



27 October 2006

**SIA ENGINEERING POSTS GROUP PROFIT OF \$72.0M
FOR 2nd QUARTER 2006-07**

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	2 nd Quarter FY2006-07		1 st Half FY2006-07	
	Jul - Sep 2006	Year-on-Year % Change	Apr - Sep 2006	Year-on-Year % Change
• Revenue	\$244.3M	+ 1.8	\$492.9M	+ 6.3
• Operating profit	\$34.7M	+ 31.4	\$67.8M	+ 14.1
• Profit attributable to equity holders of the Company	\$72.0M	+ 42.9	\$138.4M	+ 31.1
• Basic earnings per share	6.82 cts	+ 38.9	13.21 cts	+ 27.9
• Interim dividend per share	-	-	4.0 cts	No change

GROUP EARNINGS

Second Quarter FY2006-07

The Group achieved a 42.9% growth in profit attributable to equity holders of the Company as a result of higher operating profit and improved performance by associated and joint venture companies.

Operating profit rose by \$8.3 million or 31.4% to \$34.7 million as revenue grew by \$4.3 million or 1.8% whilst expenditure fell by \$4.0 million or 1.9%. The increase in revenue came largely from Fleet Management Programme contracts, which registered a 75.3% growth with the increase in the number of aircraft handled and the recognition of \$1.5 million revenue upon completion of contracts.

As in the 1st quarter 2006-07, Airframe and Component Overhaul, Line Maintenance and Fleet Management Programme contracts contributed 62%, 31% and 7% respectively to the Group's revenue.

The decline in expenditure was mainly due to lower overtime costs as a result of productivity initiatives implemented in the current quarter and a consequent decline in subcontract labour costs. In addition, there was a write-back of provision for impairment of trade debtors amounting to \$0.3 million, compared to a \$1.7 million provision in the corresponding quarter last year.

Note: The SIAEC Group's unaudited financial results for the half-year and second quarter ended 30 September 2006 were announced on 27 October 2006. 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 subsidiary, associated and joint venture companies.)

Associated and joint venture companies continued their strong contribution to Group earnings. Share of profits from associated and joint venture companies increased by \$10.7 million (+43.3%) to \$35.4 million, accounting for 44.0% of the Group's pre-tax profits. In addition, a higher dividend of \$7.1 million (\$5.5 million in the corresponding quarter last year) was received from an investee company. Profit before taxation increased by 37.7% to \$80.4 million.

Basic earnings per share increased by 38.9% to 6.82 cents.

First Half FY2006-07

Revenue rose by 6.3% or \$29.4 million to \$492.9 million due to increases across all the Group's core activities. Fleet Management Programme revenue grew substantially, in part due to revenue of \$3.4 million recognised on completed contracts.

Expenditure increased at a lower rate of 5.2% or \$21.0 million to \$425.1 million. Increases in staff strength, material costs and maintenance costs and an exchange loss of \$1.0 million contributed to expenditure growth in the current period. In the first half of last year, there was an exchange gain of \$2.8 million.

Share of profits from associated and joint venture companies rose significantly by 29.9% (+\$15.6 million) to \$67.7 million. In addition, a higher dividend of \$11.8 million (\$5.5 million in the corresponding period last year) was received from an investee company. As a result, profit before taxation increased by 28.7% to \$154.9 million.

Profit attributable to equity holders of the Company was \$138.4 million, an increase of \$32.8 million or 31.1% compared to the first half of last year. Basic earnings per share increased by 27.9% to 13.21 cents.

GROUP FINANCIAL POSITION

As at 30 September 2006, equity attributable to equity holders of the Company amounted to \$937.3 million, 9.8% or \$101.5 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. As at 30 September 2006, total number of shares issued was 1,056.3 million.

Total assets decreased by 9.3% (-\$123.1 million) to \$1,204.5 million. Net asset value per share was 88.7 cents, a decline of 11.5 cents (-11.4%) from 31 March 2006.

DIVIDENDS

The Company has declared an interim dividend of 4.0 cents per share (tax exempt one-tier) for the half year ended 30 September 2006.

OUTLOOK

The sustained demand for comprehensive maintenance, repair and overhaul (MRO) services will benefit the Company's strategic initiatives to strengthen its Total Support services and broaden its customer base.

While pressure on rates continues, the Company is implementing productivity improvements to enhance its competitiveness and to grow market share.

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(For the complete half year and second quarter 2006-07 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

	1 st Half FY2006-07	1 st Half FY2005-06	2 nd Quarter FY2006-07	2 nd Quarter FY2005-06
Financial Results (\$ million)				
Total revenue	492.9	463.5	244.3	240.0
Total expenditure	425.1	404.1	209.6	213.6
Operating profit	67.8	59.4	34.7	26.4
Non-operating items	7.6	3.4	3.2	1.8
Dividend income from long term investment	11.8	5.5	7.1	5.5
Share of profits of associated companies	52.1	42.5	26.7	18.3
Share of profits of joint venture companies	15.6	9.6	8.7	6.4
Profit before taxation	154.9	120.4	80.4	58.4
Profit attributable to equity holders of the Company	138.4	105.6	72.0	50.4
Per Share Data				
Earnings before tax (cents)	14.78	11.77	7.62	5.69
Earnings after tax (cents) - basic ^{R1}	13.21	10.33	6.82	4.91
- diluted ^{R2}	12.94	10.21	6.68	4.85

	As at 30 Sep 2006	As at 31 Mar 2006
Financial Position (\$ million)		
Share capital	204.1	163.1
Reserves		
General reserve	750.2	885.5
Foreign currency translation reserve	(28.7)	(21.7)
Share-based compensation reserve	11.7	11.9
Equity attributable to equity holders of the Company	937.3	1,038.8
Total assets	1,204.5	1,327.6
Net asset value per share (cents) ^{R3}	88.7	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 dilutive effect on the exercise of all outstanding 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.