

SIA ENGINEERING COMPANY LIMITED

Third Quarter Financial Statement for the Period Ended 31/12/2003

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

PROFIT & LOSS ACCOUNTS	Group				
	3rd Qtr 2003-04	3rd Qtr 2002-03		9 months 2003-04	9 months 2002-03
	S\$M	S\$M		S\$M	S\$M
REVENUE	161.3	233.0		487.3	659.4
EXPENDITURE					
Staff costs	70.7	91.4		193.9	245.9
Material costs	43.6	63.0		127.9	188.0
Depreciation	5.7	6.0		17.2	17.0
Company accommodation	9.7	10.0		29.4	29.9
Other operating expenses	7.0	26.8		46.5	70.5
	136.7	197.2		414.9	551.3
OPERATING PROFIT	24.6	35.8		72.4	108.1
Interest income	0.8	1.0		2.3	2.9
Surplus on sale of fixed assets	0.1	0.5		0.1	0.5
Dividend income from long-term investment	-	-		0.4	0.4
Amortisation of goodwill on acquisition of associated companies	(0.1)	(0.1)		(0.3)	(0.2)
Share of profits of associated companies	10.8	14.3		35.8	51.1
Share of profits of joint venture companies	0.9	1.2		1.3	1.2
PROFIT BEFORE EXCEPTIONAL ITEM	37.1	52.7		112.0	164.0
Retrenchment and early retirement costs	-	-		(3.1)	-
PROFIT BEFORE TAXATION	37.1	52.7		108.9	164.0

Writeback/(provision) for taxation	0.8	(0.5)		(9.8)	(13.1)
Adjustment for reduction in Singapore corporate tax rate	-	-		-	2.7
PROFIT AFTER TAXATION	37.9	52.2		99.1	153.6
Minority interest	-	-		-	(0.1)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	37.9	52.2		99.1	153.5
Note:	3rd Qtr 2003-04	3rd Qtr 2002-03		9 months 2003-04	9 months 2002-03
Operating profit is arrived at after accounting for:	S\$M	S\$M		S\$M	S\$M
Bad debts recovered	-	(0.2)		(0.4)	(1.2)
Foreign exchange loss:					
- realised	0.1	0.1		-	0.4
- unrealised	2.4	3.7		7.0	8.4
Adjustment for over provision of tax in respect of prior years	(0.8)	-		(0.8)	-
(Writeback)/ Provision for doubtful debts, net	(4.0)	(2.5)		(0.1)	1.9

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

BALANCE SHEETS	Group		Company	
	31 Dec 03	31 Mar 03	31 Dec 03	31 Mar 03
	S\$M	S\$M	S\$M	S\$M
SHARE CAPITAL				
Authorised	300.0	300.0	300.0	300.0
Issued and fully paid	100.4	100.0	100.4	100.0
RESERVES				
Distributable				
General reserve	788.5	731.9	695.4	659.3
Foreign currency translation reserve	(7.9)	5.0	0.1	0.3
Non-distributable				
Share premium	6.0	0.8	6.0	0.8
	786.6	737.7	701.5	660.4
SHARE CAPITAL AND	887.0	837.7	801.9	760.4

RESERVES				
MINORITY INTEREST	2.0	2.0	-	-
DEFERRED TAXATION	9.5	10.7	9.5	10.7
	898.5	850.4	811.4	771.1
Represented by :-				
FIXED ASSETS	204.6	194.8	200.6	190.6
SUBSIDIARY COMPANIES	-	-	5.3	5.3
ASSOCIATED COMPANIES	255.9	244.4	164.4	160.7
JOINT VENTURE COMPANIES	52.4	52.6	57.5	57.5
LONG-TERM INVESTMENTS	20.4	23.6	20.4	23.6
CURRENT ASSETS				
Trade and other debtors	43.8	50.6	42.3	49.5
Immediate holding company	36.1	58.5	35.8	58.3
Related parties	13.9	24.5	13.8	24.6
Term-loan due from an investee company	-	0.9	-	0.9
Stocks	13.4	13.1	12.7	12.2
Work-in-progress	4.3	27.7	4.1	27.0
Short-term deposits	339.6	338.3	339.6	338.3
Cash and bank balances	116.3	60.8	115.3	59.6
	567.4	574.4	563.6	570.4
Less:-				
CURRENT LIABILITIES				
Trade and other creditors	177.6	218.3	176.8	216.9
Bank loans	1.0	1.0	-	-
Provision for taxation	23.6	20.1	23.6	20.1
	202.2	239.4	200.4	237.0
NET CURRENT ASSETS	365.2	335.0	363.2	333.4
	898.5	850.4	811.4	771.1

