

11<sup>th</sup> May 2009

## SIA ENGINEERING POSTS GROUP PROFIT OF \$260.6M FOR FY 2008-09

### HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	FY2008-09		4 <sup>th</sup> Quarter FY2008-09	
	Apr 2008 - Mar 2009	Year-on-Year % Change	Jan - Mar 2009	Year-on-Year % Change
• Revenue	\$1,045.3M	+ 3.5	\$245.8M	+ 9.2
• Operating profit	\$112.6M	+ 9.4	\$26.7M	+ 30.2
• Share of profits from joint venture and associated companies	\$173.0M	+ 9.6	\$47.8M	+ 29.9
• Profit attributable to equity holders of the Company	\$260.6M	+ 2.7	\$65.5M	+ 18.7
• Basic earnings per share	24.20 cts	+ 2.1	6.09 cts	+ 18.5

### GROUP EARNINGS

#### Financial Year 2008-09

In a year impacted by the global financial crisis and economic downturn, the Group managed to achieve a profit attributable to equity holders of \$260.6 million, an increase of 2.7% or \$6.8 million over last year. Associated and joint venture companies turned in a good performance, with profits increasing by 9.6% or \$15.2 million to \$173.0 million. This represents a contribution of 57.5% to the Group's pre-tax profits.

Revenue rose by 3.5% or \$35.7 million to \$1,045.3 million due mainly to the increase in flights handled and work in Line Maintenance, increase in fleet size of Fleet Management Programme, and a turnkey project to redesign, retrofit and overhaul a B747-400. These increases were partially offset by lower material usage and component overhaul work.

Expenditure grew by 2.9% or \$26.0 million to \$932.7 million, mainly due to an increase in subcontract costs as a result of specialised services required for the turnkey project. The expenditure increase was partially offset by lower staff costs.

The resulting operating profit of \$112.6 million was 9.4% or \$9.7 million higher than last year.

Basic earnings per share increased by 2.1% to 24.20 cents for the financial year ended 31 March 2009.

Note: The SIAEC Group's audited financial results for the financial year ended 31 March 2009 were announced on 11 May 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, its subsidiaries, joint venture and associated companies.)

## Fourth Quarter FY2008-09

Revenue increased 9.2% or \$20.7 million to \$245.8 million due mainly to higher Line maintenance revenue, with more flights handled and work performed, increase in fleet size of Fleet Management Programme, and higher material usage. The increase was partially offset by lower airframe and component overhaul work.

Expenditure grew by 7.1% or \$14.5 million to \$219.1 million, reflecting higher material usage and subcontract costs as a result of increase in revenue, partially mitigated by lower staff costs. The lower staff costs were due to jobs credit and lower profit-sharing bonus.

Operating profit for the quarter was \$26.7 million, an increase of 30.2% or \$6.2 million over the same quarter last year. However, compared to the third quarter FY2008-09, the Group's operating profit was 9.2% or \$2.7 million lower due to a decrease in revenue.

The Group achieved a profit attributable to equity holders of \$65.5 million in the fourth quarter of FY2008-09, 18.7% or \$10.3 million higher than the corresponding period last year. Profits from joint venture and associated companies rose 29.9% or \$11.0 million to \$47.8 million.

Basic earnings per share increased by 18.5% to 6.09 cents.

## **GROUP FINANCIAL POSITION**

As at 31 March 2009, equity attributable to equity holders of the Company amounted to \$1,228.9 million, 9.2% or \$103.6 million higher than at 31 March 2008.

Total assets increased 6.3% or \$88.7 million to \$1,502.2 million. Net asset value per share increased to 114.0 cents, 8.9% or 9.3 cents higher than at 31 March 2008. The total number of shares issued was 1,078.0 million as at 31 March 2009.

The Company has no borrowings and the cash balance of the Group as at 31 March 2009 amounted to \$372.5 million.

## **DIVIDEND**

In view of the challenging global economic environment and the uncertain outlook, the Board of SIAEC is recommending a final ordinary dividend of 11.0 cents per share (tax exempt one-tier). Together with the interim dividend of 5.0 cents per share (tax exempt one-tier) paid earlier, the total dividend payment for FY2008-09 will be 16.0 cents per share (20.0 cents per share in FY 2007-08).

Payment of the final dividend, which amounts to approximately \$118.6 million, is subject to shareholders' approval at the Annual General Meeting on 24 July 2009. The dividend will be paid on 13 August 2009.

## OUTLOOK

Since the third quarter of FY2008-09, the Company's operating profit, excluding the savings from the Singapore Government Budget 2009 initiatives, has seen a quarter-on-quarter decline as a result of the sharp downturn in the aviation business. The overall performance was aided by contributions from our joint ventures. However, with the outlook for FY2009-10 remaining weak and likely to deteriorate further, the Group's performance will be impacted.

As the Company intensifies its marketing efforts, it is taking steps to strengthen its competitiveness without compromising the quality and timeliness of its services. Manning levels in the business units are being rationalised to match peaks and troughs in work demands, thereby improving efficiencies and lowering operating costs. Overall, a tight rein on costs will continue to be maintained.

Our cluster of 23 subsidiary, joint venture and associated companies are similarly impacted and are taking appropriate measures to manage their costs and enhance efficiencies.

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(For the complete FY2008-09 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 <sup>R1</sup>

	FY 2008-09	FY 2007-08	4 <sup>th</sup> Quarter 2008-09	4 <sup>th</sup> Quarter 2007-08
<b>Financial Results (\$ million)</b>				
Total revenue	1,045.3	1,009.6	245.8	225.1
Total expenditure	932.7	906.7	219.1	204.6
Operating profit	112.6	102.9	26.7	20.5
Non-operating items	4.0	11.1	0.8	2.3
Dividend income from long term investment	11.1	13.7	1.6	4.2
Share of profits of joint venture companies	63.9	50.8	19.9	12.0
Share of profits of associated companies	109.1	107.0	27.9	24.8
Profit before taxation	300.7	285.5	76.9	63.8
Profit attributable to equity holders of the Company	260.6	253.8	65.5	55.2
<b>Per Share Data</b>				
Earnings before tax (cents)	27.91	26.68	7.13	5.95
Earnings after tax (cents) - basic <sup>R2</sup>	24.20	23.71	6.09	5.14
- diluted <sup>R3</sup>	24.07	23.34	6.08	5.07
	<b>As at</b>	<b>As at</b>		
	<b>31 Mar 2009</b>	<b>31 Mar 2008</b>		
<b>Financial Position (\$ million)</b>				
Share capital	255.6	245.0		
Reserves				
General reserve	971.9	937.5		
Foreign currency translation reserve	(36.4)	(88.4)		
Share-based compensation reserve	39.6	28.5		
Fair value reserve	(1.8)	2.7		
Equity attributable to equity holders of the Company	1,228.9	1,125.3		
Total assets	1,502.2	1,413.5		
Net asset value per share (cents) <sup>R4</sup>	114.0	104.7		

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

<sup>R2</sup> 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.

<sup>R3</sup> 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.

<sup>R4</sup> 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.