



**UNAUDITED RESULTS FOR HALF YEAR AND SECOND QUARTER  
ENDED 30 SEPTEMBER 2005**

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2005 (IN \$ MILLION)**

	The Group		The Group	
	2nd Quarter 2005-06	2nd Quarter 2004-05 (Restated)	1st Half 2005-06	1st Half 2004-05 (Restated)
<b>REVENUE</b>	3,350.3	3,053.9	6,394.7	5,778.8
<b>EXPENDITURE</b>				
Staff costs	606.3	633.4	1,199.0	1,197.2
Fuel costs	1,046.8	633.7	1,938.8	1,197.7
Depreciation	316.9	308.7	621.3	609.0
Aircraft maintenance and overhaul costs	75.8	158.8	166.9	317.7
Landing, parking and overflying charges	167.0	160.0	330.2	312.2
Handling charges	151.7	149.5	300.2	284.3
Commission and incentives	123.8	125.1	227.2	224.6
Rentals on leased aircraft	85.0	83.4	161.9	163.1
Material costs	84.1	79.2	156.4	156.4
Inflight meals	63.7	63.4	123.3	122.0
Advertising and sales costs	64.9	71.3	118.8	127.7
Company accommodation and utilities	39.3	39.0	77.2	76.7
Insurance expenses	29.8	32.2	60.6	66.1
Other passenger costs	30.6	28.4	57.5	56.3
Crew expenses	28.4	27.2	56.4	53.1
Other operating expenses	105.6	140.9	215.3	191.9
	<u>3,019.7</u>	<u>2,734.2</u>	<u>5,811.0</u>	<u>5,156.0</u>
<b>OPERATING PROFIT</b>	330.6	319.7	583.7	622.8
Finance charges	(25.6)	(18.0)	(48.7)	(34.3)
Interest income	21.6	9.9	42.9	17.8
Surplus on disposal of aircraft, spares and spare engines	26.9	39.9	29.4	77.5
Surplus on disposal of other fixed assets	4.0	1.9	4.1	5.5
Dividends from long-term investments, gross	12.5	1.0	13.5	2.5
Provision for diminution in value of long-term investments	--	(0.3)	(0.6)	(0.4)
Amortisation of deferred gain	0.2	0.4	0.7	0.7
Share of profits of joint venture companies	11.6	4.4	19.7	5.1
Share of profits of associated companies	82.5	104.8	125.9	100.4
<b>PROFIT BEFORE EXCEPTIONAL ITEMS</b>	<u>464.3</u>	<u>463.7</u>	<u>770.6</u>	<u>797.6</u>
Exceptional items	--	(28.7)	--	(28.7)
<b>PROFIT BEFORE TAXATION</b>	<u>464.3</u>	<u>435.0</u>	<u>770.6</u>	<u>768.9</u>
Taxation	(103.5)	(77.8)	(158.4)	(143.7)
<b>PROFIT FOR THE PERIOD</b>	<u>360.8</u>	<u>357.2</u>	<u>612.2</u>	<u>625.2</u>
Profit attributable to:				
<b>Shareholders of the Company</b>	343.2	346.4	577.8	601.1
Minority interests	17.6	10.8	34.4	24.1
	<u>360.8</u>	<u>357.2</u>	<u>612.2</u>	<u>625.2</u>

Note: The comparative profit and loss account for the second quarter and half year ended 30 September 2004 have been restated to take into account the retrospective adjustments relating to FRS 102 - Share-based Payment. Please see paragraph 4 for details.

**Notes:**

**(i) Profit after taxation is arrived at after charging/(crediting) the following:**

	The Group		The Group	
	2nd Quarter 2005-06	2nd Quarter 2004-05	1st Half 2005-06	1st Half 2004-05
Interest income from short-term investments	(0.2)	(0.1)	(0.4)	(0.3)
Dividend income from short-term investments	(0.3)	(0.2)	(0.6)	(0.4)
Interest income	(21.6)	(9.9)	(42.9)	(17.8)
Interest on borrowings	25.6	18.0	48.7	34.3
Amortisation of deferred gain on sale and leaseback transactions	(27.9)	(29.8)	(55.8)	(62.6)
Surplus on disposal of short-term investments	(1.1)	(0.3)	(1.7)	(0.5)
Bad debts written off	0.8	0.5	1.2	1.1
Provision for/(writeback of) doubtful debts, net	1.9	3.4	4.8	(0.2)
Provision for diminution in value of short-term investments	--	0.1	--	0.1
Fair value gain on financial derivatives	(0.8)	--	(8.9)	--
Exchange loss/(gain), net	19.3	39.7	71.2	25.6

