

**ANNOUNCEMENT**

The Board of Directors of SIA Engineering Company Limited wishes to make the following announcement:-

1 AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2001

	THE GROUP			THE COMPANY		
	2000-01 S\$M	1999-2000 S\$M	Change %	2000-01 S\$M	1999-2000 S\$M	Change %
Revenue	654.4	567.4	+15.3	650.9	562.8	+15.7
Interest income	7.7	9.5	-18.6	7.7	9.5	-18.6
	662.1	576.9	+14.8	658.6	572.3	+15.1
Less :Expenditure	(539.9)	(480.1)	+12.5	(536.2)	(475.7)	+12.7
OPERATING PROFIT	122.2	96.8	+26.2	122.4	96.6	+26.7
Interest on borrowings	(0.1)	(0.1)	-	-	-	-
Surplus on sale of fixed assets	0.1	1.2	-91.7	0.1	2.4	-97.3
Dividend income from associated companies	-	-	-	1.9	-	-
Gain on sale of long term investment	3.0	-	-	3.0	-	-
Share of profits of joint venture companies	0.7	0.2	+250.0	-	-	-
Share of profits of associated companies	3.3	16.6	-80.1	-	-	-
Profit before exceptional item	129.2	114.7	+12.6	127.4	99.0	+28.7
Exceptional item	-	202.6	-	-	202.6	-
PROFIT BEFORE TAXATION	129.2	317.3	-59.3	127.4	301.6	-57.8
Taxation	(13.4)	(10.9)	+22.9	(13.9)	(8.4)	+65.0
PROFIT AFTER TAXATION	115.8	306.4	-62.2	113.5	293.2	-61.3
Minority interest	0.1	-	-	-	-	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	115.9	306.4	-62.2	113.5	293.2	-61.3

	THE GROUP			THE COMPANY		
	2000-01 S\$M	1999-2000 S\$M	Change %	2000-01 S\$M	1999-2000 S\$M	Change %
NOTES:						
(a) Operating profit is arrived at after accounting for:						
Depreciation of fixed assets	20.8	23.5	-11.5	20.4	23.1	-11.6
Foreign exchange (gain)/loss:						
- realised	(0.1)	0.7	-	(0.1)	0.6	-
- unrealised	(4.5)	0.2	-	(4.5)	0.2	-
(b) Revenue:						
First half year	307.2	287.4	+6.9	305.4	285.0	+7.2
Second half year	347.2	280.0	+24.0	345.5	277.8	+24.4
	654.4	567.4	+15.3	650.9	562.8	+15.7
(c) Profit after taxation: (excluding exceptional item)						
First half year	60.4	55.4	+9.0	56.5	46.0	+22.7
Second half year	55.4	48.4	+14.5	57.0	44.6	+27.8
	115.8	103.8	+11.6	113.5	90.6	+25.3

		THE GROUP		
		2000-01	1999-2000	Change
(d)	Profit after taxation (excluding exceptional item) as a percentage of revenue (%)	17.7	18.3	-0.6points
(e)	Profit after taxation and minority interests (excluding exceptional item) as a percentage of issued capital and reserves at the end of the year (%)	24.9	26.1	-1.2points
(f)	Basic earnings per share (cents) (excluding exceptional item)	11.6	10.4	+11.5%
(g)	Diluted earnings per share (cents) * (excluding exceptional item)	11.6	10.4	+11.5%
(h)	Net tangible assets per share (cents)	46.6	39.8	+17.1%

* Based on the weighted average number of ordinary shares in issue after adjusting for dilution of shares under the employee share option plan. There was no dilutive effect upon the weighted average number of ordinary shares during the financial year.

