



29 October 2003

SIAEC ANNOUNCES 2ND QUARTER

Overview

The impact of lower demand and depressed rates as a result of the downturn in the aviation industry at the beginning of FY2003-04 continues to bear on the Group's second quarter July to September 2003 financial performance. The Group's net profit for the second quarter ended 30 September 2003 was \$38.3 million, a decline of 29.5% compared to the corresponding period last year.

EARNINGS

Revenue fell by 26.4%. Line maintenance activities suffered from a reduction in the number of flights handled at Changi Airport post-Sars, and revenue from airframe and component overhaul was affected by downsizing by airline customers. Rates remained soft in the second quarter.

Revenue	2nd Qtr 2003-04 S\$M	2nd Qtr 2002-03 S\$M	Change (%)
Airframe & Component Overhaul Services	99.1	128.8	- 23.1
Line Maintenance & Technical Ground Handling	57.4	83.8	-31.5
Total	156.5	212.6	-26.4

Operating profit declined by 20.9% as the impact of the decline in revenue was mitigated by cost-cutting measures implemented in response to the business downturn. All planned expenditure, except for those deemed essential, were deferred, slowed down or cancelled.

The retrenchment exercise in June 03 and paycuts of between 5.0% and 16.5% implemented from July 03 yielded staff cost savings for the quarter, as did the absence of a provision for a profit sharing bonus. A significant decrease in subcontract labour cost and a recovery of debts for which provisions had previously been made resulted in a further reduction in expenditure..

EXPENDITURE	2nd Qtr 2003-04 S\$M	2nd Qtr 2002-03 S\$M	Change (%)
Staff Costs	60.0	78.6	-23.7
Materialsg	40.0	59.1	-32.3
Overheads	24.4	34.3	-28.9
Total	124.4	172.0	-27.7

The performance of our joint ventures and associated companies was similarly affected by the downturn in the aviation industry. Share of profits declined to \$12.9 million. Contributions from joint ventures and associated companies nevertheless continued to form a significant 28.0% of the Group's pre-tax profit.

SHARE OF PROFITS	2nd Qtr 2003-04 S\$M	2nd Qtr 2002-03 S\$MM	Change (%)
Share of Joint Ventures' Profits	0.5	1.4	-64.3
Share of Associates' Profits	12.4	18.2	-31.9
Total	12.9	19.6	-34.2
Total	124.4	172.0	-27.7

As a result of the 20.9% fall in operating profit and 34.2% decline in share of profits of joint ventures and associated companies, the Group's net profit of \$38.3 million was 29.5% lower than in the corresponding period last year.

	2nd Qtr 2003-04 S\$M	2nd Qtr 2002-03 S\$M	Change (%)
Share of Joint Ventures' Profits	0.5	1.4	-64.3
Operating Profit	32.1	40.6	-20.9
Net Profit	38.3	54.3	-29.5

Financial Statistics

	2nd Qtr 2003-04 S\$M	2nd Qtr 2002-03 S\$M	Change (%)
Basic Earnings per Share (cents)	3.8	5.4	-29.6

	30 Sept 03	31 Mar 03	Change (%)
Net Asset Value per Share (cents)	87.3	83.7	+4.2
Return on Average Shareholders' Funds (%) (moving annual average)	20.3		
34.6 -			
14.3pts			

Proposed Dividend

The Company is proposing a tax-exempt interim ordinary dividend of 2.0 cents per share (par value of 10 cents). This represents a payout of 32.8% of profit for the first half-year.

Outlook for 3rd Quarter 2003-04

In line with the progressive restoration of flights, our line maintenance business should benefit from the improving traffic at Changi Airport.

Despite traffic upturn in the region, the global maintenance, repair and overhaul (MRO) market continues to be characterised by overcapacity and soft rates. Operating revenue for the October-December period is thus expected to be comparable to the previous quarter.

While there are some early signs of recovery, the outlook for the rest of the year remains uncertain due to underlying volatile economic conditions.

About SIA Engineering Company

SIA Engineering Company is a major provider of aircraft maintenance, repair and overhaul (MRO) services in Asia-Pacific. The Company has a client base of more than 80 international carriers and aerospace equipment manufacturers. It provides line maintenance services at Singapore Changi Airport for about 220 flights daily, as well as airframe and component overhaul on some of the most advanced and widely used commercial aircraft in the world.

16 joint ventures with original equipment manufacturers and airlines in Singapore, Ireland, China, Hongkong and Taiwan increase the depth and breadth of the Company's comprehensive service offerings. The combined revenue of these joint ventures is approximately \$1.0 billion for the first half of FY2002/03, with 71% coming from non-Singapore Airlines customers. Taking into account SIA Engineering Company's equity holding in its joint ventures, non-SIA customers contributed approximately 33% of SIA Engineering Group's business.

SIA Engineering Company has approvals from 23 national aviation regulatory authorities to

provide MRO services for aircraft registered in the United States of America, major European countries and Japan, among others.

For further information, please contact:

SIA Engineering Company Limited

Chia Peck Yong - Senior Manager Public Affairs

Tel: (65) 541 5134 / 98630982 (after office hours)

Fax: (65) 546-0679

E-mail: peckyong_chia@singaporeair.com.sg

Website: www.siaec.com.sg