**(ii) The exceptional item was in respect of the following:**

	The Group		The Group	
	2nd Quarter 2005-06	2nd Quarter 2004-05	1st Half 2005-06	1st Half 2004-05
Staff compensation and restructuring of operations	--	28.7	--	28.7

1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

**BALANCE SHEETS AT 30 SEPTEMBER 2005 (IN \$ MILLION)**

	The Group		The Company	
	30 Sep 2005	31 Mar 2005 (Restated)	30 Sep 2005	31 Mar 2005 (Restated)
<b>SHARE CAPITAL</b>				
Authorised	3,000.0	3,000.0	3,000.0	3,000.0
Issued and fully paid	609.7	609.1	609.7	609.1
<b>RESERVES</b>				
Distributable				
General reserve	11,460.9	11,128.0	10,703.5	10,653.5
Fair value reserve	187.9	--	136.7	--
Non-distributable				
Share premium	462.2	448.2	462.2	448.2
Capital redemption reserve	64.4	64.4	64.4	64.4
Capital reserve	41.9	41.9	--	--
Foreign currency translation reserve	13.8	8.8	--	--
Share-based compensation reserve	65.7	48.4	50.8	37.1
	12,296.8	11,739.7	11,417.6	11,203.2
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS</b>	12,906.5	12,348.8	12,027.3	11,812.3
<b>MINORITY INTERESTS</b>	358.9	303.9	--	--
<b>TOTAL EQUITY</b>	13,265.4	12,652.7	12,027.3	11,812.3
<b>DEFERRED ACCOUNT</b>	356.7	414.6	301.3	356.8
<b>DEFERRED TAXATION</b>	2,548.2	2,450.1	2,032.7	1,952.2
<b>LONG-TERM LIABILITIES</b>	2,305.0	2,333.3	1,448.1	1,449.5
	18,475.3	17,850.7	15,809.4	15,570.8
Represented by:-				
<b>FIXED ASSETS</b>				
Aircraft, spares and spare engines	12,218.3	12,292.0	9,418.7	9,484.8
Land and buildings	989.1	993.1	304.5	316.1
Others	2,316.0	2,019.4	1,707.0	1,407.2
	15,523.4	15,304.5	11,430.2	11,208.1
<b>GOODWILL ON CONSOLIDATION</b>	1.3	1.3	--	--
<b>SUBSIDIARY COMPANIES</b>	--	--	1,938.6	1,935.8
<b>ASSOCIATED COMPANIES</b>	878.7	702.7	1,718.3	1,716.1
<b>JOINT VENTURE COMPANIES</b>	349.2	323.6	151.0	151.0
<b>LONG-TERM INVESTMENTS</b>	485.0	476.3	418.6	409.2
<b>CURRENT ASSETS</b>				
Section 44 tax prepayments	169.8	221.4	169.8	221.4
Stocks	482.7	442.5	399.8	368.8
Trade debtors	1,731.4	1,344.7	1,137.1	859.4
Amounts owing by associated companies -- net	2.1	15.8	--	12.5
Investments	117.1	79.3	--	--
Cash and bank balances	2,823.6	2,840.2	2,472.3	2,509.1
	5,326.7	4,943.9	4,179.0	3,971.2
Less:- <b>CURRENT LIABILITIES</b>				
Sales in advance of carriage	1,198.9	1,031.2	1,165.1	1,003.2
Deferred revenue	266.8	237.9	266.2	237.9
Current tax payable	146.7	156.2	53.6	72.0
Trade creditors	2,396.3	2,380.4	1,636.5	1,763.8
Amounts owing to subsidiary companies -- net	--	--	894.3	719.4
Finance lease commitments-repayable within one year	45.6	44.1	--	--
Loans-repayable within one year	23.4	25.6	--	--
Bank overdrafts	11.3	26.2	10.6	24.3
	4,089.0	3,901.6	4,026.3	3,820.6
<b>NET CURRENT ASSETS</b>	1,237.7	1,042.3	152.7	150.6
	18,475.3	17,850.7	15,809.4	15,570.8

Note: The comparative balance sheets for 31 March 2005 have been restated to take into account the retrospective adjustments relating to FRS 102 - Share-based Payment, FRS 28 - Investments in Associates, FRS 103 - Business Combinations, FRS 36 - Impairment of Assets and FRS 38 - Intangible Assets. Please see paragraph 4 for details.

1(b) (ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/09/2005		As at 31/03/2005	
Secured	Unsecured	Secured	Unsecured
\$68.3M	\$12.0M	\$69.0M	\$26.9M

Amount repayable after one year

As at 30/09/2005		As at 31/03/2005	
Secured	Unsecured	Secured	Unsecured
\$1,203.6M	\$1,101.4M	\$1,231.7M	\$1,101.6M

Details of any collateral

\$153.6 million of the secured borrowings are secured by a first priority mortgage over 1 B747-400 freighter, of which \$21.8 million is repayable within one year. In addition, the UOB loan (\$3.2 million) and overdraft (\$0.6 million) obtained by SATS Group is secured by First Legal Mortgage on the building at 22 Senoko Way Singapore 758095. The remaining secured borrowings pertained to finance leases of aircraft (\$1,114.5 million).