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.
Amount repayable in one year or less, or on demand**

As at 31/12/2003		As at 31/03/2003	
Secured	Unsecured	Secured	Unsecured
-	S\$1.0M	-	S\$1.0M

Amount repayable after one year

As at 31/12/2003		As at 31/03/2003	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

nil

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CASH FLOW STATEMENTS	Group			
	3rd Qtr 2003-04 S\$M	3rd Qtr 2002-03 S\$M	9 months 2003-04 S\$M	9 months 2002-03 S\$M
NET CASH PROVIDED BY OPERATING ACTIVITIES	15.5	47.1	99.7	117.8
CASH FLOW FROM INVESTING ACTIVITIES				
Additions to fixed assets	(8.8)	(8.3)	(27.1)	(18.7)
Proceeds from sale of fixed assets	0.1	0.5	0.2	0.5
Proceeds from capital reduction of joint venture companies	-	-	1.1	-
Investments in associated companies	(3.7)	-	(3.7)	(11.9)
Investments in joint venture companies	-	(2.7)	-	(8.0)

Dividends from associated companies		11.3	0.3	14.0	8.7
Dividends from long-term investments		-	-	0.4	0.4
Loans to investee companies		-	-	-	(0.2)
Payment of loans from investee companies		3.5	-	3.9	-
Payment of loans from associated companies		5.1	-	5.1	-
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		7.5	(10.2)	(6.1)	(29.2)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from the issuance of new shares		2.0	-	5.7	0.9
Dividends paid		(20.1)	(15.6)	(42.5)	(43.0)
NET CASH USED IN FINANCING ACTIVITIES		(18.1)	(15.6)	(36.8)	(42.1)
NET CASH INFLOW		4.9	21.3	56.8	46.5
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD		451.0	305.2	399.1	280.0
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		455.9	326.5	455.9	326.5
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Short-term deposits		339.6	240.9	339.6	240.9
Cash and bank balances		116.3	85.6	116.3	85.6
		455.9	326.5	455.9	326.5
CASH FLOW FROM OPERATING ACTIVITIES		Group			

		3rd Qtr 2003-04 S\$M	3rd Qtr 2002-03 S\$M	9 months 2003- 04 S\$M	9 months 2002-03 S\$M
Profit before taxation		37.1	52.7	108.9	164.0
Adjustments for:					
Interest income		(0.8)	(1.0)	(2.3)	(2.9)
Dividend income from investee companies		-	-	(0.4)	(0.4)
Depreciation of fixed assets		5.7	6.0	17.2	17.0
Share of profits of associated and joint venture companies		(11.7)	(15.5)	(37.1)	(52.3)
Foreign exchange loss		2.5	3.8	7.0	8.8
Amortisation of goodwill		0.1	0.1	0.3	0.2
Surplus on sale of fixed assets		(0.1)	(0.5)	(0.1)	(0.5)
Operating profit before working capital changes		32.8	45.6	93.5	133.9
(Increase)/decrease in trade and other debtors		(21.2)	7.0	0.8	(11.6)
Decrease in stocks and work-in-progress		4.1	10.3	23.1	13.6
Increase/(decrease) in trade creditors and deferred accounts		(4.3)	14.2	(40.7)	19.5
Increase/(decrease) in amount owing by related companies		7.4	(26.6)	28.1	(31.0)
Cash generated from operations		18.8	50.5	104.8	124.4
Interest received from deposits		0.8	0.8	2.3	2.8
Income taxes paid		(4.1)	(4.2)	(7.4)	(9.4)
NET CASH PROVIDED BY OPERATING ACTIVITIES		15.5	47.1	99.7	117.8

