currency translation differences not recognised in the profit and loss account | - | - | - | 5.4 | - | 5.4 | (0.8) | 4.6 |
| Profit for the period April – June 2005 | - | - | - | - | 55.2 | 55.2 | 0.1 | 55.3 |
| Net income and expense recognised for the period | - | - | - | 5.4 | 55.2 | 60.6 | (0.7) | 59.9 |
| Issuance of share capital by subsidiary companies | - | - | - | - | - | - | 5.1 | 5.1 |
| Share-based payment | - | - | 1.5 | - | - | 1.5 | - | 1.5 |
| Share options exercised | 0.4 | 6.8 | - | - | - | 7.2 | - | 7.2 |
| Balance at 30 June 2005 | 102.2 | 32.4 | 7.1 | (10.1) | 797.3 | 928.9 | 6.7 | 935.6 |

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 JUNE 2006 (IN \$ MILLION)**

| The Company | Share capital | Share premium | Share-based compensation reserve | General reserve | Total |
|--|---------------|---------------|----------------------------------|-----------------|-------|
| Balance at 1 April 2006 | 163.1 | - | 11.9 | 718.3 | 893.3 |
| Profit for the period April – June 2006 | - | - | - | 37.3 | 37.3 |
| Net income recognised for the period | - | - | - | 37.3 | 37.3 |
| Share-based payment | - | - | 1.9 | - | 1.9 |
| Share options exercised | 11.0 | - | (1.0) | - | 10.0 |
| Share options lapsed | - | - | (0.2) | 0.2 | - |
| Balance at 30 June 2006 | 174.1 | - | 12.6 | 755.8 | 942.5 |
| Balance at 1 April 2005 | 101.8 | 25.6 | 5.6 | 616.2 | 749.2 |
| Profit for the period April – June 2005 | - | - | - | 29.6 | 29.6 |
| Net income recognised for the period | - | - | - | 29.6 | 29.6 |
| Share-based payment | - | - | 1.5 | - | 1.5 |
| Share options exercised | 0.4 | 6.8 | - | - | 7.2 |
| Balance at 30 June 2005 | 102.2 | 32.4 | 7.1 | 645.8 | 787.5 |

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) As at 30 June 2005, the number of share options of the Company outstanding was 59,548,375.
- (ii) During the period 1 April to 30 June 2006, 5,579,125 shares were exercised 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. As at 30 June 2006, options to subscribe 54,605,250 ordinary shares remain outstanding under the Employee Share Option Plan.
- (iii) The movement of share options of the Company during the period April to June 2006 is as follows:

| No | Date of grant | Balance at 01.04.2006 /date of grant | Cancelled | Exercised | Balance at 30.06.2006 | Exercise Price* | Exercisable period |
|----|---------------|--------------------------------------|-----------|-------------|-----------------------|-----------------|-----------------------|
| 1. | 28.03.2000 | 6,038,400 | (11,600) | (1,172,300) | 4,854,500 | \$1.85 | 28.03.2001-27.03.2010 |
| 2. | 03.07.2000 | 5,008,150 | (11,600) | (1,003,700) | 3,992,850 | \$1.75 | 03.07.2001-02.07.2010 |
| 3. | 02.07.2001 | 3,169,650 | - | (1,072,400) | 2,097,250 | \$1.21 | 02.07.2002-01.07.2011 |
| 4. | 01.07.2002 | 11,049,975 | - | (1,670,250) | 9,379,725 | \$2.18 | 01.07.2003-30.06.2012 |
| 5. | 01.07.2003 | 3,811,625 | - | (614,900) | 3,196,725 | \$1.55 | 01.07.2004-30.06.2013 |
| 6. | 01.07.2004 | 14,956,875 | (3,600) | (39,975) | 14,913,300 | \$1.89 | 01.07.2005-30.06.2014 |
| 7. | 01.07.2005 | 16,190,900 | (14,400) | (5,600) | 16,170,900 | \$2.45 | 01.07.2006-30.06.2015 |
| | Total | 60,225,575 | (41,200) | (5,579,125) | 54,605,250 | | |

* 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 for the first six grants. The exercise prices reflected here are the exercise prices after such adjustment.

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 2006.

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.

Not applicable.