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2005 (IN \$ MILLION)**

	The Group		The Group	
	2nd Quarter 2005-06	2nd Quarter 2004-05 (Restated)	1st Half 2005-06	1st Half 2004-05 (Restated)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	530.4	520.5	1,136.8	1,485.2
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital expenditure	(415.6)	(724.2)	(866.4)	(1,283.8)
Proceeds from disposal of aircraft and other fixed assets	57.2	130.4	60.8	348.1
Return of capital from associated companies	1.8	3.3	1.8	3.3
Return of capital from long-term investments	--	--	--	13.9
Investments in associated companies	--	(82.4)	(2.2)	(184.3)
Investments in joint venture companies	--	(10.7)	--	(10.7)
Additional long-term investments	(1.4)	--	(1.4)	(57.7)
Additional long-term loan	--	(1.4)	(0.9)	(1.4)
Loans to associated companies	0.1	--	--	--
Repayment of loans	0.6	--	0.6	2.3
Proceeds from sale of long-term investments	--	41.2	--	62.9
Dividends received from associated companies	13.4	13.2	19.0	20.0
Dividends received from investments	14.1	1.3	14.1	2.7
Interest received from investments and deposits	19.4	13.3	39.5	16.9
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(310.4)</b>	<b>(616.0)</b>	<b>(735.1)</b>	<b>(1,067.8)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Dividends paid	(365.7)	(304.5)	(365.7)	(304.5)
Dividends paid by subsidiary companies to minority interests	(18.9)	(83.7)	(18.9)	(83.7)
Interest paid	(30.3)	(5.6)	(47.9)	(29.4)
Proceeds from borrowings	--	200.0	--	202.5
Repayment of borrowings	(6.4)	(6.2)	(12.6)	(12.1)
Repayment of long-term lease liabilities	(14.4)	(2.6)	(21.6)	(9.6)
Proceeds from issuance of share capital by subsidiary companies to minority interests	4.4	--	9.5	--
Proceeds from exercise of employee share options	40.9	32.0	50.1	42.9
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(390.4)</b>	<b>(170.6)</b>	<b>(407.1)</b>	<b>(193.9)</b>
<b>NET CASH (OUTFLOW)/INFLOW</b>	<b>(170.4)</b>	<b>(266.1)</b>	<b>(5.4)</b>	<b>223.5</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING PERIOD</b>	<b>2,988.9</b>	<b>1,986.7</b>	<b>2,814.0</b>	<b>1,491.4</b>
Effect of exchange rate changes	(6.2)	(33.0)	3.7	(27.3)
<b>CASH AND CASH EQUIVALENTS AT END PERIOD</b>	<b>2,812.3</b>	<b>1,687.6</b>	<b>2,812.3</b>	<b>1,687.6</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>				
Fixed deposits	851.1	1,454.2	851.1	1,454.2
Cash and bank	1,972.5	259.7	1,972.5	259.7
Bank overdrafts	(11.3)	(26.3)	(11.3)	(26.3)
<b>CASH AND CASH EQUIVALENTS AT END PERIOD</b>	<b>2,812.3</b>	<b>1,687.6</b>	<b>2,812.3</b>	<b>1,687.6</b>

Note: The comparative cash flow statement for the second quarter and half year ended 30 September 2004 have been restated to take into account the retrospective adjustments relating to FRS 102 - Share-based Payment. Please see paragraph 4 for details.

