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\$682 MILLION PROFIT FOR FIRST HALF; STORMY WEATHER AHEAD FOR AIRLINE INDUSTRY

GROUP FINANCIAL PERFORMANCE

First Half 2008-09

The Group recorded a net profit attributable to equity holders of \$682 million. This was \$250 million (-26.8%) lower than for the same period a year ago.

Group revenue improved \$922 million (+12.1%) to \$8,511 million on account of higher passenger carriage, while Group expenditure rose at a faster pace, increasing by \$1,329 million (+20.1%).

Expenditure on fuel for the Group grew by \$1,587 million (+66.3%) during the six months to September 2008, when fuel prices reached new heights. The average price of jet fuel in the half year increased 75.8% year-on-year from USD88/BBL to USD155/BBL. This was partially mitigated by hedging gains of \$532 million.

Consequently, Group operating profit declined to \$575 million, \$407 million (-41.4%) lower than the first half of the preceding financial year.

Note: The SIA Group's unaudited financial results for the half year and second quarter ended 30 September 2008 were announced on 6 November 2008. A summary of the financial and operating statistics is shown in Annex A. (All monetary figures are in Singapore Dollars. The Company refers to Singapore Airlines, the parent airline unit. The Group comprises the Company and its subsidiary, joint venture and associated companies).

Operating profit for the Parent Airline Company was \$286 million (-36.6%) lower year-on-year, impacted by high fuel expenditure which increased \$1,391 million (+72.8%) to \$3,300 million. Other cost items were well managed, so that unit cost excluding fuel was actually lowered by 8.3%.

The operating results of the major subsidiary companies are as follows:

- SATS Group Profit of \$ 82 million (-12.5%)
- SIA Engineering Profit of \$ 57 million (-10.7%)
- SilkAir Profit of \$ 5 million (-44.6%)
- SIA Cargo Loss of \$ 76 million (profit of \$19 million previously)

Second Quarter 2008-09

The Group's net profit attributable to equity holders for the second quarter was \$324 million, \$184 million (-36.2%) lower than the same period in the previous year.

Group revenue rose \$412 million (+10.4%) to \$4,379 million, while expenditure was up by a higher amount of \$699 million (+20.3%), led by higher fuel costs.

As a result, Group operating profit for the second quarter declined \$287 million (-55.3%) to \$232 million. For the second quarter of the financial year, operating profits for the Company, SilkAir and SIA Cargo were weighed down by the impact of high fuel cost.

DIVIDENDS

The Company is declaring an interim dividend of 20 cents per share (tax exempt, one-tier), amounting to \$237 million, for the half-year ended 30 September 2008 (20 cents interim dividend in the previous year). The interim dividend will be paid on 4 December 2008 to members on the Register as at 24 November 2008.

FIRST HALF 2008-09 OPERATING PERFORMANCE

For the first half of the financial year, Singapore Airlines uplifted a total of 9.6 million passengers, an increase of 2.4% over the same period in the previous year.

Growth in passenger carriage (+5.4% in revenue passenger-kilometres) during the period was slower than the expansion in capacity (+8.5% in available seat-kilometres), resulting in a 2.4 percentage points decline in passenger load factor to 77.9%.

Passenger breakeven load factor moved up by 2.1 percentage points to 72.2% as unit cost increased at a faster pace (+11.0%) than the improvement in yield (+7.7%).

SIA Cargo's capacity (in capacity tonne-kilometres) grew 0.3% for the half year, but with freight carriage (in load tonne-kilometres) declining 1.7%, cargo load factor fell 1.2 percentage points during the period.

Cargo breakeven load factor was up 0.6 percentage point to 63.5%, as the improvement in cargo yield (+12.7%) was lower than the increase in unit cost (+13.8%) due to high fuel cost.

FLEET AND ROUTE DEVELOPMENT

Singapore Airlines took delivery of three Airbus A380-800s and four Boeing B777-300ERs, and decommissioned four Boeing B747-400s during the half year. As at 30 September 2008, the operating fleet comprised 101 aircraft – 14 B747-400s, 76 B777s, five A340-500s and six A380-800s – with an average age of six years and three months.

In response to weaker demand, the Company has suspended services to Osaka via Bangkok from May 2008 and Los Angeles via Taipei from October 2008. From February 2009, services to Amritsar will also be withdrawn. For the Northern Winter schedule, the Company will be making progressive changes to flight frequencies to destinations in South East Asia (Penang and Ho Chi Minh), North Asia (Seoul and Osaka) and West Asia (Bangalore and Chennai).

OUTLOOK

The financial turmoil around the world and weak consumer confidence are impacting demand for air transportation. Although advance bookings for the immediate next quarter are holding up reasonably well, there are signs of weakness beyond that.

Fuel prices have retreated but fuel remains the biggest single item of operating expenditure.

Recent volatility in currency markets presents another challenge. With fuel and aircraft related payments in US dollars, the sharp appreciation of the US dollar and the concurrent depreciation of the Euro, UK pound and Australian dollar, all major revenue currencies for the Company, is an adverse development, partially mitigated by the Company's ongoing currency hedging programme.

In such an environment, the Company's sound finances and low level of debt put it in a position of strength. Management will monitor business trends closely and respond appropriately.

