

**UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR  
ENDED 30 SEPTEMBER 2007**

**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 SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2007 (IN \$ MILLION)**

	The Group		The Group	
	2nd Quarter 2007-08	2nd Quarter 2006-07	1 <sup>st</sup> Half 2007-08	1 <sup>st</sup> Half 2006-07
<b>REVENUE</b>	<b>265.8</b>	<b>244.3</b>	<b>535.9</b>	<b>492.9</b>
<b>EXPENDITURE</b>				
Staff costs	106.7	93.9	214.6	185.3
Material costs	67.7	60.1	138.4	124.0
Depreciation	8.3	7.1	16.1	13.9
Amortisation of intangibles	1.6	2.0	3.5	3.8
Company accommodation	11.1	10.6	21.7	20.8
Other operating expenses	36.3	35.9	78.3	77.3
	<b>231.7</b>	<b>209.6</b>	<b>472.6</b>	<b>425.1</b>
<b>OPERATING PROFIT</b>	<b>34.1</b>	<b>34.7</b>	<b>63.3</b>	<b>67.8</b>
Interest income	2.5	3.4	5.7	7.8
Finance charges	*	*	*	*
Surplus / (Loss) on disposal of fixed assets	*	(0.2)	0.1	(0.2)
Dividend received from long-term investment	3.9	7.1	8.5	11.8
Share of profits of associated companies	27.6	26.7	57.2	52.1
Share of profits of joint venture companies	14.7	8.7	25.7	15.6
<b>PROFIT BEFORE TAXATION</b>	<b>82.8</b>	<b>80.4</b>	<b>160.5</b>	<b>154.9</b>
<b>TAXATION</b>	<b>(8.0)</b>	<b>(9.3)</b>	<b>(15.5)</b>	<b>(17.5)</b>
<b>PROFIT FOR THE PERIOD</b>	<b>74.8</b>	<b>71.1</b>	<b>145.0</b>	<b>137.4</b>
<b>PROFIT ATTRIBUTABLE TO:</b>				
<b>EQUITY HOLDERS OF THE COMPANY</b>	<b>74.5</b>	<b>72.0</b>	<b>145.0</b>	<b>138.4</b>
Minority interests	0.3	(0.9)	*	(1.0)
	<b>74.8</b>	<b>71.1</b>	<b>145.0</b>	<b>137.4</b>
Basic earnings per share (cents)	6.95	6.82	13.59	13.21
Diluted earnings per share (cents)	6.83	6.68	13.36	12.94

**Notes:**

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

	The Group		The Group	
	2nd Quarter 2007-08	2nd Quarter 2006-07	1 <sup>st</sup> Half 2007-08	1 <sup>st</sup> Half 2006-07
	<b>S\$M</b>	<b>S\$M</b>	<b>S\$M</b>	<b>S\$M</b>
Bad debts written off	-	0.9	0.3	0.7
Provision / (Write-back of provision) for impairment of trade debtors, net	1.3	(0.3)	1.5	(1.1)
Exchange (gain) / loss, net	(0.3)	0.2	(1.7)	1.0
Adjustment for overprovision of tax in respect of prior year	-	-	(0.1)	(0.5)

