

ANNOUNCEMENT

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

1 UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001

	GROUP			COMPANY			GROUP Financial Year 2000-2001 S\$M
	Apr-Sep 2001 S\$M	Apr-Sep 2000 S\$M	Change %	Apr-Sep 2001 S\$M	Apr-Sep 2000 S\$M	Change %	
Revenue	417.5	307.2	+35.9	415.5	305.4	+36.1	654.4
Interest Income	3.6	3.4	+5.8	3.6	3.4	+5.8	7.7
	421.1	310.6	+35.6	419.1	308.8	+35.7	662.1
Less: Expenditure	(331.4)	(249.9)	+32.6	(329.6)	(248.2)	+32.8	(539.9)
OPERATING PROFIT	89.7	60.7	+47.8	89.5	60.6	+47.7	122.2
Interest on borrowings	-	-	-	-	-	-	(0.1)
Surplus on sale of fixed assets	-	-	-	-	-	-	0.1
Dividend income from associated companies	-	-	-	1.0	1.3	-23.4	-
Gain on sale of long term investment	-	-	-	-	-	-	3.0
Amortisation of goodwill	(1.1)	-	-	-	-	-	-
Share of profits/(losses) of joint venture companies	(0.5)	0.3	-	-	-	-	0.7
Share of profits of associated companies	16.5	6.7	+146.3	-	-	-	3.3
PROFIT BEFORE TAXATION	104.6	67.7	+54.5	90.5	61.9	+46.1	129.2
Taxation	(6.9)	(7.3)	-5.5	(6.0)	(5.4)	+8.9	(13.4)
PROFIT AFTER TAXATION	97.7	60.4	+61.7	84.5	56.5	+49.7	115.8
Minority interest	(0.1)	(0.1)	-	-	-	-	0.1
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	97.6	60.3	+61.7	84.5	56.5	+49.7	115.9

	GROUP			COMPANY			GROUP
	Apr-Sep 2001 S\$M	Apr-Sep 2000 S\$M	Change %	Apr-Sep 2001 S\$M	Apr-Sep 2000 S\$M	Change %	Financial Year 2000-2001 S\$M

NOTES:

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

Depreciation	10.4	10.5	-1.0	10.3	10.3	-	20.8
Foreign exchange (gain)/loss:							
- realised	0.3	-	-	0.3	-	-	(0.1)
- unrealised	3.2	(0.8)	-	3.2	(0.8)	-	(4.5)

	GROUP			
	Apr-Sep 2001	Apr-Sep 2000	Change	Financial Year 2000-2001
(b) Profit after taxation as a percentage of revenue (%)	23.4	19.7	+3.7points	17.7
(c) Basic earnings per share (cents)	9.8	6.0	+61.7%	11.6
(d) Diluted earnings per share (cents) *	9.8	6.0	+61.7%	11.6
(e) Net tangible assets per share (cents)	54.9	44.7	+22.8%	46.6

* There was no dilutive effect upon the weighted average number of ordinary shares during the six-month period from April to September 2001.

2 REVENUE BY BUSINESS ACTIVITY

The Company operates in Singapore in one business segment, that of maintenance, repair and overhaul of aircraft and aircraft engines. A breakdown of revenues by airframe and component overhaul and line maintenance and technical ground handling activities is as follows :

<u>Business Activity</u>	GROUP		COMPANY		GROUP
	Apr-Sep 2001	Apr-Sep 2000	Apr-Sep 2001	Apr-Sep 2000	Financial Year 2000-2001
	S\$M	S\$M	S\$M	S\$M	S\$M
Airframe and component overhaul services	254.5	183.6	252.5	181.8	392.1
Line maintenance and technical ground handling	163.0	123.6	163.0	123.6	262.3
	417.5	307.2	415.5	305.4	654.4

3 UNAUDITED SUMMARISED BALANCE SHEETS AS AT 30 SEPTEMBER 2001

	GROUP		COMPANY	
	30 Sep 2001	30 Sep 2000	30 Sep 2001	30 Sep 2000
	S\$M	S\$M	S\$M	S\$M
Fixed assets	188.7	158.5	184.8	154.3
Subsidiary companies	-	-	5.5	4.5
Associated companies	183.6	160.0	162.7	129.3
Joint venture companies	41.1	23.1	43.5	25.3
Long term investments	28.5	30.3	28.5	30.3
Current assets	370.9	300.9	367.3	298.2
Less: Current liabilities	(257.1)	(220.3)	(255.0)	(219.8)
	555.7	452.5	537.3	422.1
Share capital	100.0	100.0	100.0	100.0
Reserves	448.6	346.7	432.0	320.2
Shareholders' funds	548.6	446.7	532.0	420.2
Minority interest	1.8	2.5	-	-
Bank loans	-	1.4	-	-
Deferred taxation	5.3	1.9	5.3	1.9
	555.7	452.5	537.3	422.1

