



**UNAUDITED RESULTS FOR THE HALF YEAR AND SECOND QUARTER  
ENDED 30 SEPTEMBER 2004**

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

**PROFIT AND LOSS ACCOUNTS  
FOR THE HALF YEAR AND SECOND QUARTER ENDED 30 SEPTEMBER 2004 (IN \$ MILLION)**

	The Group		The Group	
	2nd Quarter 2004-05	2nd Quarter 2003-04	Half year 2004-05	Half year 2003-04
<b>REVENUE</b>	<b>206.7</b>	<b>156.5</b>	<b>408.0</b>	<b>326.0</b>
<b>EXPENDITURE</b>				
Staff costs	87.1	60.0	174.2	123.2
Material costs	55.9	40.0	111.4	84.3
Depreciation	5.4	5.8	11.0	11.6
Company accommodation	9.1	9.6	18.1	19.5
Other operating expenses	20.5	9.0	31.5	39.6
	<b>178.0</b>	<b>124.4</b>	<b>346.2</b>	<b>278.2</b>
<b>OPERATING PROFIT</b>	<b>28.7</b>	<b>32.1</b>	<b>61.8</b>	<b>47.8</b>
Interest income	0.8	0.7	1.7	1.5
Surplus on sale of fixed assets	-	-	-	0.1
Dividend from long-term investment	-	0.4	-	0.4
Share of profits of associated companies	17.0	12.3	30.2	24.7
Share of profits of joint venture companies	2.2	0.5	3.8	0.4
<b>PROFIT BEFORE EXCEPTIONAL ITEM</b>	<b>48.7</b>	<b>46.0</b>	<b>97.5</b>	<b>74.9</b>
<b>EXCEPTIONAL ITEM</b>				
Retrenchment and early retirement costs	-	-	-	(3.1)
<b>PROFIT BEFORE TAXATION</b>	<b>48.7</b>	<b>46.0</b>	<b>97.5</b>	<b>71.8</b>
<b>TAXATION</b>	<b>(5.2)</b>	<b>(7.7)</b>	<b>(10.2)</b>	<b>(10.6)</b>
<b>PROFIT AFTER TAXATION</b>	<b>43.5</b>	<b>38.3</b>	<b>87.3</b>	<b>61.2</b>
Minority interest	(0.1)	-	(0.2)	-
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>43.4</b>	<b>38.3</b>	<b>87.1</b>	<b>61.2</b>

**Notes:**

Profit after taxation is arrived at after charging/(crediting) the following:

	The Group		The Group	
	2nd Quarter 2004-05	2nd Quarter 2003-04	Half year 2004-05	Half year 2003-04
	S\$M	S\$M	S\$M	S\$M
Bad debts recovered	(0.1)	(0.4)	(0.2)	(0.4)
(Writeback)/provision for doubtful debts, net	(1.6)	(5.3)	(3.9)	3.9
Exchange loss/(gain), net	2.2	2.3	(3.1)	4.5

**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 AT 30 SEPTEMBER 2004 (IN \$ MILLION)**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 Sep 2004</b>	<b>31 Mar 2004</b>	<b>30 Sep 2004</b>	<b>31 Mar 2004</b>
<b>SHARE CAPITAL</b>				
Authorized	300.0	300.0	300.0	300.0
Issued and fully paid	101.1	100.5	101.1	100.5
<b>RESERVES</b>				
Distributable				
General reserve	689.0	829.3	576.2	742.1
Foreign currency translation reserve	(8.8)	(10.4)	-	0.1
Non-distributable				
Share premium	16.1	6.4	16.1	6.4
	696.3	825.3	592.3	748.6
<b>SHARE CAPITAL AND RESERVES</b>	797.4	925.8	693.4	849.1
<b>MINORITY INTEREST</b>	2.2	2.1	-	-
<b>DEFERRED TAXATION</b>	11.6	11.6	11.6	11.6
	811.2	939.5	705.0	860.7
Represented by :				
<b>FIXED ASSETS</b>	214.8	207.4	211.0	203.5
<b>SUBSIDIARY COMPANIES</b>	-	-	5.3	5.3
<b>ASSOCIATED COMPANIES</b>	271.4	246.4	165.2	164.4
<b>JOINT VENTURE COMPANIES</b>	55.3	52.6	56.6	56.6
<b>LONG-TERM INVESTMENTS</b>	17.3	17.3	17.3	17.3
<b>CURRENT ASSETS</b>				
Trade and other debtors	43.8	37.4	42.1	36.6
Immediate holding company	46.7	42.0	46.5	41.9
Related parties	26.3	17.7	24.7	16.4
Term-loan due from an investee company	-	2.3	-	2.3
Stocks	28.0	12.4	27.5	11.8
Work-in-progress	23.8	12.4	23.6	12.3
Short-term deposits	218.7	367.6	218.7	367.6
Cash and bank balances	69.6	104.8	68.6	103.6
	456.9	596.6	451.7	592.5
Less:				
<b>CURRENT LIABILITIES</b>				
Trade and other creditors	186.5	166.2	184.9	165.3
Bank loans	0.8	1.0	-	-
Provision for taxation	17.2	13.6	17.2	13.6
	204.5	180.8	202.1	178.9
<b>NET CURRENT ASSETS</b>	252.4	415.8	249.6	413.6
	811.2	939.5	705.0	860.7

