



11 May 2005

FY04/05 Net Profit up 25% to \$175M
Final Dividend of 4.5 cents proposed
Total Ordinary Dividend for the year
up from 4.5 cents to 7.5 cents (+66.7%)

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	FY 2004-05	Year-on-Year % Change
• Revenue	\$807.5M	+19.0
• Operating profit	\$105.5M	+33.7
• Profit attributable to shareholders	\$175.1M	+25.2
• Basic earnings per share	17.3 cents	+23.6
• Proposed final dividend per share	4.5 cents	+80.0

GROUP EARNINGS

The Group achieved a 25.2% growth in net profit for FY2004-05 over last year, which was impacted by the SARS outbreak. The increase came mainly from improvements in operating profit and better performance by our associated and joint venture companies as business confidence returned to the aviation industry.

Revenue grew by \$128.8 million or 19.0% to \$807.5 million due mainly to an increase in the number of flights handled by line maintenance and higher workload for airframe and component overhaul.

Expenditure increased by 17.0% to \$702.0 million. Material costs and subcontract costs rose in line with higher workload. Staff costs rose by \$73.9 million (+25.9%) mainly due to a higher provision for profit-sharing bonus, higher overtime costs and once-off payments to staff under the new collective agreements. The increase in expenditure was partially offset by a \$0.9 million foreign exchange gain this year against an exchange loss of \$8.8 million in FY 2003-04. In addition, there was a \$4.5 million write-back of provision for doubtful debts this financial year as compared to a provision of \$0.1 million last year.

As a result, operating profit grew by 33.7% (+\$26.6 million) to \$105.5 million.

Note: The SIAEC Group's audited financial results for the financial year ended 31 March 2005 were announced on 11 May 2005. A summary of the financial statistics is shown in Annex A. (All monetary figures are in Singapore Dollars.)

Boosted by a gain on sale of a long-term investment, dividend income received from an investee company and improved performance by our associated and joint venture companies, profit before taxation increased by 54.4% to \$199.0 million. Share of profits from our associated and joint venture companies grew by 54.7% (+\$26.7 million) to \$75.5 million, representing 37.9% of the Group's pre-tax profits.

The FY 2004-05 accounts include a tax charge of \$23.6 million whereas the FY 2003-04 accounts reflect the reversal of a tax contingency provision of \$21.2 million. The provision had been made to cover the potential tax liability that might have arisen from the disposal of fixed assets to Eagle Services Asia Private Limited. Following the closure of this matter in FY 2003-04, the provision was no longer required.

In addition, with effect from 1 June 2004, the Company's tax incentives come under the Development Expansion Incentive scheme (Relief from Income Tax). Tax is payable 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. Prior to 1 June 2004, there was no tax payable on profits in excess of the defined tax base. The current tax base is applicable up to 31 May 2005. With effect from 1 June 2005, the tax base will be significantly higher.

Profit attributable to shareholders for the financial year ended 31 March 2005 was \$175.1 million (+25.2% or \$35.2 million). Basic earnings per share was 17.3 cents (+23.6%).

GROUP FINANCIAL POSITION

As at 31 March 2005, shareholders' funds were \$858.5 million, 7.3% or \$67.3 million lower than at 31 March 2004. This was mainly due to the payment of \$227.4 million in August 2004 for the final and special dividend declared in respect of the last financial year.

Total assets decreased by \$19.9 million (-1.8%) to \$1,100.4 million. Net asset value per share was 84.4 cents, a decline of 7.7 cents (-8.4%) compared to 31 March 2004.

DIVIDENDS

An interim tax-exempt dividend of 3.0 cents per share amounting to \$30.4 million was paid on 26 November 2004.

The Board of Directors is proposing a final dividend of 4.5 cents per share (tax-exempt) totaling \$45.8 million to be paid in respect of the financial year ended 31 March 2005. This brings the total dividend to 7.5 cents per share, representing a payout ratio of 43.5% for the financial year 2004-05.

