



30 July 2003

SIAEC ANNOUNCES 1ST QUARTER RESULTS

SINGAPORE, 30 July 2003 – For the first quarter ended 30 June 2003, mainboard-listed SIA Engineering Company Limited's net profit attributable to shareholders declined 56.751.3% to \$20.4\$22.9 million.

The loss of confidence in air travel demand resulting from recent developments, particularly the SARS outbreak, has severely impaired the Company's first quarter April to June 2003 financial performance. The Group's operating profit for the first quarter ended 30 June 2003 was \$15.7 million, a decrease of 50.5% from the corresponding period last year.

Revenue decreased 20.7% to \$169.5 million. This was due to decreased workload and softening of rates.

Responding to the business downturn, the Company has taken cost-cutting measures and all planned expenditure, except for those which are essential, were deferred, slowed down or cancelled. As a result, expenditure decreased 15.5% to \$153.8 million.

Profit before exceptional item decreased at a lower rate of 42.0% to \$28.9 million, mainly due to share of profits from associated companies and joint venture companies. The Group's share of associated companies' profits of \$12.5 million and share of joint venture companies' losses of \$0.1 million represented 48.1% of the Group's pre-tax profit.

Profit before tax decreased 48.2% to \$25.8 million. This was due to the exceptional item of \$3.1 million incurred for the retrenchment and early retirement exercises carried out in June 2003. Arising from these exercises, the Company would have a savings of \$3.1 million annually, which is realised from July 2003 onwards.

For the quarter ended 30 June 2003, basic earnings per share declined 51.3%, from 4.7 cents to 2.3 cents, while net asset value per share increased 2.7%, from 83.7 cents to 86.0 cents.

In the aftermath of SARS, with the rapid decline in air travel demand, airlines reduced flight

schedules, grounded aircraft and cancelled or deferred major overhauls. As a consequence, not only our line maintenance but also our airframe and component overhaul businesses suffered significantly.

In June and July, however, 18 airlines have partially restored flights. As a result, our line maintenance business at Changi Airport has seen a restoration of a quarter of flight cuts instituted in April and May.

The impact of cancelled and deferred maintenance checks, however, continues to bear heavily on our airframe and component overhaul businesses. Rates remain soft due to intense competition and pressure from airlines to minimise maintenance costs.

In the near term, with low demand and depressed rates, the operating performance for the July-September quarter is likely to be comparable to the April-June quarter. The prospects for the second half of the financial year remain uncertain.

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.

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