	The Group		The Group	
	2nd Quarter 2005-06	2nd Quarter 2004-05 (Restated)	1st Half 2005-06	1st Half 2004-05 (Restated)
Profit before taxation	464.3	435.0	770.6	768.9
Adjustments for:-				
Depreciation of fixed assets	316.9	308.7	621.3	609.0
Income from short-term investments	(0.5)	(0.3)	(1.0)	(0.7)
Share-based compensation expense	12.5	11.4	23.4	15.4
Exchange differences	(2.6)	26.5	(13.8)	40.5
Amortisation of deferred gain on sale and leaseback transactions	(27.9)	(29.8)	(55.8)	(62.6)
Finance charges	25.6	18.0	48.7	34.3
Interest income	(21.6)	(9.9)	(42.9)	(17.8)
Surplus on disposal of aircraft, spares and spare engines	(26.9)	(39.9)	(29.4)	(77.5)
Surplus on disposal of other fixed assets	(4.0)	(1.9)	(4.1)	(5.5)
Dividend from long-term investments	(12.5)	(1.0)	(13.5)	(2.5)
Provision for diminution in value of long-term investments	--	0.3	0.6	0.4
Amortisation of deferred gain	(0.2)	(0.4)	(0.7)	(0.7)
Share of profits of joint venture companies	(11.6)	(4.4)	(19.7)	(5.1)
Share of profits of associated companies	(82.5)	(104.8)	(125.9)	(100.4)
Staff compensation and restructuring of operations	--	28.7	--	28.7
Operating profit before working capital changes	629.0	636.2	1,157.8	1,224.4
(Decrease)/increase in creditors	(161.2)	65.5	(9.4)	339.6
Increase in short term investments	(2.7)	(134.5)	(33.4)	(86.1)
Increase in sales in advance of carriage	12.4	9.9	167.7	158.1
Decrease/(increase) in debtors	45.0	(27.7)	(110.6)	(123.8)
Decrease/(increase) in stocks	21.5	(8.7)	(40.2)	(13.9)
Increase in deferred revenue	14.3	7.2	28.5	22.4
(Increase)/decrease in amounts owing by associated and joint venture companies	(0.9)	(0.2)	13.7	(0.2)
Cash generated from operations	557.4	547.7	1,174.1	1,520.5
Staff compensation and restructuring of operations	--	(6.5)	--	(6.5)
Income taxes paid	(27.0)	(20.7)	(37.3)	(28.8)
Net cash provided by operating activities	530.4	520.5	1,136.8	1,485.2

Note: The comparative cash flow statement for the second quarter and half year ended 30 September 2004 have been restated to take into account the retrospective adjustments relating to FRS 102 - Share-based Payment. Please see paragraph 4 for details.

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2005 (IN \$ MILLION)**

The Group	Attributable to Shareholders of the Company									Minority interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total		
Balance at 1 July 2005	609.1	448.3	64.4	41.9	13.5	58.6	104.6	11,473.1	12,813.5	333.1	13,146.6
Currency translation differences	--	--	--	--	0.3	--	--	--	0.3	1.0	1.3
Net fair value changes on available-for-sale assets	--	--	--	--	--	--	0.8	--	0.8	--	0.8
Net fair value changes on cash flow hedges	--	--	--	--	--	--	71.8	--	71.8	--	71.8
Share-based payment	--	--	--	--	--	12.6	--	--	12.6	0.5	13.1
Share options exercised	0.6	13.9	--	--	--	(5.5)	--	--	9.0	--	9.0
Share of a subsidiary company's capital contribution	--	--	--	--	--	--	--	--	--	4.4	4.4
Share of an associated company's fair value reserve	--	--	--	--	--	--	10.7	--	10.7	--	10.7
Gain on dilution of interest in subsidiary companies due to share options exercised	--	--	--	--	--	--	--	10.3	10.3	21.2	31.5
Net gains and losses not recognised in the profit and loss account	0.6	13.9	--	--	0.3	7.1	83.3	10.3	115.5	27.1	142.6
Profit for the period July-September 2005	--	--	--	--	--	--	--	343.2	343.2	17.6	360.8
Dividends	--	--	--	--	--	--	--	(365.7)	(365.7)	(18.9)	(384.6)
Balance at 30 September 2005	609.7	462.2	64.4	41.9	13.8	65.7	187.9	11,460.9	12,906.5	358.9	13,265.4

The Group	Attributable to Shareholders of the Company									Minority interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Foreign currency translation reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total		
Balance at 1 July 2004	609.1	447.2	64.4	32.0	34.1	15.8	--	10,440.6	11,643.2	326.6	11,969.8
Currency translation differences	--	--	--	--	(13.0)	--	--	--	(13.0)	(1.2)	(14.2)
Share-based payment	--	--	--	--	--	11.5	--	--	11.5	0.5	12.0
Share options exercised	*	0.3	--	--	--	--	--	--	0.3	--	0.3
Share of a joint venture company's capital reserve	--	--	--	0.7	--	--	--	--	0.7	--	0.7
Gain on dilution of interest in subsidiary companies due to share options exercised	--	--	--	--	--	--	--	8.7	8.7	22.8	31.5
Net gains and losses not recognised in the profit and loss account	*	0.3	--	0.7	(13.0)	11.5	--	8.7	8.2	22.1	30.3
Profit for the period July-September 2004	--	--	--	--	--	--	--	346.4	346.4	10.8	357.2
Dividends	--	--	--	--	--	--	--	(304.5)	(304.5)	(83.8)	(388.3)
Balance at 30 September 2004	609.1	447.5	64.4	32.7	21.1	27.3	--	10,491.2	11,693.3	275.7	11,969.0

\* Amount less than \$0.1 million.



**STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2005 (IN \$ MILLION)**

The Company	Share capital	Share premium	Capital redemption reserve	Share-based compensation reserve	Fair value reserve	General reserve	Total equity
Balance at 1 July 2005	609.1	448.3	64.4	44.6	86.9	10,785.9	12,039.2
Net fair value changes on available-for-sale assets	--	--	--	--	*	--	*
Net fair value changes on cash flow hedges	--	--	--	--	49.8	--	49.8
Share-based payment	--	--	--	9.0	--	--	9.0
Share options exercised	0.6	13.9	--	(2.8)	--	--	11.7
Net gains and losses not recognised in the profit and loss account	0.6	13.9	--	6.2	49.8	--	70.5
Profit for the period July-September 2005	--	--	--	--	--	283.3	283.3
Dividends	--	--	--	--	--	(365.7)	(365.7)
Balance at 30 September 2005	<u>609.7</u>	<u>462.2</u>	<u>64.4</u>	<u>50.8</u>	<u>136.7</u>	<u>10,703.5</u>	<u>12,027.3</u>
Balance at 1 July 2004	609.1	447.2	64.4	12.5	--	9,929.3	11,062.5
Share-based payment	--	--	--	8.2	--	--	8.2
Share options exercised	*	0.3	--	--	--	--	0.3
Net gains and losses not recognised in the profit and loss account	*	0.3	--	8.2	--	--	8.5
Profit for the period July-September 2004	--	--	--	--	--	666.1	666.1
Dividends	--	--	--	--	--	(304.5)	(304.5)
Balance at 30 September 2004	<u>609.1</u>	<u>447.5</u>	<u>64.4</u>	<u>20.7</u>	<u>--</u>	<u>10,290.9</u>	<u>11,432.6</u>

\* Amount less than \$0.1 million.

1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

### SHARE CAPITAL AND OPTIONS ON SHARES IN THE COMPANY

(i) As at 30 September 2004, the number of share option of the company outstanding was 75,291,420.

(ii) During the period July to September 2005, 1,117,614 shares were exercised under the SIA Company Limited Employee Share Option Plan, which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees.

(iii) The movement of share options of the Company during the period July to September 2005 is as follows:

Date of grant	Balance at 01.07.2005	Cancelled	Exercised during 01.07.2005 to 30.09.2005	Balance at 30.09.2005	Exercise price	Expiry date
28.03.2000	12,260,010	(181,100)	-	12,078,910	\$15.34	27.03.2010
03.07.2000	11,364,520	(85,800)	-	11,278,720	\$16.65	02.07.2010
02.07.2001	12,508,255	(46,265)	-	12,461,990	\$11.96	01.07.2011
01.07.2002	12,939,667	(48,450)	-	12,891,217	\$12.82	30.06.2012
01.07.2003	12,259,413	(40,645)	(1,060,191)	11,158,577	\$10.34	30.06.2013
01.07.2004	12,612,720	(73,321)	(57,423)	12,481,976	\$10.70	30.06.2014
01.07.2005	13,293,461	(7,600)	-	13,285,861	\$11.28	30.06.2015
	87,238,046	(483,181)	(1,117,614)	85,637,251		

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared to the audited financial statements as at 31 March 2005 except for the adoption of all the new and revised Financial Reporting Standards (FRS) that became effective for the Group for the financial year beginning 1 April 2005.

The adoption of these new and revised FRSs did not have any significant financial impact to the Group except as discussed below:

(i) Effect of changes to the Profit and Loss Account for the half year ended 30 September 2005.

	Increase/(decrease)		Basic & Diluted Earnings per share Cents
	Profit before tax \$ million	Profit after tax <sup>R1</sup> \$ million	
FRS 16	173.8	139.0	11.4
FRS 28	(9.7)	(6.7)	(0.6)
FRS 39	8.9	7.1	0.6
FRS 102	(23.4)	(23.4)	(1.9)
	149.6	116.0	9.5

<sup>R1</sup> The profit after tax refers to the profit for the period April-September 2005.

(ii) Description of changes

FRS 16: Property, Plant and Equipment

FRS 16 has been revised to require major inspection costs to be capitalised. Accordingly, the portion of aircraft maintenance and overhaul costs relating to heavy maintenance visits and engine overhauls are now capitalised and depreciated over four years. Prior to FY2005-06, such costs have been charged to the profit and loss account on an incurred basis.

The revised treatment is applied prospectively and accordingly, the current financial period's aircraft maintenance and overhaul costs of the Group is lower by \$193.8 million and depreciation expenses has been increased by \$20.0 million. As a result, the profit after tax of the Group for the period April-September 2005 is higher by \$139.0 million, and the basic and diluted earnings per share are both higher by 11.4 cents.