\* Amount less than \$0.1M

**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 SEPTEMBER (IN \$ MILLION)**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 Sep 2007</b>	<b>31 Mar 2007</b>	<b>30 Sep 2007</b>	<b>31 Mar 2007</b>
<b>SHARE CAPITAL</b>	241.4	214.5	241.4	214.5
<b>RESERVES</b>				
General reserve	871.4	811.7	562.3	560.4
Share-based compensation reserve	20.9	18.0	20.9	18.0
Foreign currency translation reserve	(54.7)	(47.1)	-	-
Fair value reserve	0.6	-	0.6	-
	<u>838.2</u>	<u>782.6</u>	<u>583.8</u>	<u>578.4</u>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	1,079.6	997.1	825.2	792.9
<b>MINORITY INTERESTS</b>	13.1	13.2	-	-
<b>TOTAL EQUITY</b>	<u>1,092.7</u>	<u>1,010.3</u>	<u>825.2</u>	<u>792.9</u>
<b>DEFERRED TAXATION</b>	13.2	13.2	13.1	13.1
<b>LONG TERM LIABILITY</b>				
Finance lease commitments				
- repayable after one year	0.1	-	-	-
	<u>1,106.0</u>	<u>1,023.5</u>	<u>838.3</u>	<u>806.0</u>
Represented by :				
<b>FIXED ASSETS</b>	253.2	250.3	235.5	233.1
<b>INTANGIBLES</b>	13.5	15.3	11.9	14.9
<b>SUBSIDIARY COMPANIES</b>	-	-	18.2	16.3
<b>ASSOCIATED COMPANIES</b>	369.4	339.6	164.7	164.7
<b>JOINT VENTURE COMPANIES</b>	106.1	85.8	56.6	56.6
<b>LONG-TERM INVESTMENTS</b>	14.6	14.6	14.6	14.6
<b>CURRENT ASSETS</b>				
Trade and other debtors	69.6	65.8	57.5	55.3
Immediate holding company	76.9	73.7	71.3	73.6
Related parties	31.2	22.2	27.1	19.1
Stocks	14.4	11.5	11.3	9.2
Work-in-progress	43.8	35.9	43.7	35.9
Short-term deposits	320.3	369.7	316.9	362.3
Cash and bank balances	39.7	30.6	35.3	24.1
	<u>595.9</u>	<u>609.4</u>	<u>563.1</u>	<u>579.5</u>
Less:				
<b>CURRENT LIABILITIES</b>				
Trade and other creditors	201.5	243.4	181.8	228.8
Finance lease commitments				
- repayable within one year	0.1	1.9	-	-
Bank loans	-	0.8	-	-
Current tax payable	45.1	45.4	44.5	44.9
	<u>246.7</u>	<u>291.5</u>	<u>226.3</u>	<u>273.7</u>
<b>NET CURRENT ASSETS</b>	<u>349.2</u>	<u>317.9</u>	<u>336.8</u>	<u>305.8</u>
	<u>1,106.0</u>	<u>1,023.5</u>	<u>838.3</u>	<u>806.0</u>

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

**Amount repayable in one year or less, or on demand**

As at 30/09/2007		As at 31/03/2007	
Secured	Unsecured	Secured	Unsecured
S\$0.1M	-	S\$1.9M	S\$0.8M

**Amount repayable after one year**

As at 30/09/2007		As at 31/03/2007	
Secured	Unsecured	Secured	Unsecured
S\$0.1M	-	-	-

**Details of any collateral**

The secured borrowings as at 30 September 2007 pertains to finance leases of equipment and vehicles, whereas secured borrowings as at 31 March 2007 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 SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2007 (IN \$ MILLION)**

	The Group		The Group	
	2nd Qtr 2007-08	2nd Qtr 2006-07	1 <sup>st</sup> Half 2007-08	1 <sup>st</sup> Half 2006-07
<b>NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES</b>	<b>(32.4)</b>	<b>13.8</b>	<b>12.9</b>	<b>78.4</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital expenditure	(8.9)	(9.3)	(19.2)	(20.6)
Purchase of intangible assets	(0.5)	(3.0)	(0.5)	(3.3)
Proceeds from disposal of fixed assets	*	0.1	*	0.2
Acquisition of subsidiary, net of cash acquired (Note A)	(1.5)	-	(1.5)	-
Dividends received from associated and joint venture companies	18.3	4.7	20.4	6.0
Dividend received from long-term investment	3.9	7.1	8.5	11.8
Interest received from deposits	4.7	5.2	6.2	7.4
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>16.0</b>	<b>4.8</b>	<b>13.9</b>	<b>1.5</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from exercise of share options	20.2	25.5	22.0	35.5
Interest paid	*	*	*	*
Repayment of finance lease obligations	*	-	(1.9)	(0.1)
Repayment of bank loan	(0.8)	-	(0.8)	-
Dividends paid	(85.6)	(274.1)	(85.6)	(274.1)
Dividends paid by subsidiary company to minority interests	(0.3)	(0.3)	(0.3)	(0.3)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(66.5)</b>	<b>(248.9)</b>	<b>(66.6)</b>	<b>(239.0)</b>
<b>NET CASH OUTFLOW</b>	<b>(82.9)</b>	<b>(230.3)</b>	<b>(39.8)</b>	<b>(159.1)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING PERIOD</b>	<b>443.5</b>	<b>571.3</b>	<b>400.3</b>	<b>500.5</b>
Effect of exchange rate changes	(0.6)	(0.2)	(0.5)	(0.6)
<b>CASH AND CASH EQUIVALENTS AT END PERIOD</b>	<b>360.0</b>	<b>340.8</b>	<b>360.0</b>	<b>340.8</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>				
Short-term deposits	320.3	296.7	320.3	296.7
Cash and bank balances	39.7	44.1	39.7	44.1
<b>CASH AND CASH EQUIVALENTS AT END PERIOD</b>	<b>360.0</b>	<b>340.8</b>	<b>360.0</b>	<b>340.8</b>