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A STAR ALLIANCE MEMBER



GROUP FINANCIAL STATISTICS

	1st Half 2008-09	1st Half 2007-08	2nd Quarter 2008-09	2nd Quarter 2007-08
Financial Results (\$ million)				
Total revenue	8,511.0	7,589.2	4,379.3	3,967.1
Total expenditure	7,936.1	6,607.4	4,147.6	3,448.6
Operating profit	574.9	981.8	231.7	518.5
Non-operating items	303.3	233.0	172.3	139.7
Profit before taxation	878.2	1,214.8	404.0	658.2
Profit attributable to equity holders of the Company	682.4	931.9	323.8	507.8
Per Share Data				
Earnings before tax (cents)	74.1	97.4	34.1	52.9
Earnings after tax (cents) - basic ^{R1}	57.6	74.7	27.3	40.8
- diluted ^{R2}	57.2	73.5	27.1	40.3
	As at 30 Sep 2008	As at 31 Mar 2008		
Financial Position (\$ million)				
Share capital	1,684.8	1,682.0		
Treasury shares	(12.8)	(33.2)		
Capital reserve	95.6	95.6		
Foreign currency translation reserve	(131.9)	(130.7)		
Share-based compensation reserve	157.4	136.4		
Fair value reserve	67.9	443.4		
General reserve	12,671.2	12,931.7		
Equity attributable to equity holders of the Company	14,532.2	15,125.2		
Total assets	26,276.5	26,515.2		
Total debt	1,646.4	1,656.7		
Total debt equity ratio (times) ^{R3}	0.11	0.11		
Net asset value (\$) ^{R4}	12.26	12.77		

^{R1} 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 less treasury shares.

^{R2} 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 less treasury shares, adjusted for the dilutive effect on the exercise of all outstanding share options granted.

^{R3} Total debt equity ratio is total debt divided by equity attributable to equity holders of the Company.

^{R4} 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 less treasury shares.

OPERATING STATISTICS

	1st Half 2008-09	1st Half 2007-08	2nd Quarter 2008-09	2nd Quarter 2007-08
<u>SIA</u>				
Passenger carried (thousand)	9,634	9,404	4,852	4,785
Revenue passenger-km (million)	47,295.2	44,882.9	24,104.3	23,066.4
Available seat-km (million)	60,690.7	55,914.3	30,465.3	28,280.2
Passenger load factor (%)	77.9	80.3	79.1	81.6
Passenger yield (cents/pkm)	12.6	11.7	12.8	12.0
Passenger unit cost (cents/ask)	9.1	8.2	9.5	8.4
Passenger breakeven load factor (%)	72.2	70.1	74.2	70.0
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	661.3	650.9	333.0	334.7
Cargo load (million tonne-km)	3,955.7	4,024.9	1,990.8	2,067.8
Gross capacity (million tonne-km)	6,477.5	6,456.1	3,274.3	3,304.9
Cargo load factor (%)	61.1	62.3	60.8	62.6
Cargo yield (cents/ltk)	41.6	36.9	42.5	37.6
Cargo unit cost (cents/ctk)	26.4	23.2	28.0	22.9
Cargo breakeven load factor (%)	63.5	62.9	65.9	60.9
<u>SIA and SIA Cargo</u>				
Overall load (million tonne-km)	8,454.5	8,296.0	4,281.3	4,258.0
Overall capacity (million tonne-km)	12,480.5	11,987.4	6,287.8	6,105.2
Overall load factor (%)	67.7	69.2	68.1	69.7
Overall yield (cents/ltk)	90.0	81.5	91.7	83.2
Overall unit cost (cents/ctk)	58.1	50.6	60.7	51.4
Overall breakeven load factor (%)	64.6	62.1	66.2	61.8

GLOSSARY

SIA

Revenue passenger-km	=	Number of passengers carried x distance flown (in km)
Available seat-km	=	Number of available seats x distance flown (in km)
Passenger load factor	=	Revenue passenger-km expressed as a percentage of available seat-km
Passenger yield	=	Passenger revenue from scheduled services divided by revenue passenger-km
Passenger unit cost	=	Operating expenditure (less bellyhold revenue from SIA Cargo) divided by available seat-km
Passenger breakeven load factor	=	Passenger unit cost expressed as a percentage of passenger yield. This is the theoretical load factor at which passenger revenue equates to the operating expenditure (less bellyhold revenue from SIA Cargo)

SIA Cargo

Cargo load	=	Cargo and mail load carried (in tonnes) x distance flown (in km)
Gross capacity	=	Cargo capacity production (in tonnes) x distance flown (in km)
Cargo load factor	=	Cargo and mail load (in tonne-km) expressed as a percentage of gross capacity (in tonne-km)
Cargo yield	=	Cargo and mail revenue from scheduled services divided by cargo load (in tonne-km)
Cargo unit cost	=	Operating expenditure (including bellyhold expenditure to SIA) divided by gross capacity (in tonne-km)
Cargo breakeven load factor	=	Cargo unit cost expressed as a percentage of cargo yield. This is the theoretical load factor at which cargo revenue equates to the operating expenditure (including bellyhold expenditure to SIA)

SIA and SIA Cargo

Overall load	=	Total load carried (in tonnes) x distance flown (in km)
Overall capacity	=	Total capacity production (in tonnes) x distance flown (in km)
Overall load factor	=	Overall load (in tonne-km) expressed as a percentage of overall capacity (in tonne-km)