

28<sup>th</sup> January 2010

## SIA ENGINEERING POSTS GROUP PROFIT OF \$56.0 M FOR 3<sup>rd</sup> QUARTER 2009-10

### HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	3 <sup>rd</sup> Quarter FY2009-10		9 months FY2009-10	
	Oct - Dec 2009	Year-on-Year % Change	Apr - Dec 2009	Year-on-Year % Change
• Revenue	\$241.5M	- 10.6	\$733.8M	- 8.2
• Operating profit	\$21.8M	- 25.9	\$69.2M	- 19.4
• Share of profits from joint venture and associated companies	\$33.7M	- 19.6	\$101.3M	- 19.1
• Profit attributable to equity holders of the Company	\$56.0M	- 11.1	\$162.2M	- 16.9
• Basic earnings per share	5.19 cts	- 11.1	15.03 cts	- 17.0

### GROUP EARNINGS

#### Third Quarter FY2009-10

The SIAEC Group posted a profit attributable to equity holders of \$56.0 million, a decrease of \$7.0 million or 11.1% over the corresponding period last year.

Revenue at \$241.5 million was lower by \$28.5 million or 10.6%, due to a drop in airframe maintenance and component overhaul work against the backdrop of a continued reduction in aircraft utilization. Revenue for the same period last year also benefited from the turnkey project to redesign, retrofit and overhaul a B747-400. These decreases were partially mitigated by higher Fleet Management Programme revenue from the addition of new customers and a larger fleet size of existing customers.

The implementation of various cost management initiatives saw expenditure drop \$20.9 million or 8.7% to \$219.7 million, mainly from reductions in staff and subcontract costs. The resulting operating profit of \$21.8 million was \$7.6 million or 25.9% lower than the same period last year.

Share of profits of associated and joint venture companies decreased by \$8.2 million or 19.6% to \$33.7 million.

Basic earnings per share was 5.19 cents for the quarter ended 31 December 2009.

Note: The SIAEC Group's unaudited financial results for the third quarter and nine months ended 31 December 2009 were announced on 28 January 2010. A summary of the financial statistics is shown in Annex A. (All monetary figures are in Singapore Dollars. The Company refers to SIA Engineering Company Limited. The Group comprises the Company and its subsidiary, joint venture and associated companies.)

### Year-to-date (April – December 2009)

The Group's operating profit for the nine months ended 31 December 2009 was \$69.2 million, a decrease of \$16.7 million or 19.4% over the same period last year.

Revenue decreased \$65.7 million or 8.2% to \$733.8 million mainly due to lower airframe and component overhaul work and revenue from the turnkey project. This drop was partially mitigated by higher Line Maintenance revenue, mainly from low cost carriers, and an increase in Fleet Management revenue arising from the addition of new customers and a larger fleet size of existing customers.

Expenditure declined \$49.0 million or 6.9% to \$664.6 million, reflecting lower staff and subcontract costs. The decrease in staff costs relates mainly to jobs credit, lower overtime and decrease in staffing and related costs.

The Group achieved a profit attributable to equity holders of \$162.2 million, a decrease of \$32.9 million or 16.9% over the corresponding period last year. Profits from associated and joint venture companies dropped \$23.9 million or 19.1% to \$101.3 million, representing a contribution of 55.1% to the Group's pre-tax profits.

Basic earnings per share fell 17.0% to 15.03 cents.

### **GROUP FINANCIAL POSITION**

As at 31 December 2009, equity attributable to equity holders of the Company amounted to \$1,187.4 million, \$41.5 million or 3.4% lower than at 31 March 2009.

Total assets decreased by \$35.5 million or 2.4% to \$1,466.7 million. Net asset value per share decreased to 110.0 cents, 4.0 cents or 3.5% lower than at 31 March 2009. The total number of shares issued was 1,079.5 million as at 31 December 2009.

The Group has a cash balance of \$324.7 million as at 31 December 2009.

## **OUTLOOK**

In line with improving global economic conditions, airlines are progressively restoring flights to meet increasing demand. While this will have a positive impact on the Company's businesses, we expect yields to remain under pressure. Measures continue to be put in place to improve productivity.

The Group stays committed to growth and will continue to capitalize on opportunities to grow its core businesses, particularly fleet management, its line maintenance network and overseas bases.

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(For the complete third quarter and nine months 2009-10 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>

	3 <sup>rd</sup> Quarter 2009-10	3 <sup>rd</sup> Quarter 2008-09	9 months 2009-10	9 months 2008-09
<b>Financial Results (\$ million)</b>				
Total revenue	241.5	270.0	733.8	799.5
Total expenditure	219.7	240.6	664.6	713.6
Operating profit	21.8	29.4	69.2	85.9
Non-operating items	0.2	0.4	0.7	3.2
Dividend income from long term investment	4.9	2.3	12.7	9.5
Share of profits of joint venture companies	12.1	14.2	41.1	44.0
Share of profits of associated companies	21.6	27.7	60.2	81.2
Profit before taxation	60.6	74.0	183.9	223.8
Profit attributable to equity holders of the Company	56.0	63.0	162.2	195.1
<b>Per Share Data</b>				
Earnings before tax (cents)	5.61	6.86	17.04	20.78
Earnings after tax (cents) - basic <sup>R2</sup>	5.19	5.84	15.03	18.11
- diluted <sup>R3</sup>	5.16	5.83	14.96	17.99
	<b>As at</b>	<b>As at</b>		
	<b>31 Dec 2009</b>	<b>31 Mar 2009</b>		
<b>Financial Position (\$ million)</b>				
Share capital	259.1	255.6		
Reserves				
General reserve	962.0	971.9		
Foreign currency translation reserve	(78.8)	(36.4)		
Share-based compensation reserve	44.4	39.6		
Fair value reserve	0.7	(1.8)		
Equity attributable to equity holders of the Company	1,187.4	1,228.9		
Total assets	1,466.7	1,502.2		
Net asset value per share (cents) <sup>R4</sup>	110.0	114.0		

<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 ordinary 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 ordinary 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.