



31 October 2007

SIA ENGINEERING POSTS GROUP PROFIT OF \$74.5M FOR 2ND QUARTER 2007-08

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	2 nd Quarter FY2007-08		1 st Half FY2007-08	
	Jul - Sep 2007	Year-on-Year % Change	Apr - Sep 2007	Year-on-Year % Change
• Revenue	\$265.8M	+ 8.8	\$535.9M	+ 8.7
• Operating profit	\$34.1M	- 1.7	\$63.3M	- 6.6
• Profit attributable to equity holders of the Company	\$74.5M	+ 3.5	\$145.0M	+ 4.8
• Basic earnings per share	6.95 cts	+ 1.9	13.59 cts	+ 2.9
• Interim dividend per share	-	-	4.0 cts	No change

GROUP EARNINGS

Second Quarter FY2007-08

The Group achieved a profit attributable to equity holders of the Company of \$74.5 million in the second quarter of FY2007-08 as a result of improved contributions from joint venture and associated companies. Share of profits of these companies contributed 51.1% to the Group's pre-tax profits.

Revenue grew \$21.5 million (+8.8%) to \$265.8 million from increases in all core activities of the Group. Airframe Maintenance and Component Overhaul revenue increased by 11.9% due to higher work volume and Line Maintenance revenue grew 5.1% from the greater number of flights handled. Excluding the recognition of \$1.5 million revenue upon completion of a contract last year, Fleet Management revenue increased by 7.2%. This growth came mainly from a new contract and increased business volume from existing customers.

Expenditure rose by a higher rate of 10.5% (+\$22.1 million) mainly due to higher staff and material costs. The increase in staff cost was mainly attributable to lower provision for the profit-sharing bonus last year and an increase in staff numbers. Material cost grew in line with higher revenue.

As a result, operating profit decreased marginally by 1.7% to \$34.1 million.

Note: The SIAEC Group's unaudited financial results for the half year and second quarter ended 30 September 2007 were announced on 31 October 2007. 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 rose \$6.9 million (+19.5%) to \$42.3 million.

Profit before taxation increased by \$2.4 million or 3.0% to \$82.8 million. Profit attributable to equity holders of the Company was \$74.5 million, a growth of 3.5% or \$2.5 million over last year.

Basic earnings per share increased by 1.9% to 6.95 cents.

First Half FY2007-08

Revenue rose 8.7% or \$43.0 million to \$535.9 million due to increases across all the Group's core activities, Airframe Maintenance and Component Overhaul (+9.8%), Line Maintenance (+7.8%) and Fleet Management (+2.9%).

Expenditure increased at a higher rate of 11.2% or \$47.5 million to \$472.6 million mainly due to higher staff and material costs. The growth in staff cost was mainly due to lower provision for the profit-sharing bonus last year and an increase in staff numbers. Material cost rose in line with higher revenue.

As a result, operating profit decreased by 6.6% to \$63.3 million.

Joint venture and associated companies continued to contribute significantly to Group earnings as share of profits increased by 22.5% (+\$15.2 million) to \$82.9 million, pushing up profit before taxation by 3.6% to \$160.5 million.

Profit attributable to equity holders of the Company was \$145.0 million, an increase of \$6.6 million or 4.8% compared to the first half of last year.

Basic earnings per share increased by 2.9% to 13.59 cents.

GROUP FINANCIAL POSITION

As at 30 September 2007, equity attributable to equity holders of the Company amounted to \$1,079.6 million, 8.3% or \$82.5 million higher than at 31 March 2007. As at 30 September 2007, total number of shares issued was 1,072.7 million.

Total assets increased by 2.9% (+\$37.7 million) to \$1,352.7 million. Net asset value per share was 100.7 cents, an increase of 6.8 cents (+7.2%) from 31 March 2007.

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 2007.

OUTLOOK

The aviation industry continues to enjoy robust traffic growth, resulting in firm demand for maintenance, repair and overhaul (MRO) services.

While the Company's order book remains strong, competition from global MROs continues to be intense. With major Asian MROs expanding their facilities to gear up for the growing global demand for MRO services and the increased outsourcing to Asia, rates are expected to remain flat. The weaker US dollar is also expected to impact margins.

The Group's subsidiaries, joint venture and associated companies, spread across seven countries, are expected to sustain their strong performance and contribution to profits.

As the MRO provider to the world's first operator of the Airbus A380, SIA Engineering Company is well placed to meet the needs of airlines operating the technologically advanced aircraft. To tap the growth of this new market, construction of the Company's new A380-capable sixth hangar is on track for operation by mid-2008.

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(For the complete half year and second quarter 2007-08 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}

Financial Results (S\$ million)	1st Half FY2007-08	1st Half FY2006-07	2nd Quarter FY2007-08	2nd Quarter FY2006-07
Total revenue	535.9	492.9	265.8	244.3
Total expenditure	472.6	425.1	231.7	209.6
Operating profit	63.3	67.8	34.1	34.7
Non-operating items	5.8	7.6	2.5	3.2
Dividend income from long term investment	8.5	11.8	3.9	7.1
Share of profits of associated companies	57.2	52.1	27.6	26.7
Share of profits of joint venture companies	25.7	15.6	14.7	8.7
Profit before taxation	160.5	154.9	82.8	80.4
Profit attributable to equity holders of the Company	145.0	138.4	74.5	72.0
Per Share Data				
Earnings before tax (cents)	15.04	14.78	7.73	7.62
Earnings after tax (cents) - basic ^{R2}	13.59	13.21	6.95	6.82
- diluted ^{R3}	13.36	12.94	6.83	6.68

Financial Position (S\$ million)	As at 30 Sep 2007	As at 31 Mar 2007
Share capital	241.4	214.5
Reserves		
General reserve	871.4	811.7
Foreign currency translation reserve	(54.7)	(47.1)
Share-based compensation reserve	20.9	18.0
Fair value reserve ^{R4}	0.6	-
Equity attributable to equity holders of the Company	1,079.6	997.1
Total assets	1,352.7	1,315.0
Net asset value per share (cents) ^{R5}	100.7	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 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 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.