\* Amount less than \$0.1M

**CASH FLOW FROM OPERATING ACTIVITIES (IN \$ MILLION)**

	The Group		The Group	
	2nd Qtr 2007-08	2nd Qtr 2006-07	1 <sup>st</sup> Half 2007-08	1 <sup>st</sup> Half 2006-07
Profit before taxation	82.8	80.4	160.5	154.9
Adjustments for:				
Depreciation	8.3	7.1	16.1	13.9
Amortisation of intangibles	1.6	2.0	3.5	3.8
Share-based payment expense	4.2	3.8	8.1	5.7
(Surplus) / Loss on disposal of fixed assets	*	0.2	(0.1)	0.2
Interest income	(2.5)	(3.4)	(5.7)	(7.8)
Finance charges	*	*	*	*
Share of profits of joint venture and associated companies	(42.3)	(35.4)	(82.9)	(67.7)
Dividend received from long-term investment	(3.9)	(7.1)	(8.5)	(11.8)
Exchange differences	(0.3)	0.2	(1.7)	1.0
<b>Operating profit before working capital changes</b>	<b>47.9</b>	<b>47.8</b>	<b>89.3</b>	<b>92.2</b>
Decrease/ (Increase) in debtors	0.7	2.4	(0.1)	2.1
Increase in stocks/work-in-progress	(2.1)	(2.4)	(10.8)	(20.1)
Decrease in creditors	(68.7)	(44.8)	(41.8)	(29.8)
Decrease/ (Increase) in amounts owing from related companies	0.9	15.6	(12.6)	38.8
<b>Cash (used in) / generated from operations</b>	<b>(21.3)</b>	<b>18.6</b>	<b>24.0</b>	<b>83.2</b>
Income taxes paid	(11.1)	(4.8)	(11.1)	(4.8)
<b>NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES</b>	<b>(32.4)</b>	<b>13.8</b>	<b>12.9</b>	<b>78.4</b>

**Note A: Summary of the effects of acquisition of subsidiary – Aircraft Maintenance Services Australia Pty Ltd**

<b>Net assets acquired</b>	<b>S\$M</b>
Current assets	1.1
Non-current assets	0.4
Current liabilities	(1.0)
Non-current liabilities	(0.2)
Net assets acquired	0.3
Intangible assets arising on acquisition of subsidiary	1.3
Purchase consideration satisfied by cash	1.6
<b>Net cash flow on acquisition</b>	
Cash paid	(1.6)
Cash acquired	0.1
Cash outflow on acquisition, net of cash acquired	(1.5)

\* Amount less than \$0.1M

**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 SECOND QUARTER ENDED 30 SEPTEMBER 2007 (IN \$ MILLION)**

The Group	Attributable to Equity Holders of the Company						Minority interest	Total equity
	Share capital	Fair value reserve	Share-based compensation reserve	Foreign currency translation reserve	General reserve	Total		
Balance at 1 July 2007	216.5	-	21.5	(42.9)	882.4	1,077.5	13.1	1,090.6
Currency translation differences	-	-	-	(11.8)	-	(11.8)	*	(11.8)
Net fair value changes on cash flow hedges	-	0.6	-	-	-	0.6	-	0.6
Net income and expense not recognised in the profit and loss account	-	0.6	-	(11.8)	-	(11.2)	*	(11.2)
Profit for the period July – September 2007	-	-	-	-	74.5	74.5	0.3	74.8
Net income and expense recognised for the period	-	0.6	-	(11.8)	74.5	63.3	0.3	63.6
Share-based payment	-	-	4.2	-	-	4.2	-	4.2
Share options exercised	24.9	-	(4.7)	-	-	20.2	-	20.2
Share options lapsed	-	-	(0.1)	-	0.1	-	-	-
Dividends	-	-	-	-	(85.6)	(85.6)	(0.3)	(85.9)
Balance at 30 September 2007	241.4	0.6	20.9	(54.7)	871.4	1,079.6	13.1	1,092.7