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 30/09/2004		As at 31/03/2004	
Secured	Unsecured	Secured	Unsecured
-	S\$0.8M	-	S\$1.0M

**Amount repayable after one year**

As at 30/09/2004		As at 31/03/2004	
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.

**CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2004 (IN \$ MILLION)**

	The Group		The Group	
	2nd Qtr 2004-05	2nd Qtr 2003-04	Half year 2004-05	Half year 2003-04
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>25.6</b>	<b>26.1</b>	<b>44.8</b>	<b>85.7</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital expenditure	(13.2)	(9.9)	(18.5)	(18.2)
Proceeds from disposal of fixed assets	0.1	-	0.1	0.1
Investments in associated companies	(0.8)	-	(0.8)	-
Repayment of loans by investee companies	-	0.4	2.3	0.4
Repayment of bank loans	(0.2)	-	(0.2)	-
Dividend received from an investee company	-	0.4	-	0.4
Dividends received from associated companies	3.6	2.8	3.6	2.8
Proceeds from capital reduction of a joint venture company	-	-	-	1.1
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(10.5)</b>	<b>(6.3)</b>	<b>(13.5)</b>	<b>(13.4)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from exercise of share options	5.6	3.6	10.3	3.6
Dividends paid	(227.4)	(22.4)	(227.4)	(22.4)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(221.8)</b>	<b>(18.8)</b>	<b>(217.1)</b>	<b>(18.8)</b>
<b>NET CASH (OUTFLOW)/INFLOW</b>	<b>(206.7)</b>	<b>1.0</b>	<b>(185.8)</b>	<b>53.5</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>496.1</b>	<b>451.6</b>	<b>472.4</b>	<b>399.1</b>
Effect of exchange rate changes	(1.1)	(1.6)	1.7	(1.6)
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>288.3</b>	<b>451.0</b>	<b>288.3</b>	<b>451.0</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>				
Short-term deposits	218.7	343.2	218.7	343.2
Cash and bank balances	69.6	107.8	69.6	107.8
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>288.3</b>	<b>451.0</b>	<b>288.3</b>	<b>451.0</b>

**CASH FLOW FROM OPERATING ACTIVITIES (IN \$ MILLION)**

	The Group		The Group	
	2nd Qtr 2004-05	2nd Qtr 2003-04	Half year 2004-05	Half year 2003-04
Profit before taxation	48.7	46.0	97.5	71.8
Adjustment for:				
Interest income	(0.8)	(0.7)	(1.7)	(1.5)
Depreciation of fixed assets	5.4	5.8	11.0	11.6
Share of profits of associated and joint venture companies	(19.2)	(12.8)	(34.0)	(25.1)
Dividend income received from an investee company	-	(0.4)	-	(0.4)
Surplus on sale of fixed assets	-	-	-	(0.1)
Exchange differences	2.2	2.3	(3.1)	4.5
<b>Operating profit before working capital changes</b>	<b>36.3</b>	<b>40.2</b>	<b>69.7</b>	<b>60.8</b>
(Increase)/decrease in debtors	(7.8)	11.2	(4.9)	23.5
(Increase)/decrease in stocks and work-in-progress	(4.4)	(0.3)	(27.0)	19.0
Increase/(decrease) in creditors	6.2	(34.9)	20.4	(36.4)
(Increase)/decrease in amounts owing from related companies	(1.3)	12.6	(10.9)	20.7
<b>Cash generated from operations</b>	<b>29.0</b>	<b>28.8</b>	<b>47.3</b>	<b>87.6</b>
Interest received from deposits	0.8	0.7	1.7	1.5
Income taxes paid	(4.2)	(3.4)	(4.2)	(3.4)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>25.6</b>	<b>26.1</b>	<b>44.8</b>	<b>85.7</b>

