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THIRD QUARTER NET PROFIT OF \$397 MILLION ON RECORD REVENUE

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	3rd Quarter 2005-06		9 Months 2005-06	
	Oct-Dec 2005	Year-on-Year % Change	Apr-Dec 2005	Year-on-Year % Change
• Operating revenue	\$3,557 M	+ 11.1	\$9,952 M	+ 10.8
• Operating profit	\$ 375 M	- 9.1	\$ 958 M	- 7.4
• Net profit attributable to shareholders	\$ 397 M	- 14.6	\$ 974 M	- 8.6
• Earnings per share	32.5 cts	- 14.7	79.9 cts	- 8.7

Record Revenue, Carriage and Yield Increase in Third Quarter 2005-06

The Group earned revenue of \$3,557 million in the third quarter ended 31 December 2005, which was a record for any quarter. The \$355 million increase (+11.1%) in revenue was the result of growth in carriage and yields for both passenger and cargo operations.

Group operating profit at \$375 million, was however \$38 million lower (-9.1%) as the increase in expenditure outpaced revenue growth. Expenditure grew by \$393 million (+14.1%) to \$3,182 million, due to the sharp rise in the price of jet fuel.

Note: The SIA Group's unaudited financial results for the third quarter ended 31 December 2005 were announced on 2 February 2006. A summary of the financial and operating statistics is shown in Annex A. (All monetary figures are in Singapore Dollars. The Company refers to SIA, the parent airline unit. The Group comprises the Company and its subsidiary, joint venture and associated companies).

The Group's expenditure on fuel, net of hedging, rose 49.2% to \$1,183 million. Fuel accounted for 37.2% of the Group expenditure, up from 28.4% in the same quarter a year ago. Higher fuel price alone added \$243 million to Group expenditure.

Foreign exchange rate movements lowered operating profit by \$66 million in the third quarter. In comparison, exchange rate movements added \$49 million to operating profit in the same quarter last year.

The Group posted a net profit attributable to shareholders of \$397 million for the third quarter, a decline of \$68 million (-14.6%) from a year ago. For perspective, last year's profit of \$465 million was boosted by gains from the sale of investment in Air New Zealand. Excluding the one-off exceptional items, net profit attributable to shareholders declined by 7.6%.

The parent Passenger Airline Company achieved an operating profit of \$192 million (-6.1%). The Company's result was 51.3% (+1.7% points) of the Group's operating profit. Contributions by the three major subsidiary companies are as follows:

- Singapore Airlines Cargo (SIA Cargo): 25.8% (-2.5% points)
- Singapore Airport Terminal Services (SATS) Group: 12.8% (+0.9% point)
- SIA Engineering Company (SIAEC): 6.0% (+3.3% points).

The Council on Corporate Disclosure and Governance in Singapore adopted several new and revised Financial Reporting Standards (FRS) that came into effect in financial year 2005-06. For the Group, main changes are in the treatment of aircraft maintenance and overhaul costs (FRS 16), re-alignment of an associated company's financial statements to the Group's accounting policies (FRS 28), recognition and fair value measurement of financial instruments (FRS 39), and expensing of employee share options (FRS 102). Adoption of these FRSs resulted in a net positive contribution of \$84.5 million to profit after tax.

Reduction in Non-Fuel Expenditure

The Group achieved a net profit attributable to shareholders of \$974 million in the nine months ended 31 December 2005, a year-on-year decline of \$91 million (-8.6%).

Group operating profit at \$958 million was \$77 million less (-7.4%) than the corresponding period last year. Revenue improved \$971 million (+10.8%) from traffic and yield growth, while expenditure increased \$1,048 million (+13.2%), due to higher fuel price. However, the Group achieved a 1.4% reduction in non-fuel expenditure during the period.

GROUP FINANCIAL POSITION IMPROVES (as at 31 December 2005)

Shareholders' funds as at 31 December 2005 totalled \$13,058 million, \$716 million more (+5.8%) than at 31 March 2005.