FRS 28: Investments in Associates

FRS 28 requires appropriate adjustments to be made to the associated companies' financial statements to align them to the Group's accounting policies for reporting like transactions and other events in similar circumstances. The alignment of the different accounting policies has resulted in:

	Increased/(decreased) by \$ million
Profit for the period April-September 2005	(6.7)
Fair value reserve as at 1 April 2005	(44.6)
General reserve as at 31 March 2004	(87.8)
General reserve as at 31 March 2005	(87.8)
General reserve as at 1 April 2005	69.7
Associated companies as at 31 March 2004	(87.8)
Associated companies as at 31 March 2005	(87.8)
Associated companies as at 1 April 2005	25.1

The impact on both the Group's basic and diluted earnings per share is a decrease of 0.6 cent.

#### FRS 39: Financial Instruments: Recognition and Measurement

FRS 39 sets out the new requirement for the recognition, derecognition and measurement of the Group's financial instruments and hedge accounting. The adoption of FRS 39 has resulted in the Group recognising available-for-sale investments and all derivative financial instruments as assets or liabilities at fair value.

In accordance with the transitional provisions of FRS 39, the comparative financial statements for FY2004-05 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 April 2005.

	Increased by \$ million
General reserve	37.2
Fair value reserve	176.4
Minority interests	0.8
Deferred tax	53.6
Trade debtors	310.3
Trade creditors	42.3

Profit for the period April-September 2005 increased by \$7.1 million and the impact on both the Group's basic and diluted earnings per share is an increase of 0.6 cent.

#### FRS 102: Share-based Payments

FRS 102 requires the Group to recognise an expense in the profit and loss account with a corresponding increase in equity for share options granted after 22 November 2002 and not vested by 1 April 2005. The total amount to be recognised as an expense in the profit and loss account is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in the profit and loss account and a corresponding adjustment to equity over the remaining vesting period.

The application of FRS 102 is retrospective and accordingly, the comparative financial statements are restated and the financial impact on the Group is as follows:

	Increased/(decreased) by \$ million
Profit for the period April-September 2004	(15.4)
Profit for the period April-September 2005	(23.4)
General reserve as at 31 March 2004	(11.9)
General reserve as at 31 March 2005	(48.4)
Share-based compensation reserve as at 31 March 2004	11.9
Share-based compensation reserve as at 31 March 2005	48.4
	Decreased by Cents
Basic and Diluted earnings per share for 1st Half FY2004-05	(1.3)
Basic and Diluted earnings per share for 1st Half FY2005-06	(1.9)

FRS 103: Business Combinations; FRS 36: Impairment of Assets; and FRS 38: Intangible Assets

The new accounting standard FRS 103: Business Combinations has resulted in consequential amendments to two other accounting standards, FRS 36: Impairment of Assets and FRS 38: Intangible Assets.

Under FRS 103, goodwill acquired in a business combination is no longer subject to amortisation to the profit and loss account. Instead, it is subject to impairment review annually or whenever there is an indication that the goodwill is impaired as required by the revised FRS 36. Any impairment loss is charged to the profit and loss account and subsequent reversal is not allowed.

The Group adopted FRS 103 with effect from 1 April 2005, including the provisions related to the limited retrospective application of this standard. Accordingly, the general reserve as at 31 March 2005 has been restated to reflect an increase of \$0.5 million.

Previously, goodwill was amortised using the straight line method over a period of between ten and twenty years. No goodwill amortisation was recorded for the first half of FY2005-06 (first half of FY2004-05: \$2.4 million). The intangible amortisation recorded in the first half of FY2005-06 was \$3.8 million.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to paragraph 4.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group		The Group	
	2nd Quarter 2005-06	2nd Quarter 2004-05 (Restated)	1st Half 2005-06	1st Half 2004-05 (Restated)
Earnings per share (cents)				
- Basic	28.2	28.4	47.4	49.3
- Diluted	28.1	28.4	47.4	49.3

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	As at 30 Sep 05	As at 31 Mar 05 (Restated)	As at 30 Sep 05	As at 31 Mar 05 (Restated)
Net asset value per ordinary share (\$)	10.58	10.14	9.86	9.70

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

#### First Half 2005-06

The Group reported a net profit attributable to shareholders of \$578 million for the first half of financial year 2005-06, a decline of \$23 million (-3.9%) from the \$601 million achieved for the same period last year.