Subject to shareholders' approval at the Annual General Meeting on 25 July 2005, the final dividend will be paid on 10 August 2005.

SUBSEQUENT EVENTS

On 21 April 2005, the Company signed a joint venture agreement with Cebu Pacific Air to set up a joint venture offering line maintenance services at 14 airports in the Philippines. The joint venture, Aviation Partnership (Philippines) Corporation, will be incorporated in the Philippines. The Company will hold a 51 percent stake, while Cebu Pacific Air will hold the remaining 49 percent stake.

On 25 April 2005, the Company signed a joint venture agreement to form an aerospace hydraulic equipment service centre with Parker Hannifin Corporation's Parker Aerospace Group. The new joint venture company, named Aerospace Component Engineering Services Pte Limited ("ACE Services") was pre-incorporated in Singapore on 22 April 2005. The Company holds a 51 percent stake in ACE Services, while Parker Hannifin Corporation holds the remaining 49 percent stake.

OUTLOOK

With our investments in two additional hangars, when they become fully operational this year, revenue is expected to improve in tandem with this increase in capacity.

Rising costs and volatility in the US dollar however, continue to pose significant challenges to the industry and the Company.

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(For the complete FY 2004-05 financial statements, please refer to our SGXNET Filing or the Investor Relations page of our website at www.siaec.com.sg).

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GROUP FINANCIAL STATISTICS ^{R1}

Financial Results (\$ million)	FY 2004-05	FY 2003-04	4th Qtr 2004-05	4th Qtr 2003-04
Total revenue	807.5	678.7	204.2	191.4
Total expenditure	702.0	599.8	173.2	184.9
Operating profit	105.5	78.9	31.0	6.5
Non-operating items	9.0	4.3	3.9	1.5
Share of profits of associated companies	67.5	45.9	20.7	10.4
Share of profits of joint venture companies	8.0	2.9	3.0	1.6
Exceptional Item:				
- Gain on sale of long-term investment	9.0	-	-	-
- Retrenchment and early retirement costs	-	(3.1)	-	-
Profit before taxation	199.0	128.9	58.6	20.0
Profit attributable to shareholders	175.1	139.9	50.1	40.8
	As at	As at		
Financial Position (\$ million)	31-Mar-05	31-Mar-04		
Share capital	101.8	100.5		
Distributable reserves:				
General reserve	746.6	829.3		
Foreign currency translation reserve	(15.5)	(10.4)		
Non-distributable reserve:				
Share premium	25.6	6.4		
Shareholders' funds	858.5	925.8		
Return on shareholders' funds (%) ^{R2}	19.6	15.9		
Value added	577.1	453.6		
Total assets	1,100.4	1,120.3		
Dividends				
Interim dividend per share (cents)	3.0	2.0		
Proposed final dividend per share (cents)				
- ordinary	4.5	2.5		
- special	-	20.0		
Dividend cover (times) ^{R3}	2.3	0.6		
Per Share Data				
Earnings before tax (cents)	19.7	12.9		
Earnings after tax (cents) - basic ^{R4}	17.3	14.0		
- diluted ^{R5}	17.1	13.9		
Net asset value (cents) ^{R6}	84.4	92.1		

^{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} Return on shareholders' funds is the profit attributable to shareholders expressed as a percentage of the average shareholders' funds.

^{R3} Dividend cover is profit attributable to shareholders divided by total dividends.

^{R4} Earnings after tax per share (basic) is computed by dividing the profit attributable to shareholders by the weighted average number of shares in issue.

^{R5} Earnings after tax per share (diluted) is computed by dividing the profit attributable to shareholders by the weighted average number of shares in issue after adjusting for the dilutive effect on the exercise of all outstanding share options granted to employees.

^{R6} Net asset value per share is computed by dividing shareholders' funds by the number of ordinary shares in issue at 31 March.