



27 October 2005

**GROUP PROFIT UP 20.0% TO \$50.4M
FOR 2ND QUARTER 2005-06**

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	Apr - Sep 2005	Year-on-Year % Change	Jul - Sep 2005	Year-on-Year % Change
• Revenue	\$463.5M	+ 13.6	\$240.0M	+ 16.1
• Profit attributable to shareholders	\$105.6M	+ 23.7	\$50.4M	+ 20.0
• Basic earnings per share	10.33 cts	+ 22.0	4.91 cts	+ 18.3
• Interim dividend per share	4.0 cts			

GROUP EARNINGS

Second Quarter FY2005-06

Revenue grew by \$33.3 million or 16.1% to \$240.0 million due mainly to growth in airframe and component overhaul workload and an increase in the number of flights handled by line maintenance. Airframe and component overhaul, line maintenance and fleet management work contributed 65%, 31% and 4% respectively to the Group's revenue.

Expenditure increased by 19.1% to \$213.6 million, mainly due to higher subcontract, material and overtime costs in line with higher workload. Expenditure for the current quarter included a provision for doubtful debts of \$2.1 million compared to a write-back of provision for doubtful debts of \$1.7 million in 2Q0405. However, favourable exchange rate movements resulted in an exchange gain of \$1.2 million in 2Q0506 whereas an exchange loss of \$2.2 million was recorded in 2Q0405.

Share of profits from associated and joint venture companies increased by \$5.5 million (+28.6%) to \$24.7 million, accounting for 42.3% of the Group's pre-tax profits. Thus, profit before taxation increased by 23.5% to \$58.4 million.

Note: The SIAEC Group's unaudited financial results for the half year and second quarter ended 30 September 2005 were announced on 27 October 2005. A summary of the financial statistics is shown in Annex A. (All monetary figures are in Singapore Dollars.)

With effect from 1 June 2004, the Company's tax incentives have come under the Development Expansion Incentive scheme (Relief from Income Tax). Tax is payable at the prevailing corporate tax rate on a defined tax base and at a concessionary tax rate of 10% on profits in excess of the tax base. Prior to 1 June 2004, there was no tax payable on profits in excess of the defined tax base. The defined tax base is significantly higher with effect from 1 June 2005 under the terms of the Development Expansion Incentive scheme (Relief from Income Tax).

The Group reported a net profit attributable to shareholders of \$50.4 million for the second quarter of FY 2005-06, an increase of \$8.4 million or 20.0% compared to the corresponding period last year. Basic earnings per share increased by 18.3% to 4.91 cents.

First Half FY2005-06

Revenue rose by \$55.5 million (+13.6%) to \$463.5 million mainly due to higher workload. Expenditure increased by \$56.2 million (+16.2%) mainly due to higher overtime and subcontract costs in line with higher workload, and a provision for doubtful debts of \$5.0 million compared to a write-back of \$4.1 million in the first half of last year.

Share of profits from associated and joint venture companies surged 53.2% (+\$18.1 million) to \$52.1 million. As a result, profit before taxation increased by 25.7% to \$120.4 million.

Profit attributable to shareholders was \$105.6 million, an increase of \$20.2 million or 23.7% compared to the first half of last year. Basic earnings per share increased by 22.0% to 10.33 cents.

CHANGES IN FINANCIAL REPORTING STANDARDS (FRS)

The Council on Corporate Disclosure and Governance (CCDG) adopted several new and revised FRSs, which are applicable for financial year 2005-06. For the SIA Engineering 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 has no impact on operating profit for 2Q0506 while FRS 102 resulted in a net negative impact of \$1.8 million on operating profit for the quarter.

GROUP FINANCIAL POSITION

As at 30 September 2005, equity attributable to shareholders amounted to \$945.7 million, 10.2% or \$87.2 million higher than at 31 March 2005.

Total assets increased by 11.7% (+\$129.1 million) to \$1,229.5 million. Net asset value per share was 92.1 cents, an increase of 7.7 cents (+9.1%) from 31 March 2005.

DIVIDENDS

The Company has declared an interim dividend of 4.0 cents per share (tax exempt) for the half year ended 30 September 2005.

OUTLOOK

Amidst a competitive environment, passenger and cargo traffic continue to register growth, sustaining demand for maintenance, repair and overhaul (MRO) services.

However, with airlines confronting rising costs due to soaring fuel prices, the pressure on MRO rates is expected to continue unabated.

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(For the complete half year and second quarter 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

	1st Half 2005-06	1st Half 2004-05 (Restated*)	2nd Quarter 2005-06	2nd Quarter 2004-05 (Restated*)
Financial Results (\$ million)				
Total revenue	463.5	408.0	240.0	206.7
Total expenditure	404.1	347.9	213.6	179.4
Operating profit	59.4	60.1	26.4	27.3
Non-operating items	3.4	1.7	1.8	0.8
Dividend income from long term investment	5.5	--	5.5	--
Share of profits of associated companies	42.5	30.2	18.3	17.0
Share of profits of joint venture companies	9.6	3.8	6.4	2.2
Profit before taxation	120.4	95.8	58.4	47.3
Profit attributable to shareholders	105.6	85.4	50.4	42.0
Per Share Data				
Earnings before tax (cents)	11.77	9.50	5.69	4.68
Earnings after tax (cents) - basic ^{R1}	10.33	8.47	4.91	4.15
- diluted ^{R2}	10.21	8.41	4.85	4.12
	As at 30 Sep 2005	As at 31 Mar 2005 (Restated*)		
Financial Position (\$ million)				
Share capital	102.7	101.8		
Distributable reserves				
General reserve	801.6	741.0		
Non-distributable reserves				
Share premium	41.2	25.6		
Share-based compensation reserve	8.1	5.6		
Foreign currency translation reserve	(7.9)	(15.5)		
Equity attributable to shareholders	945.7	858.5		
Minority interest	12.1	2.3		
Total equity	957.8	860.8		
Total assets	1,229.5	1,100.4		
Net asset value per share (cents) ^{R3}	92.1	84.4		

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

^{R1} Earnings after tax per share (basic) is computed by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue.

^{R2} Earnings after tax per share (diluted) is computed by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue after adjusting for the dilutive effect on the exercise of all outstanding share options granted to employees.

^{R3} Net asset value per share is computed by dividing equity attributable to shareholders by the number of ordinary shares in issue.