



29 January 2008

SIA ENGINEERING POSTS GROUP PROFIT OF \$53.6M FOR 3RD QUARTER 2007-08

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	3 rd Quarter FY2007-08		9 months FY2007-08	
	Oct - Dec 2007	Year-on-Year % Change	Apr - Dec 2007	Year-on-Year % Change
• Revenue	\$248.6M	+ 1.1	\$784.5M	+ 6.2
• Operating profit	\$19.1M	- 27.9	\$82.4M	- 12.6
• Share of profits from joint venture and associated companies	\$38.1M	+ 18.7	\$121.0M	+ 21.2
• Profit attributable to equity holders of the Company	\$53.6M	- 3.1	\$198.6M	+ 2.5
• Basic earnings per share	4.99 cts	- 4.6	18.58 cts	+ 0.8

GROUP EARNINGS

Third Quarter FY2007-08

The Group posted a profit attributable to equity holders of \$53.6 million in the third quarter of FY2007-08, reflecting continued strong contributions from joint venture and associated companies. Operating profit was lower at \$19.1 million.

Revenue at \$248.6 million was 1.1% higher. Line maintenance revenue increased by 12.0% but Airframe Maintenance and Component Overhaul revenue declined 2.0% due to a lower volume of component work in this quarter and a weaker US dollar. An increase in business volume in Fleet Management contributed an 11% growth in revenue.

Expenditure increased by 4.7% mainly due to higher staff cost, which is attributable to an increase in staffing and related costs to support future growth. A special 60th anniversary bonus was paid to employees this quarter.

Note: The SIAEC Group's unaudited financial results for the nine months and third quarter ended 31 December 2007 were announced on 29 January 2008. 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.)

Share of profits from joint venture and associated companies grew 18.7% to \$38.1 million, contributing 62.3% to the quarter's pre-tax profit.

Basic earnings per share fell by 4.6% to 4.99 cents.

Year-to-date (April – December 2007)

For the 9 months ended 31 December 2007, revenue improved by 6.2% or \$45.8 million to \$784.5 million. The increase was generated across all core activities of the Group. An increase in business volume in Fleet Management contributed a 9% increase in revenue.

Expenditure grew 9.0% or \$57.7 million to \$702.1 million, mainly due to higher staffing and related costs to support future growth, resulting in a lower operating profit of \$82.4 million.

Share of profits from joint venture and associated companies increased by 21.2% or \$21.2 million to \$121.0 million, forming 54.6% of the Group's pre-tax profits. As a result, profit attributable to equity holders of the Company was \$198.6 million, an increase of 2.5% or \$4.9 million over last year. Basic earnings per share increased by 0.8% to 18.58 cents.

GROUP FINANCIAL POSITION

As at 31 December 2007, equity attributable to equity holders of the Company amounted to \$1,082.1 million, 8.5% or \$85.0 million higher than at 31 March 2007. Total assets increased by 3.9% or \$51.8 million to \$1,366.8 million. Net asset value per share of 100.8 cents was 7.3% or 6.9 cents higher than at 31 March 2007. The total number of shares issued was 1,073.5 million as at 31 December 2007.

OUTLOOK

The outlook for the aircraft maintenance, repair and overhaul (MRO) industry remains favourable, underpinned by steady traffic growth and increased outsourcing of MRO work.

The Group's subsidiary, joint venture and associated companies, spread across seven countries, are expected to continue their positive contributions.

The operating environment, however, remains challenging. Pressure on rates and the weakness in the US dollar will remain as key challenges to the financial performance of the Group.

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(For the complete 3rd quarter FY2007-08 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}

	9 months FY2007-08	9 months FY2006-07	3 rd Quarter FY2007-08	3 rd Quarter FY2006-07
Financial Results (\$ million)				
Total revenue	784.5	738.7	248.6	245.8
Total expenditure	702.1	644.4	229.5	219.3
Operating profit	82.4	94.3	19.1	26.5
Non-operating items	8.8	10.8	3.0	3.2
Dividend income from long term investment	9.5	13.5	1.0	1.7
Share of profits of associated companies	82.2	76.7	25.0	24.6
Share of profits of joint venture companies	38.8	23.1	13.1	7.5
Profit before taxation	221.7	218.4	61.2	63.5
Profit attributable to equity holders of the Company	198.6	193.7	53.6	55.3
Per Share Data				
Earnings before tax (cents)	20.73	20.78	5.69	6.00
Earnings after tax (cents) - basic ^{R2}	18.58	18.43	4.99	5.23
- diluted ^{R3}	18.27	18.07	4.91	5.12
	As at	As at		
	31 Dec 2007	31 Mar 2007		
Financial Position (\$ million)				
Share capital	243.4	214.5		
Reserves				
General reserve	882.2	811.7		
Foreign currency translation reserve	(69.8)	(47.1)		
Share-based compensation reserve	24.7	18.0		
Fair value reserve ^{R4}	1.6	-		
Equity attributable to equity holders of the Company	1,082.1	997.1		
Total assets	1,366.8	1,315.0		
Net asset value per share (cents) ^{R5}	100.8	93.9		

^{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} During the quarter, the Group adopted hedge accounting under FRS 39: Financial Instruments – Recognition and Measurement. This resulted in the Group recognizing the effective portion of the hedging gain or loss in the fair value reserve and the ineffective portion in the profit and loss account.

^{R5} 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.