4 GROUP BORROWINGS

	Loans – unsecured	
	30 Sep 2001	31 Mar 2001
	S\$M	S\$M
Repayable within one year	1.0	1.1
Repayable after one year	-	-

5 COMMENTS ON RESULTS

- 5.1 The Group and Company's revenue increased by 36% to \$417.5 million and \$415.5 million respectively for the 6 months ended 30 September 2001. The increase in revenue was due to the increased workload from SIA and higher manhour rates.
- 5.2 The Group and Company's expenditure increased by 33% to \$331.4 million and \$329.6 million respectively for the 6 months ended 30 September 2001. The increase was contributed mainly by increases in material, subcontract and staff costs, and partially offset by nil provision for profit sharing bonus. The Company's formula for profit sharing bonus is based on SIA Group's after tax profit. Additionally, the recovery of \$6.6 million for doubtful debts compared to an unusual doubtful debts recovery of \$22.1 million last year also contributed to the increase in the expenditure.
- 5.3 The resulting Group and Company's operating profit for the 6 months ended 30 September 2001 increased by 48% to \$89.7 million and \$89.5 million respectively.
- 5.4 The Group's profit before tax increased by 55% to \$104.6 million due to an increase of \$9.8 million in the share of profit from the improved performance of associated companies. The Company's profit before tax increased by only 46% to \$90.5 million due to lower dividend income from associated companies.
- 5.5 The low effective tax rate for the Company and Group is due to tax incentives granted. There were no under or over provisions of taxation in respect of prior years.
- 5.6 The Group's profit after tax increased by 62% to \$97.7 million. The Company's profit after tax increased by 50% to \$84.5 million.
- 5.7 Pre-acquisition profits of \$0.1 million arose on the increased investment in Singapore Jamco Pte Ltd. There were no gains or losses arising from disposals of investments.
- 5.8 No transaction or event of a material and unusual nature has arisen between 30 September 2001 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 SIA Engineering Company has progressively built up its international competitiveness by forging strategic partnerships with world-leading players and developing a strong suite of comprehensive services to provide total maintenance solutions. The strong fundamentals of the Company will now be tested in overcoming the difficulties and challenges that lie ahead in an industry shaken by the recent upheavals.
- 6.2 With the severe decline in air travel post 11 September 2001, aircraft utilisation will fall. If a substantial number of long-term customers pare down their maintenance requirement and insist on lower rates, our revenue for the second half of FY01/02 beginning 1 October 2001 will be impacted. In response to reduced demand, improvements to operational efficiency and cost-cutting measures are being implemented at an accelerated pace. Capacity plans will be adjusted to match demand; capital expenditure, except the essentials, will be deferred, slowed down or cancelled.
- 6.3 In the coming months, the Company will intensify its marketing efforts to utilise capacity. Our new third hangar, which specialises in the Boeing 777, will enable the Company to establish an early presence in the heavy maintenance of this aircraft model, which is fast becoming popular worldwide. The third hangar can also be used for the maintenance of other aircraft types to utilise any remaining capacity. Besides airframe maintenance, we are also expanding component and engine overhaul services for the Boeing 777.
- 6.4 We will continue to look out for external growth opportunities that fit within our overall strategy and strengthen our international competitiveness. With uncertainties clouding the global environment, the Company will develop its global presence with prudence, focusing on regions less affected by the current economic difficulties.

7 INTERIM DIVIDENDS

- 7.1 An interim dividend of 1.5 cents per share (with a par value of 10 cents) less income tax at 24.5% (amounting to \$11.3 million) has been declared.

8 OPTIONS ON SHARES IN THE COMPANY

- 8.1 On 2 July 2001, options were granted under the SIA Engineering Company Limited Employee Share Option Plan ("Plan") to eligible employees to subscribe for 15,642,700 ordinary shares of \$0.10 each of the Company ("Shares") out of which options in respect of 15,520,700 shares were accepted by the employees. The exercise periods of the said options commence on 2 July 2002 for Senior Executives (as defined under the Plan) or 2 July 2003 for other employees, and expire on 1 July 2011. The exercise price of the Shares under the said options is \$1.41 per Share. As at 30 September 2001, options to subscribe for a total of 44,765,900 Shares are outstanding under the Plan (Option to subscribe for a total of 181,600 Shares lapsed pursuant to Rule 8.3 of 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 2001, 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 15 November 2001 to 16 November 2001 (both dates inclusive) for the preparation of dividend warrants. The interim dividend will be paid on 28 November 2001 to members of the Register as at 13 November 2001.
- 10.2 Duly completed transfers received by the Share Registrars, KPMG, 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906 up to 5 pm. on 13 November 2001 will be registered to determine shareholders' entitlements to the interim dividends.

BY ORDER OF THE BOARD

Devika Rani Davar
Company Secretary

26 October 2001
Singapore

Also available in SIAEC's website : <http://www.siaec.com.sg>