



09 May 2006

Group Profit up 35% to \$230M for FY2005-06

Special dividend proposed

- Special dividend of 20 cents per share and ordinary dividend of 6 cents per share are proposed, totalling \$270M.

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	FY 2005-06	Year on Year % Change
• Revenue	\$959.1M	+18.8
• Operating profit	\$134.7M	+33.6
• Profit attributable to equity holders of the Company	\$230.6M	+35.3
• Basic earnings per share	22.5 cents	+33.2
• Total dividend per share	30.0 cents	+300.0

GROUP EARNINGS

Financial Year 2005-06

The Group achieved a 35.3% growth in profit attributable to equity holders of the Company for financial year 2005-06, on the back of higher operating profit and improved performance by associated and joint venture companies.

Revenue grew by \$151.6 million (+18.8%) to \$959.1 million, mainly due to higher workload and fleet management revenue. The commissioning of two new hangars in 2005 provided additional capacity. Airframe and component overhaul and line maintenance contributed 64% and 31% respectively to the Group's revenue. Revenue contributed by fleet management work increased to 5% due to new contracts secured and revenue recognition of \$11.5 million on completion of contracts.

Expenditure increased at a lower rate of 16.7% to \$824.4 million, helped by a write-back of a prior year provision of \$8.9 million that was no longer required. Material, subcontract and overtime costs rose in line with higher workload. A provision for doubtful debts of \$5.9 million and a foreign exchange loss of \$1.4 million were incurred compared to a write-back of provision for doubtful debts of \$4.5 million and an exchange gain of \$0.9 million last year.

As a result, operating profit increased by \$33.9 million (+33.6%) to \$134.7 million.

Note: The SIAEC Group's audited financial results for the financial year ended 31 March 2006 were announced on 09 May 2006. A summary of the financial statistics is shown in Annex A. (All monetary figures are in Singapore Dollars.)

Share of profits from our associated and joint venture companies grew by \$30.1 million (+39.9%) to \$105.6 million, representing 40.1% of the Group's pre-tax profits. As at 31 March 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.

Profit before taxation increased by \$69.0 million (+35.5%) to \$263.3 million. Provision for taxation was \$9.3 million (+39.4%) higher mainly due to higher profitability and changes in the Company's tax incentive schemes. With effect from 1 June 2005, the defined tax base that is subject to tax at the prevailing corporate tax rate became significantly higher. Tax is paid at a concessionary tax rate of 10% on profits in excess of the tax base.

As a result, profit attributable to equity holders of the Company for the financial year ended 31 March 2006 was \$230.6 million, an increase of \$60.2 million (+35.3%). Basic earnings per share rose 33.2% to 22.5 cents.

The Council on Corporate Disclosure and Governance (CCDG) in Singapore adopted several new and revised Financial Reporting Standards (FRS) that came into effect in financial year 2005-06. For the Group, the main changes are in the recognition and fair value measurement of financial instruments (FRS 39) and the expensing of share options to employees (FRS 102). The adoption of FRS 39 had no impact on profit for financial year 2005-06 while FRS 102 resulted in a net negative impact of \$7.2 million on profit for the year.

Fourth Quarter 2005-06

The Group achieved a profit attributable to equity holders of the Company of \$71.8 million in the three months ended 31 March 2006, an increase of \$23.2 million (+47.7%) from the corresponding period last year.

Operating profit for the fourth quarter was \$52.7 million, \$23.2 million (+78.6%) higher than in the corresponding quarter last year.

Revenue grew by \$56.1 million (+27.5%) to \$260.3 million, due to higher workload and the recognition of revenue amounting to \$11.5 million on completion of contracts. Expenditure increased at a lower rate of \$32.9 million (+18.8%) to \$207.6 million, as there was a write-back of a prior year provision of \$10.9 million that was no longer required.

