

**ANNOUNCEMENT**

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

**1 UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2000**

	<b>GROUP</b>			<b>COMPANY</b>			<b>GROUP Financial Year 1999-2000 S\$M</b>
	<b>Apr-Sep 2000 S\$M</b>	<b>Apr-Sep 1999 S\$M</b>	<b>Change %</b>	<b>Apr-Sep 2000 S\$M</b>	<b>Apr-Sep 1999 S\$M</b>	<b>Change %</b>	
Revenue	307.2	287.4	6.9	305.4	285.0	7.2	567.3
Expenditure	249.9	241.4	3.5	248.2	238.0	4.3	478.9
<b>OPERATING PROFIT</b>	<b>57.3</b>	<b>46.0</b>	<b>24.6</b>	<b>57.2</b>	<b>47.0</b>	<b>21.6</b>	<b>88.4</b>
Interest income	3.4	4.7	-27.5	3.4	4.7	-27.5	9.5
Exceptional item	-	-	-	-	-	-	202.6
Dividend income from associated companies	-	-	-	1.3	-	-	-
Share of associated companies' profits, net	7.0	10.5	-33.3	-	-	-	16.8
<b>PROFIT BEFORE TAXATION</b>	<b>67.7</b>	<b>61.2</b>	<b>10.6</b>	<b>61.9</b>	<b>51.7</b>	<b>19.7</b>	<b>317.3</b>
Taxation	(7.3)	(5.8)	25.9	(5.4)	(5.7)	-4.4	(10.9)
<b>PROFIT AFTER TAXATION</b>	<b>60.4</b>	<b>55.4</b>	<b>9.0</b>	<b>56.5</b>	<b>46.0</b>	<b>22.7</b>	<b>306.4</b>
Minority interest	(0.1)	-	-	-	-	-	-
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>60.3</b>	<b>55.4</b>	<b>8.8</b>	<b>56.5</b>	<b>46.0</b>	<b>22.7</b>	<b>306.4</b>

	GROUP			COMPANY			GROUP
	Apr-Sep 2000 S\$M	Apr-Sep 1999 S\$M	Change %	Apr-Sep 2000 S\$M	Apr-Sep 1999 S\$M	Change %	Financial Year 1999-2000 S\$M

NOTES:

- (a) Operating profit is arrived at after accounting for:

Depreciation of fixed assets	10.5	11.1	-5.4	10.3	10.9	-5.4	23.5
Foreign exchange (gain)/loss:							
- realised	-	0.5	-	-	0.6	-	0.7
- unrealised	(0.8)	(2.4)	-66.7	(0.8)	(2.4)	-66.7	0.2

	GROUP			Financial Year 1999-2000
	Apr-Sep 2000	Apr-Sep 1999	Change %	
(b) Profit after taxation (excluding exceptional item) as a percentage of revenue (%)	19.7	19.3	0.4points	18.3
(c) Profit after taxation and minority interests (excluding exceptional item) as a percentage of issued capital and reserves at the end of the period (%)	13.5	15.2	-1.7 points	26.1
(d) Earnings per share (cents)	6.0	5.5 *	9.1	30.6
(e) Net tangible assets per share (cents)	44.7	36.5 *	22.5	39.8

\* For purposes of comparison, the figures are computed based on 1 billion ordinary shares, which gives effect to the subdivision of shares on 20 March 2000.

## 2 REVENUE BY BUSINESS ACTIVITY

Business Activity	GROUP		COMPANY		GROUP
	Apr-Sep 2000	Apr-Sep 1999	Apr-Sep 2000	Apr-Sep 1999	Financial Year 1999-2000
	S\$M	S\$M	S\$M	S\$M	S\$M
Airframe and component overhaul services	183.6	175.2	181.8	172.8	338.2
Line maintenance and technical ground handling	123.6	112.2	123.6	112.2	229.1
	<u>307.2</u>	<u>287.4</u>	<u>305.4</u>	<u>285.0</u>	<u>567.3</u>

Note:

