



2nd November 2009

**SIA ENGINEERING POSTS GROUP PROFIT OF \$106.2 M
FOR 1st HALF 2009-10**

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	1 st Half FY2009-10		2 nd Quarter FY2009-10	
	Apr - Sep 2009	Year-on-Year % Change	Jul - Sep 2009	Year-on-Year % Change
• Revenue	\$492.3M	- 7.0	\$248.1M	- 11.2
• Operating profit	\$47.4M	- 16.1	\$35.1M	- 12.5
• Share of profits from joint venture and associated companies	\$67.6M	- 18.8	\$32.0M	- 19.4
• Profit attributable to equity holders of the Company	\$106.2M	- 19.6	\$61.1M	- 16.8
• Basic earnings per share	9.84 cts	- 19.8	5.66 cts	- 16.8
• Interim dividend per share	5.0 cts	-	-	-

GROUP EARNINGS

First Half FY2009-10

Amidst a challenging operating environment, SIAEC Group posted a profit attributable to equity holders of \$106.2 million, which was \$25.9 million or 19.6% lower than the corresponding period last year.

Revenue declined \$37.2 million or 7.0% to \$492.3 million, mainly attributable to lower airframe maintenance and component overhaul work as airlines reduced aircraft utilisation in tandem with the weak demand for air travel. This decrease was partially mitigated by higher Line Maintenance revenue generated from an increase in rectification and cabin maintenance work and more flights handled, primarily for low cost carriers. There was an increase in Fleet Management revenue arising from a larger fleet size of existing customers and, the addition of new customers. However, the revenue from the turnkey project to redesign, retrofit and overhaul a B747-400 was lower as the project was completed in the fourth quarter of FY 2008-09.

The implementation of various cost management initiatives resulted in expenditure falling \$28.1 million or 5.9% to \$444.9 million, mainly from reductions in staff costs and subcontract costs.

The resulting operating profit of \$47.4 million was \$9.1 million or 16.1% lower than the same period last year.

Note: The SIAEC Group's unaudited financial results for the half year and second quarter ended 30 September 2009 were announced on 2 November 2009. A summary of the financial statistics is shown in Annex A. (All monetary figures are in Singapore Dollars. The Company refers to SIA Engineering Company Limited. The Group comprises the Company and its subsidiary, joint venture and associated companies.)

Share of profits of associated and joint venture companies decreased by \$15.7 million or 18.8% to \$67.6 million, as they were similarly impacted by the decline in aviation business.

Basic earnings per share was 9.84 cents for the half year ended 30 September 2009.

Second Quarter FY2009-10

Revenue decreased \$31.2 million or 11.2% to \$248.1 million. The decline was mainly due to lower airframe and component overhaul work, material usage and revenue from the B747-400 turnkey project. This was partially mitigated by higher Line Maintenance revenue, with more flights handled and an increase in aircraft support work, and Fleet Management revenue.

Expenditure dropped \$26.2 million or 11.0% to \$213.0 million, reflecting lower staff costs, subcontract costs and reductions in material usage.

Operating profit for the quarter was \$35.1 million, a decrease of \$5.0 million or 12.5% over the same quarter last year.

The Group recorded a profit attributable to equity holders of \$61.1 million, \$12.3 million or 16.8% lower than the corresponding period last year. Profits from associated and joint venture companies declined \$7.7 million or 19.4% to \$32.0 million. This represents a contribution of 44.9% to the Group's pre-tax profits.

The basic earnings per share was 5.66 cents.

GROUP FINANCIAL POSITION

As at 30 September 2009, equity attributable to equity holders of the Company amounted to \$1,185.2 million, \$43.7 million or 3.6% lower than at 31 March 2009.

Total assets decreased by \$55.4 million or 3.7% to \$1,446.8 million. Net asset value per share of 109.8 cents was 4.2 cents or 3.7% lower than at 31 March 2009. The total number of shares issued was 1,079.2 million as at 30 September 2009.

The Group has a healthy cash balance of \$302.2 million as at 30 September 2009, after a payment of \$118.7 million final dividend for FY 2008-09 during the quarter.

DIVIDEND

The Company has declared an interim dividend of 5.0 cents per share (tax exempt one-tier) for the half year ended 30 September 2009, unchanged from last year.

OUTLOOK

In tandem with the airline industry's early signs of recovery, the Group posted a better performance in second quarter compared to the first quarter. However, the prospects for a sustained recovery remain uncertain.

Ongoing efforts to extend market reach and increase product mix will continue with the aim of broadening the revenue base. The Group will press on with its efforts to manage costs, optimise manpower deployment and improve productivity. With these measures in place, the Group is well positioned to capitalise on opportunities.

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(For the complete half year and second quarter 2009-10 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 ^{R1}

	1st Half	1st Half	2nd Quarter	2nd Quarter
	2009-10	2008-09	2009-10	2008-09
Financial Results (\$ million)				
Total revenue	492.3	529.5	248.1	279.3
Total expenditure	444.9	473.0	213.0	239.2
Operating profit	47.4	56.5	35.1	40.1
Non-operating items	0.5	2.8	0.3	0.9
Dividend income from long term investment	7.8	7.2	3.9	3.5
Share of profits of joint venture companies	29.0	29.8	12.6	14.5
Share of profits of associated companies	38.6	53.5	19.4	25.2
Profit before taxation	123.3	149.8	71.3	84.2
Profit attributable to equity holders of the Company	106.2	132.1	61.1	73.4
Per Share Data				
Earnings before tax (cents)	11.43	13.92	6.60	7.82
Earnings after tax (cents) - basic ^{R2}	9.84	12.27	5.66	6.80
- diluted ^{R3}	9.80	12.17	5.63	6.76
	As at	As at		
	30 Sep 2009	31 Mar 2009		
Financial Position (\$ million)				
Share capital	258.5	255.6		
Reserves				
General reserve	959.8	971.9		
Foreign currency translation reserve	(77.3)	(36.4)		
Share-based compensation reserve	43.0	39.6		
Fair value reserve	1.2	(1.8)		
Equity attributable to equity holders of the Company	1,185.2	1,228.9		
Total assets	1,446.8	1,502.2		
Net asset value per share (cents) ^{R4}	109.8	114.0		

^{R1} SIAEC Group's financial year is from 1 April to 31 March. Throughout this report, all figures are in Singapore Dollars, unless stated otherwise.

^{R2} Earnings after tax per share (basic) is computed by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue.

^{R3} Earnings after tax per share (diluted) is computed by dividing profit attributable to equity holders of the Company 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.

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