Group operating profit was \$584 million; \$39 million (-6.3%) less than the year before. Operating revenue, at \$6,395 million, was the highest recorded for any first half in the Group's history, and was \$616 million (+10.7%) higher than last year. This was the result of a 5.3% growth in passenger and cargo carriage (in load tonne kilometres) and 7.0% improvement in overall yield. However, operating cost rose by a bigger amount, up \$655 million (+12.7%) to \$5,811 million, due to the sharp rise in jet fuel price.

The Group's expenditure on fuel, after taking into account the hedging gain of \$209 million, rose 61.9% to \$1,939 million. Fuel accounted for 33.4% of the Group expenditure, up from 23.2% a year ago. The average price of jet fuel in the half year increased 49.7% year-on-year from US\$50 per barrel to US\$74 per barrel. The higher fuel price alone added \$731 million to Group expenditure. Excluding fuel, Group expenditure actually fell 2.2%.

Foreign exchange movements contributed much less to the Group results relative to the previous year. Exchange rate movements accounted for \$2 million of the Group operating profit this year, much less than the \$98 million in the first half of last year.

The parent Passenger Airline Company achieved an operating profit of \$313 million (-7.1%). The Company's result made up 53.5% (-0.6% point) of the operating profit of the SIA Group. Contributions by the three major subsidiary companies are as follows:

- Singapore Airlines Cargo (SIA Cargo): 11.5% (-3.7% points)
- Singapore Airport Terminal Services (SATS) Group: 18.6% (+1.9% points)
- SIA Engineering Company (SIAEC): 10.2% (+0.6% point).

The Council on Corporate Disclosure and Governance (CCDG) in Singapore adopted several new and revised Financial Reporting Standards (FRS), which are applicable for financial year 2005-06. For the Group, the main changes are in the treatment of aircraft maintenance and overhaul costs (FRS 16), the re-alignment of an associated company's financial statements to the Group's accounting policies (FRS 28), the recognition and fair value measurement of financial instruments (FRS 39), and the expensing of employee share options (FRS 102). The adoption of these FRSs resulted in a net positive contribution of \$116 million to profit after tax.

### Second Quarter 2005-06

The Group achieved a net profit attributable to shareholders of \$343 million in the three months ended 30 September 2005, a year-on-year marginal decline of \$3 million (-0.9%) in spite of higher fuel cost.

Group operating profit at \$331 million, was \$11 million (+3.4%) more than the same quarter last year. Revenue rose \$296 million (+9.7%) following growth in passenger and cargo traffic, as well as yield, while expenditure increased \$285 million (+10.4%), mainly due to higher price of fuel. Excluding fuel, Group expenditure actually fell 6.1%.

9 Whether a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Actual results are in line with the previous statement.

10 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

## **SUBSEQUENT EVENTS**

On 5 October 2005, Singapore Airlines announced that Mr Koh Boon Hwee will relinquish his position as non-executive Chairman and Director of Singapore Airlines at the end of 2005. On 27 October 2005, the Board unanimously elected Mr Stephen Lee Ching Yen as the non-executive Chairman with effect from 1 January 2006.

From 30 October 2005, Singapore Airlines will launch a new four times weekly service to Hyderabad, India's fifth-largest metropolis and capital of the state of Andhra Pradesh. At the same time, two additional weekly frequencies will be added to Bangalore, bringing to five the number of weekly flights there.

SIA Cargo took delivery of one B747-400 freighter on 19 October 2005, and another one will be delivered in February 2006.

## **HIGH FUEL PRICE AND COMPETITION DOMINATE OUTLOOK**

The outlook for the airline industry is challenging as the price of jet fuel appears set to remain above US\$70 per barrel. While air traffic has remained buoyant so far, the concern is that persistently high fuel price could eventually slow down global economic growth and dampen demand.

Competition on the regional routes is keen, as new entrants compete with established carriers for market share. Singapore Airlines will remain competitive for both business and leisure travel and will continue to match capacity with market demand.

Traffic to Bali has not dropped severely in the period immediately after the bomb blasts there recently. Advance bookings on the route are being closely monitored.

Companies in the Group will continue to manage costs carefully and to improve productivity and efficiency, without compromising standards and quality of service.



11 Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on? Yes.

Name of dividend	Interim
Dividend type	Cash
Dividend rate	10 cents per ordinary share
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of dividend	Interim
Dividend type	Cash
Dividend rate	10 cents per ordinary share
Tax rate	Tax exempt (one-tier)

(c) Date payable

The interim dividend will be paid on 28 November 2005 to members on the Register as at 17 November 2005.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Transfer Books and the Register of Members of the Company will be closed on 18 November 2005 for the preparation of dividend warrants. Duly completed transfers received by the Share Registrars, M&C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 up to 5.00 p.m. on 17 November 2005 (the "Books Closure Date") will be registered to determine shareholders' entitlements to the interim dividend. Subject as aforesaid, shareholders whose Securities Accounts with The Central Depository (Pte) Limited ("CDP") are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on the Books Closure Date will be entitled to the interim dividend.