\* Amount less than \$0.1M

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2007 (IN \$ MILLION)**

The Group	Attributable to Equity Holders of the Company					Minority interest	Total equity
	Share capital	Share-based compensation reserve	Foreign currency translation reserve	General reserve	Total		
Balance at 1 July 2006	174.1	12.6	(21.4)	952.1	1,117.4	14.0	1,131.4
Currency translation differences not recognised in the profit and loss account	-	-	(7.3)	-	(7.3)	-	(7.3)
Profit for the period July – September 2006	-	-	-	72.0	72.0	(0.9)	71.1
Net income and expense recognised for the period	-	-	(7.3)	72.0	64.7	(0.9)	63.8
Share-based payment	-	3.8	-	-	3.8	-	3.8
Share options exercised	30.0	(4.5)	-	-	25.5	-	25.5
Share options lapsed	-	(0.2)	-	0.2	-	-	-
Dividends	-	-	-	(274.1)	(274.1)	(0.3)	(274.4)
Balance at 30 September 2006	204.1	11.7	(28.7)	750.2	937.3	12.8	950.1

**STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2007 (IN \$ MILLION)**

<b>The Company</b>	Share capital	Fair value reserve	Share-based compensation reserve	General reserve	Total
Balance at 1 July 2007	216.5	-	21.5	595.1	833.1
Net fair value changes on cash flow hedges	-	0.6	-	-	0.6
Net income not recognised in the profit and loss account	-	0.6	-	-	0.6
Profit for the period July – September 2007	-	-	-	52.7	52.7
Net income recognised for the period	-	0.6	-	52.7	53.3
Share-based payment	-	-	4.2	-	4.2
Share options exercised	24.9	-	(4.7)	-	20.2
Share options lapsed	-	-	(0.1)	0.1	-
Dividends	-	-	-	(85.6)	(85.6)
Balance at 30 September 2007	241.4	0.6	20.9	562.3	825.2
Balance at 1 July 2006	174.1	-	12.6	755.8	942.5
Profit for the period July – September 2006	-	-	-	45.2	45.2
Net income recognised for the period	-	-	-	45.2	45.2
Share-based payment	-	-	3.8	-	3.8
Share options exercised	30.0	-	(4.5)	-	25.5
Share options lapsed	-	-	(0.2)	0.2	-
Dividends	-	-	-	(274.1)	(274.1)
Balance at 30 September 2006	204.1	-	11.7	527.1	742.9

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 SHARE PLANS IN THE COMPANY

### (A) Employee Share Option Plan

- (i) During the period from 1 July to 30 September 2007, 9,678,400 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 September 2007, options to subscribe for 53,965,188 ordinary shares remain outstanding under the Employee Share Option Plan.
- (ii) On 2 July 2007, the Company made a ninth grant of share options to employees. 15,483,000 share options were accepted by eligible employees to subscribe for ordinary shares at the price of \$4.67 per share for the exercise period from 2 July 2008 to 1 July 2017.
- (iii) The movement of share options of the Company during the period from 1 July to 30 September 2007 is as follows:

No.	Date of grant	Balance at 01.07.2007 / date of grant	Cancelled	Exercised	Balance at 30.09.2007	Exercise Price *	Exercisable period
1.	28.03.2000	2,062,700	(17,600)	(400,400)	1,644,700	\$1.65	28.03.2001-27.03.2010
2.	03.07.2000	1,858,113	(17,600)	(255,300)	1,585,213	\$1.55	03.07.2001-02.07.2010
3.	02.07.2001	931,700	(13,200)	(125,700)	792,800	\$1.01	02.07.2002-01.07.2011
4.	01.07.2002	5,580,125	(22,000)	(1,004,975)	4,553,150	\$1.98	01.07.2003-30.06.2012
5.	01.07.2003	1,680,350	-	(315,625)	1,364,725	\$1.35	01.07.2004-30.06.2013
6.	01.07.2004	5,483,650	-	(891,825)	4,591,825	\$1.69	01.07.2005-30.06.2014
7.	01.07.2005	15,752,625	(2,000)	(6,643,800)	9,106,825	\$2.25	01.07.2006-30.06.2015
8.	03.07.2006	15,014,600	(79,675)	(40,775)	14,894,150	\$3.44	03.07.2007-02.07.2016
9.	02.07.2007	15,483,000	(51,200)	-	15,431,800	\$4.67	02.07.2008-01.07.2017
	Total	63,846,863	(203,275)	(9,678,400)	53,965,188		

