



01 August 2006

## SIA Engineering Group posts 20% rise in 1<sup>st</sup> quarter profits

### HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	1 <sup>st</sup> Quarter		Year on Year
	2006-07	2005-06	% Change
• Revenue	\$248.6M	\$223.5M	+11.2
• Profit attributable to equity holders of the Company	\$66.4M	\$55.2M	+20.2
• Basic earnings per share	6.38 cents	5.42 cents	+17.8

### GROUP EARNINGS

The Group posted a 20.2% rise in first quarter profit attributable to equity holders of the Company as a result of continuing contributions from associated and joint venture companies. Dividend income was also received from an investee company during the quarter.

Revenue grew by \$25.1 million or 11.2% to \$248.6 million. The increase was generated from all core activities of the Group. Airframe and Component Overhaul revenue grew by 5.7% from increased workload, while Line Maintenance revenue increased by 9.7% with more flights handled. Revenue from Fleet Management Programme, a fast growing business area, more than doubled from \$6.8 million in the first quarter of 2005-06 to \$16.6 million this quarter, including the revenue of \$1.9 million recognised on completed contracts.

Airframe and Component Overhaul, Line Maintenance and Fleet Management Programme contributed 62%, 31% & 7% respectively to the Group's revenue.

Expenditure incurred in preparation for the first Passenger-to-Freighter (PTF) conversion in August 2006, higher material cost and an exchange loss of \$0.8 million were the main causes of the 13.1% rise in expenditure. There was an exchange gain of \$1.6 million in the corresponding quarter last year.

The resulting first quarter 2006-07 operating profit was \$33.1 million.

Note: The SIAEC Group's unaudited financial results for the first quarter ended 30 June 2006 were announced on 1 August 2006. A summary of the financial statistics is shown in Annex A. (All monetary figures are in Singapore Dollars.)

Associate and joint venture companies continued their strong contribution to Group earnings. Share of profits increased by \$4.9 million (+17.9%) to \$32.3 million, forming 43.4% of the Group's pre-tax profits. As at 30 June 2006, the Group had equity interests in 19 joint ventures with original equipment manufacturers and airlines in Singapore, Ireland, Hong Kong, Taiwan, Indonesia and the Philippines, covering a comprehensive range of high-technology aero-services.

Boosted by the share of profits and dividend income of \$4.7 million from an investee company, profit before taxation increased by \$12.5 million (+20.2%) to \$74.5 million. Profit attributable to equity holders of the Company increased at the same rate to \$66.4 million, \$11.2 million higher than in the same period last year.

Correspondingly, basic earnings per share increased by 17.8% to 6.38 cents.

### **GROUP FINANCIAL POSITION (as at 30 June 2006)**

Equity attributable to equity holders of the Company increased to \$1,117.4 million as at 30 June 2006, \$78.6 million higher than at 31 March 2006. As at 30 June 2006, total number of shares issued was 1,042.4 million.

Total assets stood at \$1,428.7 million, up \$101.1 million or 7.6%. Net asset value per share was 107.2 cents, an increase of 7.0 cents (+7.0%).

### **SUBSEQUENT EVENT**

On 26 July 2006, the Company signed a Memorandum of Understanding with the Wadia Group of India to form a Joint Venture Company (JVC) to offer maintenance, repair and overhaul services in India. SIA Engineering Company, which will have a 51% shareholding in the JVC, shall manage the green field facility, while the Wadia Group will hold the remaining 49% stake.

### **OUTLOOK**

The commencement of the Passenger-to-Freighter conversion programme in August 2006 will add to our service offerings and better position the Company and its joint ventures to benefit from a steady demand for MRO services.

Rates will continue to come under pressure as airlines continue to focus on managing costs in a competitive business environment. We are intensifying our efforts to enhance competitiveness through productivity improvements and new service offerings. At the same time, the Company will seek growth opportunities in strategic markets and increase its portfolio of third party customers.

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(For the complete first quarter 2006-07 financial statements, please refer to our SGXNET Filing or the Investor Relations page of our website at [www.siaec.com.sg](http://www.siaec.com.sg)).

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## GROUP FINANCIAL STATISTICS <sup>R1</sup>

<b>Financial Results (S\$ million)</b>	<b>1<sup>st</sup> Qtr 2006-07</b>	<b>1<sup>st</sup> Qtr 2005-06</b>
Total revenue	248.6	223.5
Total expenditure	215.5	190.5
Operating profit	33.1	33.0
Non-operating items	4.4	1.6
Dividend income from long term investment	4.7	-
Share of profits of associated companies	25.4	24.2
Share of profits of joint venture companies	6.9	3.2
Profit before taxation	74.5	62.0
Profit attributable to equity holders of the Company	66.4	55.2
<b>Per Share Data</b>		
Earnings before tax (cents)	7.16	6.08
Earnings after tax (cents) - basic <sup>R2</sup>	6.38	5.42
- diluted <sup>R3</sup>	6.25	5.35
<b>Financial Position (S\$ million)</b>		
	<b>As at 30-Jun-06</b>	<b>As at 31-Mar-06</b>
Share capital	174.1	163.1
Reserves:		
General reserve	952.1	885.5
Foreign currency translation reserve	(21.4)	(21.7)
Share-based compensation reserve	12.6	11.9
Equity attributable to equity holders of the Company	1,117.4	1,038.8
Total assets	1,428.7	1,327.6
Net asset value (cents) <sup>R4</sup>	107.2	100.2

<sup>R1</sup> SIAEC Group's financial year is from 1 April to 31 March. Throughout this report, all figures are in Singapore Dollars, unless stated otherwise.

<sup>R2</sup> Earnings after tax per share (basic) is computed by dividing profit attributable to equity holders of the Company by the weighted average number of shares in issue.

<sup>R3</sup> Earnings after tax per share (diluted) is computed by dividing profit attributable to equity holders of the Company by the weighted average number of shares in issue after adjusting for the dilutive effect on the exercise of all outstanding share options granted to employees.

<sup>R4</sup> Net asset value per share is computed by dividing equity attributable to equity holders of the Company by the number of ordinary shares in issue.