

PARENT AIRLINE OPERATIONS LIFT GROUP PROFIT

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	Financial Year 2006-07		4th Quarter 2006-07	
	Apr 2006 – Mar 2007	Year-on-Year % Change	Jan-Mar 2007	Year-on-Year % Change
• Operating revenue	\$14,494 M	+ 8.6	\$3,671 M	+ 8.3
• Operating profit	\$1,314 M	+ 8.3	\$333 M	+ 30.8
• Profit attributable to equity holders of the Company	\$2,129 M	+ 71.6	\$671 M	+ 152.1
• Earnings per share	172.6 cts	+ 69.7	53.9 cts	+ 147.2
• Total dividend per share	50.0 cts	+ 11.1	-	-

Group operating profit increased by \$101 million (+8.3%) to \$1,314 million, on the back of a strong performance by the Parent Airline Company. This result, together with exceptional gains (+\$421 million) and one-off tax writeback (+\$247 million), allowed the Group to record a net profit of \$2,129 million for the year ended 31 March 2007, up \$888 million (+71.6%) from last year.

Revenue for the Group reached a new high of \$14,494 million, up \$1,153 million (+8.6%) on the year before.

Note: The SIA Group's audited financial results for the year ended 31 March 2007 were announced on 11 May 2007. 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).

Group expenditure rose \$1,052 million (+8.7%) to \$13,180 million, led by higher fuel costs. Expenditure on fuel was up \$676 million (+16.0%) to \$4,917 million, mainly due to a 10.5% increase in the price of jet fuel. Fuel accounted for 37.3% of the Group expenditure, up 2.3 percentage points from a year ago.

Group expenditure excluding fuel grew at a slower rate than revenue; by \$376 million (+4.8%). Ongoing efforts to increase productivity and efficiency helped to keep expenditure in check.

The Parent Airline Company achieved an operating profit of \$1,027 million (+57.8%). It contributed 78.1% (+24.5 percentage points) to the Group's operating profit. The operating results of the three major subsidiary companies are as follows:

- Singapore Airport Terminal Services (SATS) Group: Profit of \$153 million (-16.8%)
- SIA Engineering Company (SIAEC): Profit of \$102 million (-24.3%)
- Singapore Airlines Cargo (SIA Cargo): Loss of \$32 million (Profit of \$174 million in 2005-06)

RECENT OPERATING TRENDS SUSTAINED IN FOURTH QUARTER 2006-07

The Group achieved a net profit attributable to equity holders of the Company of \$671 million in the fourth quarter; an improvement of \$405 million (+152.1%) from the same period last year. A writeback of \$247 million in deferred tax liabilities for prior years was made to the quarter's accounts following a reduction in the Singapore corporate tax rate from 20% to 18%.

Group revenue grew \$282 million (+8.3%) to \$3,671 million. The Parent Airline Company recorded growth in revenue from higher loads and improved yields.

Group expenditure increased at a slower rate than revenue; up \$204 million (+6.5%) to \$3,338 million, mainly due to higher staff and fuel costs. As a result, the Group's operating profit increased \$78 million (+30.8%) over last year, to \$333 million.

FINAL DIVIDEND OF 35 CENTS

The Board recommends a final dividend of 35 cents per share (tax-exempt one-tier) to be paid on 17 August 2007. With the interim dividend of 15 cents per share paid on 23 November 2006, this will bring the total dividend for the financial year to 50 cents per share.

OPERATING PERFORMANCE: RECORD PASSENGER TRAFFIC

Singapore Airlines carried a record 18.346 million passengers in financial year 2006-07. This figure represents a 7.9% increase on the previous year's number of 16.995 million, as demand for air travel remained healthy across the Airline's network.

Carriage of passengers (measured in revenue passenger kilometres) grew 7.7%, against capacity growth (in available seat kilometres) of 2.8%. As a result, passenger load factor for the full year rose 3.6 percentage points to 79.2%.

Passenger breakeven load factor rose 1.7 percentage points to 72.5% as unit cost grew at a higher pace (+5.3%) than yield (+2.8%).

SIA Cargo's capacity (in capacity tonne kilometres) grew 4.1% in 2006-07 while freight traffic (measured in load tonne kilometres) grew at a more modest rate of 1.5%. As a result, cargo load factor fell 1.6 percentage points to 62.0%.

Cargo breakeven load factor rose 2.9 percentage points to 63.8% due to a combination of higher unit cost (+4.3%), which is largely due to higher fuel cost, and lower yield (-0.5%). Although SIA Cargo was in a loss position at the operating level, it returned a net profit of \$31 million for the financial year, due to surplus on disposal of aircraft and one-off tax writeback.

FLEET AND ROUTE DEVELOPMENT

During the year, Singapore Airlines took delivery of nine Boeing 777-300ERs, and de-commissioned five Boeing 747-400s. The Boeing 777-300ERs - part of an order for 19 - feature Singapore Airlines' new cabin products, unveiled in October 2006.

As at 31 March 2007, the Airline's operating fleet comprised 94 passenger aircraft – 22 B747-400s, 67 B777s and five A340-500s, with an average age of six years and three months.

SIA Cargo operated a fleet of 14 Boeing 747-400 freighter aircraft as at 31 March 2007.

OUTLOOK

The key challenges being faced this year are limited capacity growth arising from delays in the delivery of the Airbus A380, high price of aviation fuel and uncertainty over the continued strength of the US economy and its implications globally. Competition will remain keen.

Demand for air travel remains strong across global markets. The Airline's new products on the B777-300ERs have been well-received by customers.