\* At the extraordinary general meeting of the Company held on 26 July 2004, the Company's shareholders approved an amendment to the Plan to allow 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. Following approval by the Company's shareholders of the declaration of a special dividend of \$0.20 on 26 July 2004, the said Committee approved a reduction of \$0.20 in the exercise prices of the share options outstanding on 28 July 2004. The said Committee approved another \$0.20 reduction in the exercise prices of the share options outstanding on 25 July 2006 following approval by the Company's shareholders of the declaration of a special dividend of \$0.20 on 21 July 2006. The exercise prices reflected here are the exercise prices after such adjustments.

- (iv) As at 30 September 2006, the number of share options of the Company outstanding was 55,604,900.

**B. Restricted Share Plan and Performance Share Plan**

- (i) As at 30 June 2007, the number of shares outstanding under the Company's Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") were 196,700 and 31,100 respectively.
- (ii) During the period July to September 2007, the Company granted 339,600 and 61,200 new restricted and performance shares, and cancelled 3,100 and nil shares under the RSP and PSP respectively.
- (iii) Depending on the achievement of pre-determined targets over a two-year period for the RSP and a three-year period for the PSP, the final number of restricted shares and performance shares awarded could range between 0% to 120% of the initial grant of the restricted shares and between 0% to 150% of the initial grant of the performance shares.
- (iv) As at 30 September 2007, the number of outstanding shares granted under the Company's RSP and PSP were 533,200 (30 September 2006: 203,200) and 92,300 respectively (30 September 2006: 36,900).

**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 or reviewed by our 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 2007.

During the quarter, the Group has completed the designation and documentation of the hedge relationship for its foreign currency hedging instruments, and being compliant with the hedge accounting requirements of Financial Reporting Standard (FRS) 39: Financial Instruments – Recognition and Measurement, the Group adopted hedge accounting. The adoption of hedge accounting for the Group's foreign currency cash flow hedges has resulted in the Group recognising the effective portion of the gain or loss on the hedging instrument directly in the fair value reserve, and the ineffective portion in the profit and loss account.

**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.**

	<b>Group</b>			
	<b>2nd Qtr 2007-08</b>	<b>2nd Qtr 2006-07</b>	<b>1<sup>st</sup> Half 2007-08</b>	<b>1<sup>st</sup> Half 2006-07</b>
Earnings per share (cents)				
- Basic *	6.95	6.82	13.59	13.21
- Diluted #	6.83	6.68	13.36	12.94

\* 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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 Sep 07</b>	<b>As at 31 Mar 07</b>	<b>As at 30 Sep 07</b>	<b>As at 31 Mar 07</b>
Net asset value per share (cents)	100.7	93.9	76.9	74.7

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**

#### **Second Quarter FY2007-08**

The Group achieved a profit attributable to equity holders of the Company of \$74.5 million in the second quarter of FY2007-08 as a result of improved contributions from joint venture and associated companies. Share of profits of these companies contributed 51.1% to the Group's pre-tax profits.

Revenue grew \$21.5 million (+8.8%) to \$265.8 million from increases in all core activities of the Group. Airframe Maintenance and Component Overhaul revenue increased by 11.9% due to higher work volume and Line Maintenance revenue grew 5.1% from the greater number of flights handled. Excluding the recognition of \$1.5 million revenue upon completion of a contract last year, Fleet Management revenue increased by 7.2%. This growth came mainly from a new contract and increased business volume from existing customers.

Expenditure rose by a higher rate of 10.5% (+\$22.1 million) mainly due to higher staff and material costs. The increase in staff cost was mainly attributable to lower provision for the profit-sharing bonus last year and an increase in staff numbers. Material cost grew in line with higher revenue.

As a result, operating profit decreased marginally by 1.7% to \$34.1 million.

Share of profits from joint venture and associated companies rose \$6.9 million (+19.5%) to \$42.3 million.

Profit before taxation increased by \$2.4 million or 3.0% to \$82.8 million. Profit attributable to equity holders of the Company was \$74.5 million, a growth of 3.5% or \$2.5 million over last year.