**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 EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2004 (IN \$ MILLION)**

<b>The Group</b>	Share capital	Share premium	Foreign currency translation reserve	General reserve	Total
	S\$M	S\$M	S\$M	S\$M	S\$M
Balance at 1 July 2004	100.8	10.8	(3.6)	873.0	981.0
Share options exercised	0.3	5.3	-	-	5.6
Foreign currency translation differences	-	-	(5.2)	-	(5.2)
Profit attributable to shareholders for the period July – September 2004	-	-	-	43.4	43.4
Dividends	-	-	-	(227.4)	(227.4)
Balance at 30 September 2004	<u>101.1</u>	<u>16.1</u>	<u>(8.8)</u>	<u>689.0</u>	<u>797.4</u>
Balance at 1 July 2003	100.0	0.8	4.5	754.8	860.1
Share options exercised	0.3	3.3	-	-	3.6
Foreign currency translation differences	-	-	(4.2)	-	(4.2)
Profit attributable to shareholders for the period July – September 2003	-	-	-	38.3	38.3
Dividends	-	-	-	(22.4)	(22.4)
Balance at 30 September 2003	<u>100.3</u>	<u>4.1</u>	<u>0.3</u>	<u>770.7</u>	<u>875.4</u>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2004 (IN \$ MILLION)**

<b>The Company</b>	Share capital	Share premium	Foreign currency translation reserve	General reserve	Total
	S\$M	S\$M	S\$M	S\$M	S\$M
Balance at 1 July 2004	100.8	10.8	-	771.9	883.5
Share options exercised	0.3	5.3	-	-	5.6
Profit attributable to shareholders for the period July – September 2004	-	-	-	31.7	31.7
Dividends	-	-	-	(227.4)	(227.4)
Balance at 30 September 2004	101.1	16.1	-	576.2	693.4
Balance at 1 July 2003	100.0	0.8	0.3	671.2	772.3
Share options exercised	0.3	3.3	-	-	3.6
Foreign currency translation differences	-	-	(0.1)	-	(0.1)
Profit attributable to shareholders for the period July – September 2003	-	-	-	33.6	33.6
Dividends	-	-	-	(22.4)	(22.4)
Balance at 30 September 2003	100.3	4.1	0.2	682.4	787.0

**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 \$100,778,690 as at 30 June 2004 to \$101,137,960 as at 30 September 2004. 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) On 1 July 2004, the Company made a sixth grant of share options to employees. 15,310,700 share options were accepted by eligible employees to subscribe for ordinary shares at the price of \$2.09 per share for the exercise period from 1 July 2005 to 30 June 2014. As at 30 September 2004, options to subscribe for 70,244,200 ordinary shares remain outstanding under the Employee Share Option Plan.
- (iii) The movement of share options of the Company during the second quarter from 1 July to 30 September 2004 is as follows:

Date of grant	Balance at 01.07.2004/ date of grant	Cancelled	Exercised	Balance at 30.09.2004	Original Exercise Price	Adjusted Exercise Price*	Exercisable period
28.03.2000	14,267,950	(65,200)	(256,800)	13,945,950	\$2.05	\$1.85	28.03.2001-27.03.2010
03.07.2000	12,849,250	(54,000)	(912,200)	11,883,050	\$1.95	\$1.75	03.07.2001-02.07.2010
02.07.2001	8,396,800	(3,600)	(2,405,275)	5,987,925	\$1.41	\$1.21	02.07.2002-01.07.2011
01.07.2002	15,978,800	(172,200)	-	15,806,600	\$2.38	\$2.18	01.07.2003-30.06.2012
01.07.2003	7,393,600	(38,400)	(18,425)	7,336,775	\$1.75	\$1.55	01.07.2004-30.06.2013
01.07.2004	15,310,700	(26,800)	-	15,283,900	\$2.09	\$1.89	01.07.2005-30.06.2014
	74,197,100	(360,200)	(3,592,700)	70,244,200			

\* At the extraordinary general meeting held on 26 July 2004, shareholders approved the adjustment to the exercise price of the outstanding share options. The adjustment took effect on 28 July 2004.

- (iv) As at 30 September 2003, the number of share options of the Company outstanding was 65,054,800.