The Airline will be ready to take delivery of the first Airbus A380 aircraft in October 2007 and introduce it into commercial service soon thereafter. The use of the A380 aircraft will grow capacity on high-demand routes while delivering operational and environmental efficiency. In addition to many of the new cabin products unveiled late last year, there will be other innovations.

In the year to March 2008, Singapore Airlines expects to take delivery of three Airbus A380-800s and five Boeing 777-300ERs, while five B747-400s will be de-commissioned.

The outlook for cargo remains challenging. Cargo yields will continue to be under pressure with more freighter capacity coming into the industry. SIA Cargo will focus on managing cost and capacity.

With its emphasis on service excellence and innovation, the SIA Group is well placed to meet the competitive challenges. Discipline on costs will be maintained.

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A STAR ALLIANCE MEMBER



GROUP FINANCIAL STATISTICS ^{R1}

	2006-07	2005-06	4th Quarter 2006-07	4th Quarter 2005-06
Financial Results (\$ million)				
Total revenue	14,494.4	13,341.1	3,671.1	3,389.4
Total expenditure	13,180.0	12,127.8	3,337.6	3,134.5
Operating profit	1,314.4	1,213.3	333.5	254.9
Non-operating items	549.2	448.8	172.9	97.9
Exceptional surplus	421.0	--	--	--
Profit before taxation	2,284.6	1,662.1	506.4	352.8
Profit attributable to equity holders of the Company	2,128.8	1,240.7	671.3	266.3
Financial Position (\$ million)				
Share capital	1,494.9	1,202.6		
Reserves				
Capital reserve	44.9	40.8		
Foreign currency translation reserve	(59.5)	(30.5)		
Share-based compensation reserve	97.3	81.8		
Fair value reserve	(45.5)	163.6		
General reserve	13,567.9	12,012.3		
Equity attributable to equity holders of the Company	15,100.0	13,470.6		
Return on equity holders' funds (%) ^{R2}	14.9	9.6		
Value added	6,510.1	5,534.0		
Total assets	25,992.0	23,369.5		
Total debt	1,879.4	2,305.6		
Total debt equity ratio (times) ^{R3}	0.12	0.17		
Ordinary Dividends				
Interim dividend (cents per share)	15.0	10.0		
Proposed final dividend (cents per share)	35.0	35.0		
Dividend cover (times) ^{R4}	3.4	2.3		
Per Share Data				
Earnings before tax (cents)	185.2	136.3		
Earnings after tax (cents) - basic ^{R5}	172.6	101.7		
- diluted ^{R6}	170.8	101.3		
Net asset value (\$) ^{R7}	12.11	11.00		

^{R1} SIA's financial year is from 1 April to 31 March. Throughout this report, all figures are in Singapore Dollars, unless stated otherwise.

^{R2} Return on equity holders' funds is profit attributable to equity holders of the Company expressed as a percentage of the average equity holders' funds.

^{R3} Total debt equity ratio is total debt divided by equity attributable to equity holders of the Company as at 31 March.

^{R4} Dividend cover is profit attributable to equity holders of the Company divided by total dividend.

^{R5} 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.

^{R6} 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, adjusted for the dilutive effect on the exercise of all outstanding share options granted.

^{R7} 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 at 31 March.

OPERATING STATISTICS

	2006-07	2005-06	4th Quarter 2006-07	4th Quarter 2005-06
<u>SIA</u>				
Passenger carried (thousand)	18,346	16,995	4,592	4,268
Revenue passenger-km (million)	89,148.8	82,741.7	22,449.4	20,946.3
Available seat-km (million)	112,543.8	109,483.7	27,658.2	27,165.9
Passenger load factor (%)	79.2	75.6	81.2	77.1
Passenger yield (cents/pkm)	10.9	10.6	11.2	10.6
Passenger unit cost (cents/ask)	7.9	7.5	8.2	7.8
Passenger breakeven load factor (%)	72.5	70.8	73.2	73.6
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	1,284.9	1,248.5	305.2	313.0
Cargo load (million tonne-km)	7,995.6	7,874.4	1,884.4	1,956.3
Gross capacity (million tonne-km)	12,889.8	12,378.9	3,131.4	3,050.7
Cargo load factor (%)	62.0	63.6	60.2	64.1
Cargo yield (cents/ltk)	38.4	38.6	36.3	38.2
Cargo unit cost (cents/ctk)	24.5	23.5	23.9	24.6
Cargo breakeven load factor (%)	63.8	60.9	65.8	64.4
<u>SIA and SIA Cargo</u>				
Overall load (million tonne-km)	16,486.8	15,806.8	4,028.3	3,969.4
Overall capacity (million tonne-km)	24,009.7	23,208.0	5,864.4	5,740.6
Overall load factor (%)	68.7	68.1	68.7	69.1
Overall yield (cents/ltk)	77.5	74.6	79.3	75.1
Overall unit cost (cents/ctk)	50.0	47.7	51.4	50.1
Overall breakeven load factor (%)	64.5	63.9	64.8	66.7
<u>Employee Productivity (Average) - Company</u>				
Average number of employees	13,847	13,729		
Seat capacity per employee (seat-km)	8,127,667	7,974,630		
Passenger load per employee (tonne-km)	613,211	577,784		
Revenue per employee (\$)	819,232	750,441		
Value added per employee (\$)	368,831	258,810		
<u>Employee Productivity (Average) - Group</u>				
Average number of employees	29,125	28,558		
Revenue per employee (\$)	497,662	467,158		
Value added per employee (\$)	223,523	193,781		

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)