



9 February 2007

**Group Profit up 4.1% to \$55.3M for 3<sup>rd</sup> Quarter and  
up 22.0% to \$193.7M for 9 months ended 31 December 2006**

**HIGHLIGHTS OF THE GROUP'S PERFORMANCE**

	3 <sup>rd</sup> Quarter FY2006-07		9 months FY2006-07	
	Oct - Dec 2006	Year-on-Year % Change	Apr - Dec 2006	Year-on-Year % Change
• Revenue	\$245.8M	+ 4.5	\$738.7M	+ 5.7
• Operating profit	\$26.5M	+ 17.3	\$94.3M	+ 15.0
• Profit attributable to equity holders of the Company	\$55.3M	+ 4.1	\$193.7M	+ 22.0
• Basic earnings per share	5.23 cts	+ 1.1	18.43 cts	+ 19.0

**GROUP EARNINGS**

Third Quarter FY2006-07

The Group posted a profit attributable to equity holders of \$55.3 million in the third quarter of FY2006-07. Associated and joint venture companies continued to perform well, and contributed a substantial 50.6% to the quarter's pre-tax profits.

Operating profit rose by 17.3% to \$26.5M. Revenue grew by 4.5% whilst expenditure increased at a slower pace of 3.1%.

Revenue improved by 4.5% or \$10.5 million to \$245.8 million during the quarter mainly due to higher workload and Fleet Management Programme (FMP) revenue. FMP revenue grew by 59.9% or \$8.2 million to \$21.9 million. Included in this is a compensation payment of \$5.5 million received for early termination of a contract arising from a change in ownership of a FMP customer. Airframe and Component Overhaul, Line Maintenance and Fleet Management Programme contributed 60%, 31% and 9% respectively to the Group's revenue.

Note: The SIAEC Group's unaudited financial results for the nine months and third quarter ended 31 December 2006 were announced on 9 February 2007. A summary of the financial statistics is shown in Attachment A. (All monetary figures are in Singapore Dollars. The Company refers to SIA Engineering Company Limited. The Group comprises the Company, its subsidiaries, associated and joint venture companies.)

The increase in expenditure of 3.1% or \$6.6 million to \$219.3 million was mainly due to higher provision for staff related costs, partially offset by write-back of provision for impairment of trade debtors and prior year provisions that were no longer required.

Share of profits from associated and joint venture companies of \$32.1M (+\$3.5 million or 12.2%) contributed to a profit before taxation of \$63.5 million, an increase of 4.8% over the corresponding period last year.

Basic earnings per share grew by 1.1% to 5.23 cents.

#### Year-to-date (April – December 2006)

For the 9 months ended 31 December 2006, revenue improved by 5.7% or \$39.9 million to \$738.7 million. The increase was generated across all core activities of the Group. FMP revenue grew by 84.2% or \$24.8 million over the same period last year due to increase in the number of aircraft handled, recognition of revenue on completed contracts and compensation payment of \$5.5 million received for early termination of a contract.

Expenditure grew at a slower rate of 4.5% or \$27.6 million to \$644.4 million. The increase was mainly due to higher staff and material costs and an exchange loss of \$2.7 million compared to an exchange gain of \$1.8 million last year. However, the increase was partially offset by write-back of provision for impairment of trade debtors and prior year provisions that were no longer required.

Operating profit of \$94.3 million was 15.0% or \$12.3 million higher than in the same period last year.

Share of profits increased by 23.7% or \$19.1 million to \$99.8 million, forming 45.7% of the Group's pre-tax profits. As a result, profit before taxation improved by 20.7% to \$218.4 million.

Profit attributable to equity holders of the Company was \$193.7 million, an increase of 22.0% or \$34.9 million over last year. Basic earnings per share increased by 19.0% to 18.43 cents.

## **GROUP FINANCIAL POSITION**

As at 31 December 2006, equity attributable to equity holders of the Company amounted to \$945.5 million, 9.0% or \$93.3 million lower than at 31 March 2006. This was mainly due to the payment of \$274.1 million in August 2006 for the final and special dividend declared in respect of the last financial year. Correspondingly, total assets decreased by 6.4% or \$84.4 million to \$1,243.2 million. Net asset value per share of 89.3 cents was 10.9% or 10.9 cents lower than at 31 March 2006. The total number of shares issued was 1,059.1 million as at 31 December 2006.

## **OUTLOOK**

With the continued growth in air travel and demand for aircraft maintenance, repair and overhaul (MRO) services, the outlook for the Group remains positive. The Company's strategic initiatives have enhanced its capacity and service offerings to position it to capture a larger share of the global MRO market.

While we expect rates to remain under pressure, our ongoing efforts to improve productivity will enable the Company to sustain its competitiveness.

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(For the complete 3<sup>rd</sup> quarter FY2006-07 financial statements, please refer to our SGXNET Filing or the Investor Relations page of our website at [www.siaec.com.sg](http://www.siaec.com.sg)).

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## GROUP FINANCIAL STATISTICS

	9 months FY2006-07	9 months FY2005-06	3 <sup>rd</sup> Quarter FY2006-07	3 <sup>rd</sup> Quarter FY2005-06
<b>Financial Results (\$ million)</b>				
Total revenue	738.7	698.8	245.8	235.3
Total expenditure	644.4	616.8	219.3	212.7
Operating profit	94.3	82.0	26.5	22.6
Non-operating items	10.8	6.4	3.2	3.0
Dividend income from long-term investment	13.5	11.9	1.7	6.4
Share of profits of associated companies	76.7	66.3	24.6	23.8
Share of profits of joint venture companies	23.1	14.4	7.5	4.8
Profit before taxation	218.4	181.0	63.5	60.6
Profit attributable to equity holders of the Company	193.7	158.8	55.3	53.2
<b>Per Share Data</b>				
Earnings before tax (cents)	20.78	17.66	6.00	5.89
Earnings after tax (cents) - basic <sup>R1</sup>	18.43	15.49	5.23	5.17
- diluted <sup>R2</sup>	18.07	15.31	5.12	5.10
	<b>As at</b>	<b>As at</b>		
	<b>31 Dec 2006</b>	<b>31 Mar 2006</b>		
<b>Financial Position (\$ million)</b>				
Share capital	209.4	163.1		
Reserves				
General reserve	763.2	885.5		
Foreign currency translation reserve	(41.8)	(21.7)		
Share-based compensation reserve	14.7	11.9		
Equity attributable to equity holders of the Company	945.5	1,038.8		
Total assets	1,243.2	1,327.6		
Net asset value per share (cents) <sup>R3</sup>	89.3	100.2		

R1 Earnings after tax per share (basic) is computed by dividing the profit attributable to equity holders of the Company 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 equity holders of the Company by the weighted average number of ordinary shares in issue after adjusting for the effects of dilutive share options granted to employees.

R3 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.