2 REVENUE BY BUSINESS ACTIVITY

	THE GROUP		THE COMPANY	
	2000-01 S\$M	1999-2000 S\$M	2000-01 S\$M	1999-2000 S\$M
<u>Business Activity</u>				
Airframe and component overhaul services	392.1	338.2	388.6	333.6
Line maintenance and technical ground handling	262.3	229.2	262.3	229.2
	<u>654.4</u>	<u>567.4</u>	<u>650.9</u>	<u>562.8</u>

Note:

The Company operates in Singapore in one business segment, that of maintenance, repair and overhaul of aircraft and aircraft engines.

3 AUDITED SUMMARISED BALANCE SHEETS AS AT 31 MARCH 2001

	THE GROUP		THE COMPANY	
	2001 S\$M	2000 S\$M	2001 S\$M	2000 S\$M
Fixed assets	164.5	165.2	160.5	160.8
Subsidiary companies	-	-	4.5	4.5
Associated companies	167.8	137.4	156.6	110.4
Joint venture companies	35.0	15.0	36.9	17.5
Long term investments	29.2	29.9	29.2	29.9
Current assets	335.2	246.7	333.0	244.3
Less: Current liabilities	(257.9)	(190.9)	(256.4)	(190.5)
	<u>473.8</u>	<u>403.3</u>	<u>464.3</u>	<u>376.9</u>
Share capital	100.0	100.0	100.0	100.0
Reserves	366.2	297.6	359.0	275.0
Shareholders' funds	466.2	397.6	459.0	375.0
Minority interest	2.3	2.4	-	-
Bank loans	-	1.4	-	-
Deferred taxation	5.3	1.9	5.3	1.9
	<u>473.8</u>	<u>403.3</u>	<u>464.3</u>	<u>376.9</u>

4 GROUP BORROWINGS

	Loans – unsecured	
	31 March 2001	30 September 2000
	S\$M	S\$M
Repayable within one year	1.1	-
Repayable after one year	-	1.4

5 COMMENTS ON RESULTS

- 5.1 The Company's operating profit for the financial year 2000-01 was \$122.4 million, an increase of \$25.8 million (or 26.7%) from 1999-00. Revenue increased \$88.1 million (or 15.7%) to \$650.9 million, mainly because of an increase in workload from SIA and higher manhour rates. Expenditure increased at a lower rate of \$60.5 million (or 12.7%) to \$536.2 million, mainly because of lower production overheads arising from productivity improvements and cost saving measures, and lower provision for doubtful debts due to stringent credit control.
- 5.2 The Company's profit before tax (excluding exceptional item) was \$127.4 million, an increase of \$28.4 million (or 28.7%). The Company's profit after tax (excluding exceptional item) was \$113.5 million, an increase of \$22.9 million (or 25.3%).
- 5.3 The Group's operating profit rose by \$25.4 million (or 26.2%) to \$122.2 million. Profit before tax (excluding exceptional item) was \$129.2 million, an increase of \$14.5 million (or 12.6%). Share of profits from associated companies and joint venture companies decreased by \$12.8 million from \$16.8 million to \$4.0 million. This reduced the contribution to profits before tax (excluding exceptional item) to 3.1% from 14.6%. The decrease was mainly due to the poor performance of a major associate company, Eagle Services Asia Pte Ltd (ESA), in the second half of FY 2000-01. ESA's performance has improved since January 2001 and ESA expects improved results in FY 2001/02.
- 5.4 The Group's shareholders' funds rose 17.3% to \$466.2 million. Return on average shareholders' funds (excluding exceptional item) was 26.8%, a decrease of 1.5 percentage points over 1999-00. Earnings per share (excluding exceptional item) was 11.6 cents, an increase of 11.5% over 1999-00.
- 5.5 During the period under review, there were no pre-acquisition profits, or material adjustments for under or over provisions of taxation in respect of prior years.
- 5.6 No transaction or event of a material and unusual nature has arisen between 31 March 2001 and the date of this report that would substantially affect the results of the Company or the Group.