The said interim dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to such shareholders in accordance with its practice.

12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13 Interested Person Transactions For the Company

Name of Interested Person	Aggregate value of all interested person transactions during the quarter under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding IPTs less than \$100,000)	
	1st Half 2005-06 S(\$)	1st Half 2004-05 S(\$)	1st Half 2005-06 S(\$)	1st Half 2004-05 S(\$)
Singapore Petroleum Company Ltd	-	-	233,530,576	145,484,329
Raffles Holdings Ltd Group:				
- Hotel International AG	-	-	-	134,320
- MCH Services (Sydney) Pte Ltd	-	-	393,930	393,930
Singapore Post Ltd Group:				
- Singapore Post Ltd	-	-	3,083,885	-
- G3 Worldwide Mail (S) Pte Ltd *	-	-	-	1,199,284
Keppel Telecommunications & Transportation Ltd Group:				
- Asia Airfreight Terminal Company Ltd	-	-	10,459,276	10,434,775
SembCorp Logistics Ltd Group:				
- Singapore Technologies Logistics Pte Ltd	-	-	699,502	735,623
Singapore Technologies Engineering Ltd Group:				
- ST Aerospace Engineering Pte Ltd	-	-	242,067	102,232
Keppel Corporation Ltd Group:				
- Keppel Engineering Pte Ltd	-	-	-	4,539,924
Singapore Telecommunication Ltd Group:				
- Singapore Telecommunications Ltd	-	-	299,040	-
- NCS Communications Engineering Pte Ltd	-	-	-	419,070
Starhub Ltd	-	-	-	179,076
Temasek Holdings Pte Ltd Group (other than the above):				
- Senoko Energy Supply Pte Ltd	-	-	1,679,759	1,751,507
- Temasek Tower Limited	-	-	-	2,284,103
- Trusted Hub Ltd	-	-	329,940	-
- PT Bank Internasional Indonesia	-	-	274,928	-
- Dahlia Investments Pte Ltd	50,400,000	-	-	-
- MediaCorp Press Ltd	-	-	167,300	-
<b>Total</b>	<b>50,400,000</b>	<b>-</b>	<b>251,160,203</b>	<b>167,658,173</b>

\* The transaction with G3 Worldwide Mail (S) Pte Ltd of \$274,717 previously reported in our IPT report in Q1 05/06 has been removed as it was a transaction for postal services which is excepted under Rule 915(5) of the SGX Listing Manual.

Name of Interested Person	Aggregate value of all interested person transactions during the quarter under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding IPTs less than \$100,000)	
	2nd Quarter 2005-06 S(\$)	2nd Quarter 2004-05 S(\$)	2nd Quarter 2005-06 S(\$)	2nd Quarter 2004-05 S(\$)
Singapore Petroleum Company Ltd	-	-	123,082,745	78,776,548
Raffles Holdings Ltd Group:				
- Hotel International AG	-	-	-	-
- MCH Services (Sydney) Pte Ltd	-	-	196,965	196,965
Singapore Post Ltd Group:				
- Singapore Post Ltd	-	-	1,828,431	-
- G3 Worldwide Mail (S) Pte Ltd	-	-	-	810,849
Keppel Telecommunications & Transportation Ltd Group:				
- Asia Airfreight Terminal Company Ltd	-	-	5,119,017	5,095,969
SembCorp Logistics Ltd Group:				
- Singapore Technologies Logistics Pte Ltd	-	-	322,465	418,693
Singapore Technologies Engineering Ltd Group:				
- ST Aerospace Engineering Pte Ltd	-	-	114,564	-
Keppel Corporation Ltd Group:				
- Keppel Engineering Pte Ltd	-	-	-	4,539,924
Singapore Telecommunication Ltd Group:				
- Singapore Telecommunications Ltd	-	-	299,040	-
- NCS Communications Engineering Pte Ltd	-	-	-	419,070
Starhub Ltd	-	-	-	179,076
Temasek Holdings Pte Ltd Group (other than the above):				
- Senoko Energy Supply Pte Ltd	-	-	867,378	867,788
- Temasek Tower Limited	-	-	-	-
- Trusted Hub Ltd	-	-	164,970	-
- PT Bank Internasional Indonesia	-	-	148,733	-
- Dahlia Investments Pte Ltd	-	-	-	-
- MediaCorp Press Ltd	-	-	167,300	-
Total	-	-	132,311,608	91,304,882

BY ORDER OF THE BOARD

Mr Loh Meng See  
Company Secretary  
27 October 2005

*Singapore Company Registration No.: 197200078R*