



2 February 2006

**Group Profit up 46% to \$53.2M
for 3rd Quarter 2005-06**

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	3 rd Quarter 2005-06		9 months 2005-06	
	Oct - Dec 2005	Year-on-Year % Change	Apr – Dec 2005	Year-on-Year % Change
• Revenue	\$235.3M	+ 20.5	\$698.8M	+ 15.8
• Operating profit	\$22.6M	+ 101.8	\$82.0M	+ 15.0
• Profit attributable to shareholders	\$53.2M	+ 46.2	\$158.8M	+ 30.4
• Basic earnings per share	5.2cts	+ 43.6	15.5cts	+ 28.4

GROUP EARNINGS

Third Quarter FY2005-06

The Group posted a net profit of \$53.2 million in the third quarter of FY 2005-06. Joint venture and associated companies operating in Singapore and 5 other countries continued to perform well, contributing a substantial 47.2% to the quarter's pre-tax profits. The Company also benefited from the operation of two new hangars commissioned in 2005.

Q3 FY 2005-06 operating profit of \$22.6 million and net profit of \$53.2 million were 101.8% and 46.2% respectively better than in Q3 FY 2004-05.

Revenue grew by 20.5% or \$40.0 million to \$235.3 million during the quarter due mainly to higher airframe and component overhaul workload, more flights handled by line maintenance and growth in fleet technical management work. Airframe and component overhaul, line maintenance and fleet management work contributed 61%, 33% and 6% respectively to the Group's revenue.

Expenditure increased at a lower rate of 15.5% to \$212.7 million. In line with the higher workload, subcontract, material and overtime costs were higher as compared to Q3 last year.

Note: The SIAEC Group's unaudited financial results for the third quarter ended 31 December 2005 were announced on 2 February 2006. A summary of the financial statistics is shown in Annex A. (All monetary figures are in Singapore Dollars.)

Share of profits from joint venture and associated companies surged 60.7% (+\$10.8 million) to \$28.6 million. As at 31 December 2005, there were 19 joint ventures with original equipment manufacturers and airlines in Singapore, Ireland, Hong Kong, Taiwan, Indonesia and Philippines, covering a comprehensive range of high-technology aero-services.

Profit before taxation amounted to \$60.6 million, an increase of 46.4% over the same period last year. Provision for taxation was higher mainly due to changes in the Company's tax incentive schemes. The Company pays tax 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. With effect from 1 June 2005, the defined tax base became significantly higher.

For the third quarter FY2005-06, the Group's net profit attributable to shareholders was \$53.2 million, an increase of \$16.8 million or 46.2% compared to the corresponding period last year. Basic earnings per share increased by 43.6% to 5.17 cents.

The Council on Corporate Disclosure and Governance (CCDG) in Singapore adopted several new and revised Financial Reporting Standards (FRS), which are applicable for financial year 2005-06. For the Group, the main changes are in the recognition and fair value measurement of financial instruments (FRS 39) and the expensing of share options to employees (FRS 102). The adoption of FRS 39 has no impact on operating profit for Q3 FY2005-06 while FRS 102 resulted in a net negative impact of \$2.0 million on operating profit for the quarter.

Year-to-date (April – December 2005)

For the 9 months ended 31 December 2005, revenue rose by \$95.5 million (+15.8%) to \$698.8 million mainly due to higher workload. Expenditure increased by \$84.8 million (+15.9%) to \$616.8 million mainly due to higher subcontract, material and overtime costs to support higher workload. There was also a provision for doubtful debts of \$5.0 million compared to a write-back of \$3.4 million in the corresponding period last year.

Operating profit increased 15.0% or \$10.7 million to \$82.0 million.

Increases in share of profits from associated and joint venture companies (+\$28.9 million or +55.8% to \$80.7 million) and dividend income from an investee company (+\$9.4 million to \$11.9 million) also contributed to a 31.9% increase in profit before taxation to \$181.0 million.

Profit attributable to shareholders was \$158.8 million, an increase of \$37.0 million or +30.4% over the same period last year. Basic earnings per share increased by 28.4% to 15.49 cents.

GROUP FINANCIAL POSITION

As at 31 December 2005, equity attributable to shareholders amounted to \$957.7 million, 11.6% or \$99.2 million higher than at 31 March 2005.

Total assets increased by 15.3% (+\$168.4 million) to \$1,268.8 million. Net asset value per share was 93.1 cents, an increase of 8.7 cents (+10.3%) from 31 March 2005.

OUTLOOK

With the strengthening of Changi Airport as an aerospace hub, the Company's joint ventures will continue to benefit as they provide a full and comprehensive range of services for the aerospace industry.

While the Company's core business will face competitive pressure on rates, this will be moderated by revenue increases from growth in business volume.

The Company will maintain its focus on quality and total maintenance solutions, planned increases in capabilities, capacity and strategic alliances to strengthen its position as a premier one-stop maintenance, repair and overhaul (MRO) service provider in the Asia-Pacific region.

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(For the complete 3rd quarter FY2005-06 financial statements, please refer to our SGXNET Filing or the Investor Relations page of our website at www.siaec.com.sg).

For more information, please contact:

Chia Peck Yong

Senior Manager Public Affairs

SIA Engineering Company

Tel: (65) 6541-5134

Fax: (65) 6546-0679

Mobile: 9863-0982

E-mail: peckyong_chia@singaporeair.com.sg

Company Registration No: 198201025C

GROUP FINANCIAL STATISTICS

Financial Results (\$ million)	9 months 2005-06	9 months 2004-05 (Restated*)	3rd Quarter 2005-06	3rd Quarter 2004-05 (Restated*)
Total revenue	698.8	603.3	235.3	195.3
Total expenditure	616.8	532.0	212.7	184.1
Operating profit	82.0	71.3	22.6	11.2
Non-operating items	6.4	2.6	3.0	0.9
Dividend income from long term investment	11.9	2.5	6.4	2.5
Share of profits of associated companies	66.3	46.8	23.8	16.6
Share of profits of joint venture companies	14.4	5.0	4.8	1.2
Exceptional Item:				
- Gain on sale of long-term investment	-	9.0	-	9.0
Profit before taxation:	181.0	137.2	60.6	41.4
Profit attributable to shareholders:	158.8	121.8	53.2	36.4

Per Share Data

Earnings before tax (cents)	17.66	13.59	5.89	4.09
Earnings after tax (cents) - basic ^{R1}	15.49	12.06	5.17	3.60
- diluted ^{R2}	15.31	11.98	5.10	3.57

Financial Position (\$ million)	As at 31 Dec 2005	As at 31 Mar 2005 (Restated*)
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Share capital	102.9	101.8
Distributable reserves		
General reserve	813.7	741.0
Non-distributable reserves		
Share premium	44.9	25.6
Share-based compensation reserve	10.1	5.6
Foreign currency translation reserve	(13.9)	(15.5)
Equity attributable to shareholders	957.7	858.5
Total assets	1,268.8	1,100.4
Total debt	3.0	0.8
Total debt to equity ratio (times) ^{R3}	0.00	0.00
Net asset value per share (cents) ^{R4}	93.1	84.4

* Certain comparative figures have been restated to conform to current year's presentation.

^{R1} Earnings after tax per share (basic) is computed by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue.

^{R2} Earnings after tax per share (diluted) is computed by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue after adjusting for the dilutive effect on the exercise of all outstanding share options granted to employees.

^{R3} Total debt to equity ratio is computed by dividing total debt by equity attributable to shareholders.

^{R4} Net asset value per share is computed by dividing equity attributable to shareholders by the number of ordinary shares in issue.