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					
Group (\$M)	Share capital	General reserve	Share premium	Foreign currency translation reserve	Total
Balance at 1 October 2002	100.0	643.6	0.8	6.5	750.9
Profit attributable to shareholders for the third quarter	-	52.2	-	-	52.2
Dividends paid	-	(15.6)	-	-	(15.6)
Balance at 31 December 2002	100.0	680.2	0.8	6.5	787.5
Balance at 1 October 2003	100.3	770.7	4.1	0.3	875.4
Issue of new shares arising from employee share options exercised	0.1	-	1.9	-	2.0
Foreign currency translation differences	-	-	-	(8.2)	(8.2)
Profit attributable to shareholders for the third quarter	-	37.9	-	-	37.9
Dividends paid	-	(20.1)	-	-	(20.1)
Balance at 31 December 2003	100.4	788.5	6.0	(7.9)	887.0

Company (S\$M)	Share capital	General reserve	Share premium	Foreign currency translation reserve	Total
Balance at 1 October 2002	100.0	587.7	0.8	0.4	688.9
Profit attributable to shareholders for the third quarter	-	39.4	-	-	39.4
Dividends paid	-	(15.6)	-	-	(15.6)
Balance at 31 December 2002	100.0	611.5	0.8	0.4	712.7
Balance at 1 October 2003	100.3	682.4	4.1	0.2	787.0
Issue of new shares arising from employee share options exercised	0.1	-	1.9	-	2.0
Foreign currency translation differences	-	-	-	(0.1)	(0.1)
Profit attributable to shareholders for the third quarter	-	33.1	-	-	33.1
Dividends paid	-	(20.1)	-	-	(20.1)
Balance at 31 December 2003	100.4	695.4	6.0	0.1	801.9

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY

(i) The issued and paid-up capital of the Company increased from \$100,295,950 as at 30 September 2003 to \$100,438,870 as at 31 December 2003. The increase is due to new shares allotted and issued pursuant to the exercise of share options granted under the SIA Engineering Company Limited Employee Share Option Plan, which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees.

(ii) The movement of share options of the Company during the third quarter ended 31 December 2003 is as follows:

Date of grant	Balance at 1.10.2003	Cancelled	Exercised	Balance at 31.12.2003	Exercise Price	Expiry date
28.03.2000	14,664,750	41,200	3,600	14,619,950	\$2.05	27.03.2010
03.07.2000	13,680,850	27,600	84,200	13,569,050	\$1.95	02.07.2010
02.07.2001	12,792,100	16,400	1,341,400	11,434,300	\$1.41	01.07.2011
01.07.2002	16,394,400	71,100	-	16,323,300	\$2.38	30.06.2012
01.07.2003	7,522,700	16,000	-	7,506,700	\$1.75	30.06.2013
	65,054,800	172,300	1,429,200	63,453,300		

(iii) As at 31 December 2002, the number of share options of the Company outstanding was 60,670,200.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

n.a.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The same accounting policies and methods of computation have been applied.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There was no change in the accounting policies and methods of computation.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group			
	3rd Qtr 2003-04	3rd Qtr 2002-03	9 months 2003-04	9 months 2002-03
Basic earnings per share (cents) *	3.77	5.22	9.89	15.35
Diluted earnings per share (cents) #	3.76	5.20	9.85	15.27

* Based on the weighted average number of fully paid shares in issue.

Based on the weighted average number of fully paid shares in issue, after adjusting for dilution of shares under the employee share option plan.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the-

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	31 Dec 03	31 Mar 03	31 Dec 03	31 Mar 03
Net asset value per share (cents)	88.3	83.7	79.9	76.0

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

GROUP EARNINGS

Third Quarter FY2003-04

The Group generated an operating revenue of \$161.3 million for the current quarter ended 31 December 2003, a \$71.7 million (or 30.8%) decrease compared to the corresponding period last year.

