


**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 2002**

	GROUP			COMPANY		
	Apr-Sep 2002 S\$M	Apr-Sep 2001 S\$M	Change %	Apr-Sep 2002 S\$M	Apr-Sep 2001 S\$M	Change %
Revenue	426.4	417.5	+2.1	422.5	415.5	+1.7
Less: Expenditure	(354.1)	(331.4)	+6.8	(350.4)	(329.6)	+6.3
<b>OPERATING PROFIT</b>	72.3	86.1	-16.0	72.1	85.9	-16.1
Interest Income	1.9	3.6	-47.4	1.9	3.6	-47.4
Dividend income from associated companies	-	-	-	9.5	1.0	N.M.
Dividend income from long-term investment	0.4	-	N.M.	0.4	-	N.M.
Amortisation/write-off of goodwill	(0.1)	(1.1)	-90.7	-	-	-
Share of losses of joint venture companies	-	(0.5)	-100.0	-	-	-
Share of profits of associated companies	36.8	16.5	+123.7	-	-	-
<b>PROFIT BEFORE TAXATION</b>	111.3	104.6	+6.4	83.9	90.5	-7.3
Current taxation	(12.6)	(6.9)	+81.8	(9.2)	(6.0)	+55.4
Adjustment for reduction in Singapore Corporate tax rate	2.7	-	N.M.	2.7	-	N.M.
<b>PROFIT AFTER TAXATION</b>	101.4	97.7	+3.9	77.4	84.5	-8.5
Minority interest	(0.1)	(0.1)	-	-	-	-
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	101.3	97.6	+3.9	77.4	84.5	-8.5

Note

N.M. = Not meaningful

	GROUP			COMPANY		
	Apr-Sep 2002 S\$M	Apr-Sep 2001 S\$M	Change %	Apr-Sep 2002 S\$M	Apr-Sep 2001 S\$M	Change %
NOTES:						
(a) Operating profit is arrived at after accounting for:						
Depreciation	10.9	10.4	+4.5	10.8	10.3	+4.6
Foreign exchange loss:						
- realised	0.3	0.3	-	0.2	0.3	-33.3
- unrealised	4.7	3.2	+46.9	4.7	3.2	+46.9

		GROUP		
		Apr-Sep 2002	Apr-Sep 2001	Change
(b)	Profit after taxation as a percentage of revenue (%)	23.8	23.4	+0.4 points
(c)	Profit after taxation and minority interests as a percentage of issued capital and reserves at end of the half-year (%)	13.5	17.4	-3.9 points
(d)	Basic earnings per share (cents)	10.1	9.8	+3.8%
(e)	Diluted earnings per share (cents) *	10.1	9.8	+3.4%
(f)	Net tangible assets per share (cents)	75.1	56.0	+34.1%

\* Based on the weighted average number of ordinary shares in issue, after adjusting for dilution of shares under the employee share option plan, amounting to 1,004,598,216 (Apr-Sep 01 : no dilutive effect).

## 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 :

	GROUP		COMPANY	
	Apr-Sep 2002 S\$M	Apr-Sep 2001 S\$M	Apr-Sep 2002 S\$M	Apr-Sep 2001 S\$M
<u>Business Activity</u>				
Airframe and component overhaul services	260.5	254.5	256.6	252.5
Line maintenance and technical ground handling	165.9	163.0	165.9	163.0
	<u>426.4</u>	<u>417.5</u>	<u>422.5</u>	<u>415.5</u>

## 3 UNAUDITED SUMMARISED BALANCE SHEETS AS AT 30 SEPTEMBER 2002

	GROUP		COMPANY	
	30 Sep 2002 S\$M	31 Mar 2002 S\$M	30 Sep 2002 S\$M	31 Mar 2002 S\$M
Fixed assets	188.9	189.4	184.9	185.4
Subsidiary companies	-	-	5.5	5.5
Associated companies	234.2	203.6	164.1	152.4
Joint venture companies	49.5	45.4	55.8	50.5
Long term investments	29.1	29.3	29.1	29.3
Current assets	479.1	438.5	475.0	435.3
Less: Current liabilities	(213.7)	(207.4)	(211.6)	(206.0)
	<u>767.1</u>	<u>698.8</u>	<u>702.8</u>	<u>652.4</u>
Share capital	100.0	100.0	100.0	100.0
Reserves	650.9	582.7	588.9	538.5
Shareholders' funds	750.9	682.7	688.9	638.5
Minority interest	2.0	2.0	-	-
Deferred taxation	14.2	14.1	13.9	13.9
	<u>767.1</u>	<u>698.8</u>	<u>702.8</u>	<u>652.4</u>

#### 4 GROUP BORROWINGS

	Loans – unsecured	
	30 Sep 2002	31 Mar 2002
	S\$M	S\$M
Repayable within one year	1.0	1.0
Repayable after one year	-	-