Total assets increased \$1,129 million (+5.2%) to \$22,874 million. Net asset value per share was \$10.71, up 5.7%.

Total debt of \$2,342 million was \$61 million lower than at 31 March 2005. The ratio of Total Debt to Equity was 0.18:1, compared to 0.19:1 at 31 March 2005.

OPERATING PERFORMANCE: RECORD PASSENGER TRAFFIC

The number of passengers carried in the third quarter was 4,364 million (+3.9%) – the highest recorded for any quarter. SIA's carriage of passengers (in revenue passenger kilometres) grew 4.2% while capacity (in available seat kilometres) rose 3.0%. As a result, the passenger load factor improved 0.9 percentage point from a year ago to 76.6%. Passenger breakeven load factor rose 0.8 percentage point to 70.4% as unit cost grew at a higher pace (+7.0%) than yield (+5.9%). Excluding fuel, passenger unit cost declined 12.5%.

SIA Cargo carried 9.7% more freight (in load tonne kilometres) than the corresponding period last year. As capacity growth (in capacity tonne kilometres) was 5.3%, cargo load factor rose 2.7 percentage points to 66.6%. Cargo breakeven load factor, at 59.9%, was 2.8 percentage points higher because unit cost grew at a higher pace (+12.0%) than yield (+6.8%). Excluding fuel, cargo unit cost increased 2.4%.

CAPACITY DEPLOYED TO GROWTH MARKETS THROUGHOUT THE NETWORK

There was no change to Singapore Airlines' fleet of 90 passenger aircraft during the quarter. As at 31 December 2005, the operating fleet comprised 27 B747-400s, 58 B777s and five A340-500s. The average age of the operating fleet was six years and one month at the end of 2005.

On 30 October 2005, Singapore Airlines launched a new four times weekly service to Hyderabad and added frequencies to Bangalore, Adelaide and Perth. As at 31 December 2005, Singapore Airlines passenger route network covered 59 destinations in 32 countries.

SIA Cargo took delivery of one B747-400 freighter in October 2005, bringing its operating fleet to 15 freighters as at 31 December 2005. During the quarter, SIA Cargo added more freighter frequency to Chicago and Copenhagen.

SUBSEQUENT EVENT

On 1 January 2006, Mr Stephen Lee Ching Yen became Chairman of Singapore Airlines Limited. Mr Lee was elected by the Board in October 2005 to succeed Mr Koh Boon Hwee on Mr Koh's retirement as Chairman at the end of 2005.

OUTLOOK

The outlook for air travel in 2006 is encouraging, given the sound economic outlook for the major markets.

Fuel prices remained high by historical standard, and continue to be a concern to the Group.

On the competition front, new entrants and established carriers continue to compete for market share. Singapore Airlines will continue to respond to these challenges and be competitive.

2006 will herald many exciting developments for the Group. Singapore Airlines is gearing up to be the first to fly the all-new Airbus A380-800 and to introduce the Boeing B777-300ER by the end of the year.

Singapore Airlines will take delivery of two Airbus A380-800s and six Boeing 777-300ERs, and de-commission six B747-400s, during 2006, thereby increasing the operating fleet to 92 passenger aircraft by 31 December 2006. The first Airbus A380-800 and the first Boeing 777-300ER are expected to be delivered in November 2006.

Singapore Airlines is expanding the network by four new destinations in coming months. On 1 February 2006, a three times weekly service commenced on a triangular routing to Karachi and Lahore in Pakistan.

On 1 March 2006, a three weekly service will commence to Moscow, capital of the Russian Federation. At the same time, three existing flights to Jeddah via Dubai will reroute via Abu Dhabi, making this the second destination in the United Arab Emirates to be served by Singapore Airlines. By March, the passenger route network will cover 63 destinations in 34 countries.

Frequencies to Adelaide, Hong Kong, Guangzhou, Taipei, Ho Chi Minh City, Penang and Athens will increase from 26 March 2006.