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 2006-07 | 1st Quarter 2005-06 |
| Earnings per share (cents) | | |
| - Basic * | 6.38 | 5.42 |
| - Diluted # | 6.25 | 5.35 |

* 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 06 | As at 31 Mar 06 | As at 30 Jun 06 | As at 31 Mar 06 |
| Net asset value per share (cents) | 107.2 | 100.2 | 90.4 | 86.2 |

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

The Group posted a 20.2% rise in first quarter profit attributable to equity holders of the Company as a result of continuing contributions from associated and joint venture companies. Dividend income was also received from an investee company during the quarter.

Revenue grew by \$25.1 million or 11.2% to \$248.6 million. The increase was generated from all core activities of the Group. Airframe and Component Overhaul revenue grew by 5.7% from increased workload, while Line Maintenance revenue increased by 9.7% with more flights handled. Revenue from Fleet Management Programme, a fast growing business area, more than doubled from \$6.8 million in the first quarter of 2005-06 to \$16.6 million this quarter, including the revenue of \$1.9 million recognised on completed contracts.

Airframe and Component Overhaul, Line Maintenance and Fleet Management Programme contributed 62%, 31% & 7% respectively to the Group's revenue.

Expenditure incurred in preparation for the first Passenger-to-Freighter (PTF) conversion in August 2006, higher material cost and an exchange loss of \$0.8 million were the main causes of the 13.1% rise in expenditure. There was an exchange gain of \$1.6 million in the corresponding quarter last year.

The resulting first quarter 2006-07 operating profit was \$33.1 million.

Associate and joint venture companies continued their strong contribution to Group earnings. Share of profits increased by \$4.9 million (+17.9%) to \$32.3 million, forming 43.4% of the Group's pre-tax profits. As at 30 June 2006, the Group had equity interests in 19 joint ventures with original equipment manufacturers and airlines in Singapore, Ireland, Hong Kong, Taiwan, Indonesia and the Philippines, covering a comprehensive range of high-technology aero-services.

Boosted by the share of profits and dividend income of \$4.7 million from an investee company, profit before taxation increased by \$12.5 million (+20.2%) to \$74.5 million. Profit attributable to equity holders of the Company increased at the same rate to \$66.4 million, \$11.2 million higher than in the same period last year.

Correspondingly, basic earnings per share increased by 17.8% to 6.38 cents.

GROUP FINANCIAL POSITION (as at 30 June 2006)

Equity attributable to equity holders of the Company increased to \$1,117.4 million as at 30 June 2006, \$78.6 million higher than at 31 March 2006. As at 30 June 2006, total number of shares issued was 1,042.4 million.

Total assets stood at \$1,428.7 million, up \$101.1 million or 7.6%. Net asset value per share was 107.2 cents, an increase of 7.0 cents (+7.0%).

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.

SUBSEQUENT EVENT

On 26 July 2006, the Company signed a Memorandum of Understanding with the Wadia Group of India to form a Joint Venture Company (JVC) to offer maintenance, repair and overhaul services in India. SIA Engineering Company, which will have a 51% shareholding in the JVC, shall manage the green field facility, while the Wadia Group will hold the remaining 49% stake.

OUTLOOK

The commencement of the Passenger-to-Freighter conversion programme in August 2006 will add to our service offerings and better position the Company and its joint ventures to benefit from a steady demand for MRO services.

Rates will continue to come under pressure as airlines continue to focus on managing costs in a competitive business environment. We are intensifying our efforts to enhance competitiveness through productivity improvements and new service offerings. At the same time, the Company will seek growth opportunities in strategic markets and increase its portfolio of third party customers.

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 2006.

13. Interested Persons Transactions

Interested Persons Transactions

(In thousands of S\$)

| Name of interested person | 1st Quarter FY2006-07 | |
|------------------------------|---|--|
| | 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 | – | 390 |
| Senoko Energy Supply Pte Ltd | – | 4,072 |
| Keppel FMO Pte Ltd | – | 516 |
| Great Wall Airlines Co Ltd | – | 22,550 |
| Total | – | 27,528 |

BY ORDER OF THE BOARD

Devika Rani Davar
Company Secretary
1 August 2006

Singapore Co. Regn. No.: 198201025C