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FIRST QUARTER OPERATING PROFIT IMPROVES TO \$274 MILLION

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	1st Quarter 2006-07	Year-on-Year % Change
• Operating revenue	3,421 M	+ 12.4
• Operating profit	274 M	+ 8.2
• Profit attributable to equity holders of the Company	575 M	+ 145.1
• Earnings per share	46.9 cts	+ 143.0

REVENUE GROWTH AND COST SAVINGS HELP DEFRAY IMPACT OF HIGH FUEL PRICES

The Group achieved an operating profit of \$274 million in the first quarter of 2006-07; an increase of 8.2% on last year as a result of strong demand and revenue growth.

Group revenue at \$3,421 million - a record for any first quarter in the Group's history - was \$377 million (+12.4%) higher than last year.

Group expenditure amounted to \$3,147 million, up 12.8% from last year, mainly due to higher fuel costs.

Note: The SIA Group's unaudited financial results for the first quarter ended 30 June 2006 were announced on 1 August 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).

Fuel accounted for 38.9% of the Group expenditure, up 6.9 percentage points from the previous year. Net of hedging, fuel expenditure rose \$331 million (+37.1%) to \$1,223 million. The price of jet fuel rose from an average of US\$72 per barrel in the same period last year to US\$87 per barrel.

Excluding fuel costs, Group expenditure increased 1.3% (+\$25 million), at a slower pace than overall capacity growth of about 4%. This reflects the ongoing efforts toward improved cost management, efficiency and productivity.

The Group earned a net profit attributable to equity holders of \$575 million, an increase of \$340 million (+145.1%). This result was boosted by a significant one-off gain of \$223 million from the sale of SIA Building in Singapore.

The Passenger Airline achieved an operating profit of \$190 million (+58.8%). The Airline's result made up 69.2% (+22.1% points) of the Group's operating profit. The operating profit/loss of the three major subsidiary companies are as follows:

- Singapore Airlines Cargo (SIA Cargo): -\$5 million (n.m.)
- Singapore Airport Terminal Services (SATS) Group: \$48 million (-9.5%)
- SIA Engineering Company (SIAEC): \$33 million (+0.3%)

OPERATING PERFORMANCE: RECORD PASSENGER TRAFFIC

During the quarter, the Passenger Airline carried 4.4 million passengers (+9.4%) – another record for the first quarter. The Airline's carriage of passengers (in revenue passenger kilometres) grew 9.4% while capacity (in available seat kilometres) rose 3.3%. As a result, passenger load factor improved 4.3 percentage points over the previous year, to 75.6%.

Passenger breakeven load factor rose 2.8 percentage points to 70.8% as unit cost grew at a higher rate (+7.1%) than yield (+2.9%). Excluding fuel, passenger unit cost actually declined 7.0%.

SIA Cargo carried 5.7% more freight (in load tonne kilometres) than the corresponding period last year. As capacity growth (in capacity tonne kilometres) was 4.6%, cargo load factor rose 0.6 percentage point to 61.9%.

However, higher fuel costs pushed cargo breakeven load factor to 64.2%, up 4.7 percentage points, as unit cost grew at a higher rate (+12.3%) than yield (+4.1%). SIA Cargo suffered an operating loss of \$5 million for the quarter.

CAPACITY DEPLOYED TO GROWTH MARKETS THROUGHOUT THE NETWORK

There was no change to the Passenger Airline fleet of 90 passenger aircraft during the quarter. As at 30 June 2006, the operating fleet comprised 27 B747-400s, 58 B777s and five A340-500s.

From the start of the quarter, the Passenger Airline expanded its network by adding frequencies to Adelaide, Guangzhou, Hong Kong, Taipei, Male, Ho Chi Minh City and Penang.

On 19 July 2006, the Passenger Airline commenced a three-times-weekly service to Milan and Barcelona, expanding the passenger route network to 65 gateways in 35 countries.

SIA Cargo leased two B747-400 freighters to Great Wall Airlines during the quarter, thereby reducing its operating fleet to 14 freighters as at 30 June 2006. A new twice-weekly freighter service to Tianjin was launched in May 2006 to tap strong export growth from China.