GROUP FINANCIAL POSITION (as at 31 March 2006)

As at 31 March 2006, equity attributable to equity holders of the Company amounted to \$1,038.8 million, \$180.3 million (+21.0%) higher than 31 March 2005.

Total assets increased by \$227.2 million (+20.6%) to \$1,327.6 million. Net asset value per share was 100.2 cents, an increase of 15.8 cents (+18.7%).

DIVIDENDS

The Board is proposing a special dividend of 20 cents per share and an ordinary dividend of 6 cents per share, which together with the interim dividend of 4 cents paid earlier, make a dividend payment of 30 cents per share for FY 05/06. Payment of the special and ordinary dividends, which amount to \$269.6 million, is subject to shareholders' approval at the Annual General Meeting on 21 July 2006. Both dividends will be paid as tax-exempt (one-tier) dividends on 8 August 2006.

OUTLOOK

In the new financial year, the Company will benefit from the full-year operation of its fifth hangar. Service offerings will be expanded to include B747-400 passenger-to-freighter conversion and services on A380 and B777-300ER aircraft. Fleet Management Programmes are expected to grow, and will strengthen the Company's position as a one-stop Centre of Excellence in maintenance, repair and overhaul (MRO) services in Asia Pacific.

While the Company and its joint ventures expect to benefit from a steady demand for MRO services, rates will continue to come under pressure as airlines confront high operating costs and soaring fuel prices. The Company is taking proactive measures to enhance its cost competitiveness.

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(For the complete FY 2005-06 financial statements, please refer to our SGXNET Filing or the Investor Relations page of our website at www.siaec.com.sg).

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GROUP FINANCIAL STATISTICS ^{R1}

Financial Results (S\$ million)	FY 2005-06	FY 2004-05 (Restated*)	4th Qtr 2005-06	4th Qtr 2004-05 (Restated*)
Total revenue	959.1	807.5	260.3	204.2
Total expenditure	824.4	706.7	207.6	174.7
Operating profit	134.7	100.8	52.7	29.5
Non-operating items	11.1	4.2	4.7	1.6
Dividend income from long term investment	11.9	4.8	-	2.3
Share of profits of associated companies	85.7	67.5	19.4	20.7
Share of profits of joint venture companies	19.9	8.0	5.5	3.0
Exceptional Item:				
- Gain on sale of long-term investment	-	9.0	-	-
Profit before taxation	263.3	194.3	82.3	57.1
Profit attributable to equity holders of the Company	230.6	170.4	71.8	48.6
Financial Position (S\$ million)	As at 31-Mar-06	As at 31-Mar-05 (Restated*)		
Share capital	163.1	101.8		
Reserves:				
General reserve	885.5	741.0		
Share premium	-	25.6		
Foreign currency translation reserve	(21.7)	(15.5)		
Share-based compensation reserve	11.9	5.6		
Equity attributable to equity holders of the Company	1,038.8	858.5		
Return on shareholders' funds (%) ^{R2}	24.3	19.1		
Value added	670.8	577.0		
Total assets	1,327.6	1,100.4		
Dividends				
Interim dividend (cents per share)	4.0	3.0		
Proposed final dividend (cents per share)				
- ordinary	6.0	4.5		
- special	20.0	-		
Dividend cover (times) ^{R3}	0.7	2.2		
Per Share Data				
Earnings before tax (cents)	25.6	19.2		
Earnings after tax (cents) - basic ^{R4}	22.5	16.9		
- diluted ^{R5}	22.1	16.7		
Net asset value (cents) ^{R6}	100.2	84.4		

* Certain comparative figures have been restated to conform to current year's presentation.

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

^{R2} Return on shareholders' funds is profit attributable to equity holders of the Company expressed as a percentage of the average equity attributable to equity holders of the Company.

^{R3} Dividend cover is profit attributable to equity holders of the Company divided by total dividends.

^{R4} 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.

^{R5} 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.

^{R6} 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 at 31 March.