**2. Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).**

The figures have not been audited nor reviewed by auditors.



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

Not applicable.

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.

Not applicable.

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			
	2nd Qtr 2004-05	2nd Qtr 2003-04	Half year 2004-05	Half year 2003-04
Earnings per share (cents)				
- Basic *	4.29	3.82	8.64	6.11
- Diluted #	4.25	3.81	8.57	6.09

\* Based on the weighted average number of ordinary shares in issue.

# Based on the weighted average number of ordinary shares in issue, after adjusting for the effects of dilutive options.

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	
	30 Sep 04	31 Mar 04	30 Sep 04	31 Mar 04
Net asset value per share (cents)	78.8	92.1	68.6	84.5

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss 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

### FIRST HALF OF FY2004-05

The Group's operating profit for the half year ended 30 September 2004 was \$61.8 million, an increase of \$14.0 million (+29.3%) from the corresponding period last year.

Revenue rose by \$82.0 million (+25.2%) to \$408.0 million mainly due to higher workload. Expenditure increased \$68.0 million (+24.4%) mainly due to higher staff costs, material costs and subcontract costs, partially offset by a writeback of provision for doubtful debts.

The performance of our associated and joint venture companies also showed improvement over the same period last year. Share of profits increased \$8.9 million (+35.5%) to \$34.0 million. Thus, profit before taxation increased by a higher amount of \$25.7 million (+35.8%) to \$97.5 million.

Profit attributable to shareholders was \$87.1 million (+42.3%). Basic earnings per share for the half year was 8.6 cents (+41.4%).

### 2<sup>ND</sup> QUARTER OF FY2004-05

The Group generated revenue of \$206.7 million for the quarter ended 30 September 2004, a \$50.2 million (+32.1%) increase compared to the same period last year. This was mainly due to an increase in number of flights handled by line maintenance and higher workload for airframe and component overhaul.

Expenditure increased at a higher rate of 43.1% to \$178.0 million, mainly due to higher staff costs and material costs. Compared to 2<sup>nd</sup> Qtr 2003-04, there was also a lower writeback of provision for doubtful debts.

Operating profit was \$28.7 million (-10.6%).

Profit before taxation increased by \$2.7 million (+5.9%) mainly due to improved performance by our associated and joint venture companies. Share of profits increased by \$6.4 million (+50.0%) to \$19.2 million which represents 39.4% of the Group's pre-tax profits.

Profit attributable to shareholders for the quarter was \$43.4 million (+13.4%). Basic earnings per share was 4.3 cents (+12.3%).

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

Not applicable.

#### **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 3<sup>RD</sup> QUARTER FY2004-05**

With the improving outlook in the aviation landscape, MRO (maintenance, repair and overhaul) activities are benefiting from the rebound in air traffic. Intense competition and high fuel prices, however, continue to impact our customers.

We expect revenue in the third quarter to remain comparable to that of the second quarter.

## 11. Dividend

### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes

Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	3.0 cents per ordinary share (tax exempt)
Par value of shares	\$0.10
Tax rate	-

### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	2.0 cents per ordinary share (tax exempt)
Par value of shares	\$0.10
Tax rate	-

### **(c) Date payable**

The interim dividend will be paid on 26 November 2004 to members of the Register as at 16 November 2004.

### **(d) Books closure date**

Notice is hereby given that duly completed transfers received by the Share Registrars, KPMG, at 138 Robinson Road, #17-00, The Corporate Office, Singapore 068906 up to 5 p.m. on 16 November 2004 will be registered to determine shareholders' entitlements to the interim dividend. Thereafter the Share Transfer Books and the Register of Members of the Company will be closed on 17 November 2004 for the preparation of dividend warrants. The interim dividend will be paid on 26 November 2004 to members on the Register as at 16 November 2004.

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

Not applicable.

### 13. Interested Persons Transactions

Name of interested person	Aggregate value of all IPTs during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)		Aggregate value of all IPTs conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	2nd Quarter 2004-2005 S\$'000	2nd Quarter 2003-2004 S\$'000	2nd Quarter 2004-2005 S\$'000	2nd Quarter 2003-2004 S\$'000
Singapore Airlines Limited and its associates	-	-	160,940	8,212
Senoko Energy Supply Pte Ltd	-	-	-	1,300
Keppel Engineering Pte Ltd	-	-	3,474	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>164,414</b>	<b>9,512</b>

#### BY ORDER OF THE BOARD

Devika Rani Davar  
Company Secretary  
28 October 2004