#### 5 COMMENTS ON RESULTS

- 5.1 The Group's operating profit decreased by \$13.8 million (or 16.0%) to \$72.3 million. Profit before tax increased by \$6.7 million (or 6.4%) to \$111.3 million, assisted by an increase of \$20.8 million in share of profits from associated companies and joint venture companies. Our 16 associated companies and joint ventures in Singapore, China, Hong Kong, Taiwan and Ireland generate about \$1.0 billion in revenue, with 71.0% derived from airlines outside the Singapore Airlines Group, and employ about 4,200 staff.
- 5.2 The Group's shareholders' funds rose 10.0% to \$750.9 million as compared to 31 March 2002. The moving annual average return on shareholders' funds was 34.6%, an increase of 4.5 percentage points from 30 September 2001. Basic earnings per share was 10.1 cents, an increase of 3.8% over the half-year ending 30 September 2001.
- 5.3 The Company's operating profit for the 6 months ending 30 September 2002 was \$72.1 million, a decrease of \$13.8 million (or 16.1%) compared to the same period last year. Revenue increased \$7.0 million (or 1.7%) to \$422.5 million as a result of an increase in workload, which was partially offset by a softening in rates. Expenditure increased at a higher rate of 6.3% to \$350.4 million, mainly as a result of provision for profit-sharing bonus and higher aviation insurance premium. No profit-sharing bonus was paid the previous financial year.
- 5.4 The Company's profit before tax was \$83.9 million, a decrease of \$6.6 million (or 7.3%). The Company's profit after tax was \$77.4 million, a decrease of \$7.1 million (or 8.5%).
- 5.5 There were no gains or losses arising from the acquisitions or disposals of investments.
- 5.6 No transaction or event of a material and unusual nature has arisen between 30 September 2002 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 outlook for the second half of the financial year is overcast by the threat of war against Iraq, which may delay the recovery of the aviation industry and the global economy in general. Airlines will continue to focus on cost control and seek maintenance, repair and overhaul (MRO) providers who can offer total, value-based solutions with competitive pricing and shorter turnaround times. The Company will continue its relentless effort to improve operational efficiencies to reduce cost and further shorten turnaround times.

## 7 INTERIM DIVIDENDS

- 7.1 An interim dividend of 2.0 cents per share (with a par value of 10 cents) less income tax at 22.0% (amounting to \$15.6 million) has been declared.

## 8 SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY

- 8.1 The issued and paid-up capital of the Company increased from \$100,000,000 as at 31 March 2002 to \$100,042,940 as at 30 September 2002. 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.
- 8.2 On 1 July 2002, options were granted under the SIA Engineering Company Limited Employee Share Option Plan ("Plan") to eligible employees to subscribe for 16,679,200 ordinary shares of \$0.10 each of the Company ("shares") out of which options in respect of 16,594,800 shares were accepted by the employees. The exercise periods of the said options will commence on 1 July 2003 for senior executives (as defined under the Plan) or 1 July 2004 for other employees, and will expire on 30 June 2012. The exercise price of the shares under the said options is \$2.38 per share. As at 30 September 2002, options to subscribe for a total of 60,713,800 shares are outstanding under the Plan (Options to subscribe for a total of 399,100 shares lapsed pursuant to Rule 8.3 of the Plan).
- 8.3 The details of movement of share options of the Company during the 6 months ending 30 September 2002 were as follows:

Date of grant	Balance at 1.4.2002 / date of grant	Cancelled	Exercised	Adjustment	Balance at 30.09.2002	Exercise price	Expiry date
28.03.2000	15,079,650	(16,000)	(216,700)	–	14,846,950	\$2.05	27.03.2010
03.07.2000	14,067,750	(1,600)	(207,100)	–	13,859,050	\$1.95	02.07.2010
02.07.2001	15,431,000	(5,200)	(5,600)	–	15,420,200	\$1.41	01.07.2011
01.07.2002	16,679,200	(7,200)	–	(84,400)	16,587,600	\$2.38	30.06.2012
	<u>61,257,600</u>	<u>(30,000)</u>	<u>(429,400)</u>	<u>(84,400)</u>	<u>60,713,800</u>		

## **9. CLOSURE OF BOOKS**

- 9.1 Notice is hereby given that the Transfer Books and the Register of Members of the Company will be closed from 14 November 2002 to 15 November 2002 (both dates inclusive) for the preparation of dividend warrants. The interim dividend will be paid on 27 November 2002 to members of the Register as at 13 November 2002.
- 9.2 Duly completed transfers received by the Share Registrars, KPMG, 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906 up to 5 p.m. on 13 November 2002 will be registered to determine shareholders' entitlements to the interim dividends.

BY ORDER OF THE BOARD

Devika Rani Davar  
Company Secretary

25 October 2002  
Singapore

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