6 OUTLOOK FOR FINANCIAL YEAR 2001/2002

- 6.1 FY2000/01 saw an aggressive build-up of Boeing B777 airframe and component overhaul capabilities by the Company, which is now well positioned to perform heavy maintenance work on the B777. Capability build-up through in-house expansion and investments in specialised joint venture facilities continued unabated.
- 6.2 The Company also made inroads into project and fleet technical management services, having secured the first contract with DragonAir. This contract increases the total suite of maintenance, repair and overhaul (MRO) services provided by the Company to six, i.e. Line Maintenance, Base Maintenance, Component Overhaul, Engine Overhaul, Material Management and Fleet Technical Management. The competitive advantage gained from this enhanced "Total Support" capability will contribute to the Company's growth and continued success.
- 6.3 The significant SIA baseload and our strong order book of long-term contracts will give us a steady revenue stream and reduce earnings volatility. With the increasing trend of outsourcing by airlines, we see further growth opportunities in the MRO market. The Company has plans to hasten infrastructural investments to grow capacity. The expected completion of the third hangar in the second quarter of FY2001/02 will increase airframe overhaul capacity by about 15%. Line Maintenance is also expected to post strong performance next year, benefiting from increasing work demands from SIA and other airlines transiting at Singapore Changi Airport.
- 6.4 The Company has initiated a Business-to-Business (B2B) information exchange on the Internet in March 2001 which will provide greater value-added services to our customers and help maintain the Company's market position.
- 6.5 The Company continues to be on the lookout for suitable offshore MRO facility investments that will fit into our overall growth strategy and complement our main base operations in Singapore. Barring unforeseen circumstances, the Directors expect continued growth in profit after tax for FY 2001/02.

7 DIVIDENDS

- 7.1 An interim dividend of 15.0% or 1.5 cents per share less income tax at 25.5% (amounting to \$11.2 million) was paid on 27 November 2000.
- 7.2 A final dividend of 25.0% or 2.5 cents per share less income tax at 24.5% (amounting to \$18.9 million) is proposed for FY 2000-01.

8 OPTIONS ON SHARES IN THE COMPANY

- 8.1 On 3 July 2000, options were granted under the SIA Engineering Company Limited Employee Share Option Plan (“Plan”) to eligible employees to subscribe for 14,246,950 ordinary shares of \$0.10 each of the Company (“Shares”) out of which options in respect of 14,162,750 shares were accepted by the employees. The exercise periods of the said options commence on 3 July 2001 for Senior Executives (as defined under the Plan) or 3 July 2002 for other employees, and expire on 2 July 2010. The exercise price of the Shares under the said options is \$1.95 per Share. As at 31 March 2001, options to subscribe for a total of 29,339,600 Shares are outstanding under the Plan. None of the options granted on 28 March 2000 or 3 July 2000 have been exercised to date.

9 SHARE CAPITAL

- 9.1 During the financial year, there was no change in the Company’s authorised and issued share capital.

10 CLOSURE OF BOOKS

- 10.1 Notice is hereby given that the Transfer Books and the Register of Members of the Company will be closed from 17 July 2001 to 18 July 2001 (both dates inclusive) for the preparation of dividend warrants. The final dividend will be paid on 27 July 2001 to members of the Register as at 16 July 2001.
- 10.2 Duly completed transfers received by the Share Registrars, KPMG, 138 Robinson Road, #17-00, Hong Leong Centre, Singapore 068906 up to 5 pm on 16 July 2001 will be registered to determine shareholders’ entitlements to the final dividends.

11 ANNUAL GENERAL MEETING

- 11.1 The Nineteenth Annual General Meeting of the Company will be held at the Mandarin Ballroom 1 and 2, 6th floor - South Tower, Mandarin Singapore, 333 Orchard Road, Singapore 238867 on Saturday, 7 July 2001 at 9.00 am.

BY ORDER OF THE BOARD

Devika Rani Davar
Company Secretary

18 May 2001
Singapore

Also available in SIAEC’s website : [http : //www.SIAEC.com.sg](http://www.SIAEC.com.sg)