Basic earnings per share increased by 1.9% to 6.95 cents.

#### First Half FY2007-08

Revenue rose 8.7% or \$43.0 million to \$535.9 million due to increases across all the Group's core activities, Airframe Maintenance and Component Overhaul (+9.8%), Line Maintenance (+7.8%) and Fleet Management (+2.9%).

Expenditure increased at a higher rate of 11.2% or \$47.5 million to \$472.6 million mainly due to higher staff and material costs. The growth in staff cost was mainly due to lower provision for the profit-sharing bonus last year and an increase in staff numbers. Material cost rose in line with higher revenue.

As a result, operating profit decreased by 6.6% to \$63.3 million.

Joint venture and associated companies continued to contribute significantly to Group earnings as share of profits increased by 22.5% (+\$15.2 million) to \$82.9 million, pushing up profit before taxation by 3.6% to \$160.5 million.

Profit attributable to equity holders of the Company was \$145.0 million, an increase of \$6.6 million or 4.8% compared to the first half of last year.

Basic earnings per share increased by 2.9% to 13.59 cents.

#### **GROUP FINANCIAL POSITION (as at 30 September 2007)**

As at 30 September 2007, equity attributable to equity holders of the Company amounted to \$1,079.6 million, 8.3% or \$82.5 million higher than at 31 March 2007. As at 30 September 2007, total number of shares issued was 1,072.7 million.

Total assets increased by 2.9% (+\$37.7 million) to \$1,352.7 million. Net asset value per share was 100.7 cents, an increase of 6.8 cents (+7.2%) from 31 March 2007.

#### **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**

The aviation industry continues to enjoy robust traffic growth, resulting in firm demand for maintenance, repair and overhaul (MRO) services.

While the Company's order book remains strong, competition from global MROs continues to be intense. With major Asian MROs expanding their facilities to gear up for the growing global demand for MRO services and the increased outsourcing to Asia, rates are expected to remain flat. The weaker US dollar is also expected to impact margins.

The Group's subsidiaries, joint venture and associated companies, spread across seven countries, are expected to sustain their strong performance and contribution to profits.

As the MRO provider to the world's first operator of the Airbus A380, SIA Engineering Company is well placed to meet the needs of airlines operating the technologically advanced aircraft. To tap the growth of this new market, construction of the Company's new A380-capable sixth hangar is on track for operation by mid-2008.

**11. Dividend**

***(a) Current Financial Period Reported On***

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

Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	4.0 cents per ordinary share
Tax rate	Tax exempt one-tier

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	4.0 cents per ordinary share
Tax rate	Tax exempt one-tier

***(c) Date payable***

The interim dividend will be paid on 28 November 2007 to members of the Register as at 16 November 2007.

#### (d) Books closure date

Notice is hereby given that duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrars. M & C Services Private Limited, at 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906 up to 5 p.m. on 16 November 2007 will be registered to determine shareholders' entitlements to the interim dividend. Thereafter the Share Transfer Books and the Register of Members of the Company will be closed on 19 November 2007 for the preparation of dividend warrants. The interim dividend will be paid on 28 November 2007 to members on the Register as at 16 November 2007.

#### 12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

#### 13. Additional Information

##### Interested Persons Transactions

(In thousands of S\$)

##### 2<sup>nd</sup> Quarter FY2007/08

Name of interested person	Aggregate value of all IPTs during the financial period 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 period under review (excluding transactions less than \$100,000)
Great Wall Airlines Limited (51% owned by Beijing Aerospace Satellite Application Corporation (BASA); 25% owned by SIA Cargo Pte Ltd; 24% owned by Dahlia Investments Pte Ltd)	–	600
ST Aerospace Supplies Pte Ltd (owned by ST Aerospace Ltd which is 100% owned by ST Engineering Ltd)	–	286
<b>Total</b>	<b>–</b>	<b>886</b>

#### BY ORDER OF THE BOARD

Devika Rani Davar  
Company Secretary  
31 October 2007

Singapore Co. Regn. No.: 198201025C

**CONFIRMATION BY THE BOARD**

We, Stephen Lee Ching Yen and Chew Choon Seng, being two directors of SIA Engineering Company Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the second quarter and half year FY2007/08 financial results to be false or misleading.

On behalf of the Board



STEPHEN LEE CHING YEN  
Chairman



CHEW CHOON SENG  
Deputy Chairman

31 October 2007