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

## 3 UNAUDITED SUMMARISED BALANCE SHEETS AS AT 30 SEPTEMBER 2000

	GROUP		COMPANY	
	30 Sep 2000	30 Sep 1999	30 Sep 2000	30 Sep 1999
	S\$M	S\$M	S\$M	S\$M
Fixed assets	158.5	171.8	154.3	167.3
Other investments	30.3	6.5	30.3	6.5
Subsidiary companies	-	-	4.5	4.5
Associated companies	183.1	151.0	154.6	132.9
Current assets	300.9	463.6	298.2	460.8
Less: Current liabilities	<u>(220.3)</u>	<u>(224.5)</u>	<u>(219.8)</u>	<u>(223.3)</u>
	<u>452.5</u>	<u>568.4</u>	<u>422.1</u>	<u>548.7</u>
Share capital	100.0	50.4	100.0	50.4
Reserves	<u>346.7</u>	<u>315.0</u>	<u>320.2</u>	<u>299.1</u>
Shareholders' funds	446.7	365.4	420.2	349.5
Minority interest	2.5	2.4	-	-
Bank loans	1.4	1.4	-	-
Deferred taxation	1.9	2.3	1.9	2.3
Deferred gain	-	196.9	-	196.9
	<u>452.5</u>	<u>568.4</u>	<u>422.1</u>	<u>548.7</u>

#### 4 GROUP BORROWINGS

	Loans – unsecured	
	30 Sep 2000	31 Mar 2000
	S\$M	S\$M
Repayable within one year	-	4.1
Repayable after one year	1.4	1.4

#### 5 COMMENTS ON RESULTS

5.1 The Company's operating profit for the 6 months ended 30 September 2000 was \$57.2 million, an increase of \$10.2 million (+21.6%) from the 6 months ended 30 September 1999. Revenue increased \$20.4 million (+7.2%) to \$305.4 million, mainly because of increase in workload from SIA and higher manhour rates. Expenditure increased at a lower rate of \$10.2 million (+4.3%) to \$248.2 million, mainly because of lower production overheads arising from productivity improvement and cost saving measures, and lower provision for doubtful debts due to stringent credit control.

5.2 The Company's profit before tax was \$61.9 million, an increase of \$10.2 million (+19.7%). The Company's profit after tax was \$56.5 million, an increase of \$10.5 million (+22.7%).

5.3 The Group's operating profit rose \$11.3 million (+24.6%) to \$57.3 million. Profit before tax was \$67.7 million, an increase of \$6.5 million (+10.6%). Share of profits from associated companies decreased by \$3.5 million to \$7.0 million, reducing the contribution to profits before tax to 10.3% from 17.2%.

5.4 The Group's shareholders' fund rose 22.2% to \$446.7 million. Return on shareholders' fund was 13.5%, a decrease of 1.7 percentage points over the 6 months ended 30 September 1999. Earnings per share was 6 cents, an increase of 9.1% over the 6 months ended 30 September 1999.

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 30 September 2000 and the date of this report that would substantially affect the results of the Company or the Group.

## **6 OUTLOOK FOR SECOND HALF OF THE FINANCIAL YEAR**

6.1 The aircraft maintenance, repair and overhaul (MRO) market is seeing steady growth on the back of recovery in both passenger and cargo traffic. SIA Engineering Company with its comprehensive range of services is well-positioned to improve its share of the MRO market. The Company is now focusing on long-term relationships to engender customer loyalty.

6.2 The strong growth of traffic at Singapore Changi Airport, together with the Company's expansion in the range of services to carriers transiting at Changi, will ensure healthy growth for the Company's line maintenance and ramp handling operations.

6.3 We will continue to enhance our 'Total Support' capability. The expertise and experience gained from servicing SIA's newer aircraft types (B777, A340 and A320) can now be offered to other customers. We are also adding facilities and acquiring new capabilities such as composite repair. As part of the enhancement to customer service, we will be introducing web-based e-commerce ("B2B") services soon.

6.4 The Company's strategy to provide total support in MRO services will see further expansion before the end of the financial year, when another three companies join the present group of thirteen to augment these services. SIA Engineering Company will continue to seek partnerships with leading OEMs (Original Equipment Manufacturers) to grow its external wing.

## **7 INTERIM 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) has been declared. This is the first dividend declared since the public listing of the Company on 12 May 2000.

## **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 30 September 2000, options to subscribe for a total of 29,426,800 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 6 months ended 30 September 2000, 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 16 November 2000 to 17 November 2000 (both dates inclusive) for the preparation of dividend warrants. The interim dividend will be paid on 27 November 2000 to members of the Register as at 15 November 2000.

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 15 November 2000 will be registered to determine shareholders' entitlements to the interim dividends.

**BY ORDER OF THE BOARD**

Devika Rani Davar  
Company Secretary

27 October 2000  
Singapore

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