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GROUP FINANCIAL STATISTICS

	3rd Quarter 2005-06	3rd Quarter 2004-05 (Restated)	9 Months 2005-06	9 Months 2004-05 (Restated)
Financial Results (\$ million)				
Total revenue	3,557.0	3,201.9	9,951.7	8,980.7
Total expenditure	3,182.3	2,789.6	8,993.3	7,945.6
Operating profit	374.7	412.3	958.4	1,035.1
Non-operating items	164.0	140.4	350.9	315.2
Exceptional items	--	45.7	--	17.0
Profit before taxation	538.7	598.4	1,309.3	1,367.3
Profit attributable to shareholders	396.6	464.6	974.4	1,065.7
Per Share Data				
Earnings before tax (cents)	44.2	49.1	107.4	112.2
Earnings after tax (cents) - basic ^{R1}	32.5	38.1	79.9	87.5
- diluted ^{R2}	32.5	38.1	79.9	87.5

	As at 31 Dec 2005	As at 31 Mar 2005 (Restated)
Financial Position (\$ million)		
Share capital	609.8	609.1
Distributable reserves		
General reserve	11,739.6	11,127.1
Fair value reserve	75.0	--
Non-distributable reserves		
Share premium	465.3	448.2
Capital redemption reserve	64.4	64.4
Capital reserve	41.9	41.9
Foreign currency translation reserve	(12.9)	3.1
Share-based compensation reserve	75.2	48.4
Equity attributable to shareholders	<u>13,058.3</u>	<u>12,342.2</u>
Total assets	22,873.7	21,744.6
Total debt	2,342.3	2,403.0
Total debt to equity ratio (times) ^{R3}	0.18	0.19
Net asset value per share (\$) ^{R4}	10.71	10.13

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

^{R1} Earnings after tax per share (basic) is computed by dividing profit after taxation and minority interests by the weighted average number of ordinary shares in issue.

^{R2} Earnings after tax per share (diluted) is computed by dividing profit after taxation and minority interests 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} Total debt equity ratio is total debt divided by shareholders' fund.

^{R4} Net asset value per share is computed by dividing shareholders' funds by the number of ordinary shares in issue.

OPERATING STATISTICS

	3rd Quarter 2005-06	3rd Quarter 2004-05 (Restated)	9 Months 2005-06	9 Months 2004-05 (Restated)
<u>SIA</u>				
Passenger carried (thousand)	4,364	4,201	12,727	12,051
Revenue passenger-km (million)	21,121.6	20,274.1	61,795.4	58,400.9
Available seat-km (million)	27,566.3	26,767.8	82,317.8	78,374.2
Passenger load factor (%)	76.6	75.7	75.1	74.5
Passenger yield (cents/pkm)	10.8	10.2	10.5	10.0
Passenger unit cost (cents/ask)	7.6	7.1	7.4	6.9
Passenger breakeven load factor (%)	70.4	69.6	70.5	69.0
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	333.3	302.8	935.5	870.6
Cargo load (million tonne-km)	2,128.6	1,940.0	5,918.1	5,574.0
Gross capacity (million tonne-km)	3,197.6	3,036.4	9,328.2	8,721.6
Cargo load factor (%)	66.6	63.9	63.4	63.9
Cargo yield (cents/ltk)	40.6	38.0	38.8	35.8
Cargo unit cost (cents/ctk)	24.3	21.7	23.2	21.3
Cargo breakeven load factor (%)	59.9	57.1	59.8	59.5
<u>SIA and SIA Cargo</u>				
Overall load (million tonne-km)	4,152.4	3,887.5	11,837.4	11,186.9
Overall capacity (million tonne-km)	5,927.0	5,680.7	17,467.4	16,463.2
Overall load factor (%)	70.1	68.4	67.8	68.0
Overall yield (cents/ltk)	75.7	72.2	74.4	70.1
Overall unit cost (cents/ctk)	48.3	45.1	47.0	44.1
Overall breakeven load factor (%)	63.8	62.5	63.2	62.9

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

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	=	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 and mail 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 and mail 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)