Great Wall Airlines, SIA Cargo's China-based joint venture, took to the skies on June 1, operating a six-times-weekly freighter service from Shanghai to Amsterdam. Great Wall Airlines is looking at opportunities to expand its network into other Asian ports in coming months.

For the Group, Great Wall Airlines is a significant commitment to directly participate in the further development of China's air cargo market and facilitate export growth from China to major trading partners around the world.

SUBSEQUENT EVENT

On 21 July 2006, Singapore Airlines signed a Letter of Intent to purchase 20 Airbus A350 XWB-900s and nine additional Airbus A380-800s, with options on another 20 A350 XWB-900s and six A380-800s. At manufacturer catalogue prices, the value of the 29 aircraft on firm order is US\$7.5 billion.

This latest order, together with Singapore Airlines' order in June for 20 Boeing 787s, will position the Airline well for future growth and uphold our policy of continuous fleet renewal and modernisation. It also reinforces the Airline's strong commitment to innovation and improvement in providing service, comfort and entertainment to customers.

OUTLOOK BROADLY POSITIVE, SENSITIVE TO FUEL PRICE MOVEMENTS

Demand for air travel got off to a good start for the first quarter, with passenger load factors for all route regions showing gains over the same months last year.

The outlook for air travel remains broadly positive for the rest of the financial year, supported by favourable economic conditions, particularly in the Asia Pacific region and Europe.

Fuel costs, however, continue to weigh on the Group's financial performance, with the price of jet fuel expected to remain high and volatile in the near term amidst geopolitical concerns and strong demand for oil worldwide.

The Group will work at maintaining its profitability despite the challenges faced by the industry.

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GROUP FINANCIAL STATISTICS

	1st Quarter 2006-07	1st Quarter 2005-06
Financial Results (\$ million)		
Total revenue	3,421.0	3,044.4
Total expenditure	3,147.2	2,791.3
Operating profit	273.8	253.1
Non-operating items	162.5	53.2
Exceptional surplus	223.3	--
Profit before taxation	659.6	306.3
Profit attributable to equity holders of the Company	575.1	234.6
Per Share Data		
Earnings before tax (cents)	53.8	25.1
Earnings after tax (cents) - basic ^{R1}	46.9	19.3
- diluted ^{R2}	46.8	19.2
	As at	As at
	30 Jun 2006	31 Mar 2006
Financial Position (\$ million)		
Share capital	1,216.5	1,202.6
Reserves		
Capital reserve	40.8	40.8
Foreign currency translation reserve	(38.2)	(30.5)
Share-based compensation reserve	91.8	81.8
Fair value reserve	140.3	163.6
General reserve	12,593.4	12,012.3
Equity attributable to equity holders of the Company	14,044.6	13,470.6
Total assets	24,403.6	23,369.5
Total debt	2,267.5	2,305.6
Total debt equity ratio (times) ^{R3}	0.16	0.17
Net asset value (\$) ^{R4}	11.46	11.00

^{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.

^{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 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 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.

OPERATING STATISTICS

	1st Quarter 2006-07	1st Quarter 2005-06
<u>SIA</u>		
Passenger carried (thousand)	4,394	4,015
Revenue passenger-km (million)	21,192.2	19,362.7
Available seat-km (million)	28,044.9	27,144.5
Passenger load factor (%)	75.6	71.3
Passenger yield (cents/pkm)	10.6	10.3
Passenger unit cost (cents/ask)	7.5	7.0
Passenger breakeven load factor (%)	70.8	68.0
<u>SIA Cargo</u>		
Cargo and mail carried (million kg)	315.7	293.9
Cargo load (million tonne-km)	1,954.6	1,848.8
Gross capacity (million tonne-km)	3,157.0	3,017.3
Cargo load factor (%)	61.9	61.3
Cargo yield (cents/ltk)	38.5	37.0
Cargo unit cost (cents/ctk)	24.7	22.0
Cargo breakeven load factor (%)	64.2	59.5
<u>SIA and SIA Cargo</u>		
Overall load (million tonne-km)	3,974.5	3,706.4
Overall capacity (million tonne-km)	5,928.1	5,699.3
Overall load factor (%)	67.0	65.0
Overall yield (cents/ltk)	75.4	72.4
Overall unit cost (cents/ctk)	48.5	44.7
Overall breakeven load factor (%)	64.3	61.7

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)