	GROUP		
	3rd Qtr 2003-04 S\$M	3rd Qtr 2002-03 S\$M	% Change
Business Activity			
Airframe and component overhaul services	98.5	147.1	-33.0
Line maintenance and technical ground handling	62.8	85.9	-26.9
	161.3	233.0	-30.8

Revenue from airframe and component overhaul work declined by 33.0% to \$98.5 million mainly due to reduction in workload and softening of rates. Line maintenance revenue fell by 26.9% to \$62.8 million mainly due to reduced traffic through Changi Airport.

Operating expenditure fell by \$60.5 million (or 30.7%) to \$136.7 million mainly due to lower staff costs and subcontract labour costs. Staff costs declined by \$20.7 million (or 22.6%) mainly due to nil provision for profit-sharing bonus, cost savings from the retrenchment exercise and pay cuts.

Profit before taxation decreased by \$15.6 million (or 29.6%) to \$37.1 million, mainly due to lower share of profits from associated and joint venture companies. The Group's share of profits of associated and joint venture companies for the third quarter amounts to \$11.7 million representing 31.5% of its pre-tax profit.

9 Months ended 31 December 2003

The Group's operating profit for the 9 months ended 31 December 2003 was \$72.4 million, a decrease of \$35.7 million (or 33.0%) compared to the corresponding period last year.

Revenue fell by \$172.1 million (or 26.1%) to \$487.3 million mainly due to lower demand and rates as a result of the downturn in the aviation industry. The decrease was partially offset by the \$136.4 million (or 24.7%) reduction in expenditure. Overtime and subcontract labour cost decreased in line with lower workload. The retrenchment, pay cuts and nil provision for profit-sharing bonus also yielded significant cost savings to the Group.

Profit before taxation decreased by \$55.1 million (or 33.6%) to \$108.9 million. This was due to the \$3.1 million retrenchment and early retirement costs and decrease in share of profits from associated and joint venture companies. The Group's share of profits of associated and joint venture companies for the 9 months ended 31 December 2003 amounts to \$37.1 million representing 34.1% of its pre-tax profit.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

n.a.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

OUTLOOK FOR THE 4TH QUARTER

The recovery of travel confidence in the region has been encouraging, with flight movements at Changi Airport reaching 90% of pre-SARS levels in December 2003, thanks to the holiday season. If the pace of recovery continues unabated, the progressive restoration of flights will have a positive impact on our line maintenance business.

Airlines are responding to the improving environment with increased aircraft utilisation, which should help to relieve the overcapacity situation in the airframe maintenance and component overhaul sectors.

With pressure on rates persisting, the operating environment remains challenging. The Company will continue its relentless efforts to improve operating efficiencies and competitiveness.

Overall, for the fourth quarter, we expect a performance comparable to the third quarter.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

n.a.

(d) Books closure date

n.a.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommendeded for the quarter ended 31 December 2003.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

n.a.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

n.a.

15. A breakdown of sales.

n.a.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year ()	Previous Full Year ()
Ordinary		
Preference	0	0
Total:		

ADDITIONAL INFORMATION

Interested Party Transactions

(In thousands of S\$)

3rd Quarter FY2003-04

	Aggregate value of all IPTs during the quarter under review (excluding transactions less than \$100,000 and transactions pursuant to the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual)	Aggregate value of all IPTs under the IPT Mandate (or a shareholders' mandate for IPTs under Rule 920 of the New Listing Manual) during the quarter under review (excluding transactions less than \$100,000)
Name of interested person	Nil	Nil
Total	–	–

Note: During the quarter under review, the Company did not enter into any IPTs which are required to be disclosed under Rule 920 of the Listing Manual of the SGX-ST.

BY ORDER OF THE BOARD

Devika Rani Davar
Company Secretary
05/02/2004