

FUEL COSTS HIT GROUP OPERATING RESULTS BUT EXCEPTIONALS LIFT HALF YEAR PROFIT TO \$868 MILLION

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	First Half 2006-07		2nd Quarter 2006-07	
	Apr-Sep 2006	Year-on-Year % Change	Jul-Sep 2006	Year-on-Year % Change
• Operating revenue	\$7,030 M	+ 9.9	\$3,609 M	+ 7.7
• Operating profit	\$533 M	- 8.7	\$259 M	- 21.5
• Profit attributable to equity holders of the Company	\$868 M	+ 50.3	\$293 M	- 14.6
• Earnings per share	70.8 cts	+ 49.4	23.9 cts	- 15.2
• Interim dividend per share	15.0 cts	+ 50.0	-	-

HIGH FUEL PRICES WEIGH ON GROUP PERFORMANCE

First Half 2006-07

The Group's revenue reached \$7,030 million for the first half of financial year 2006-07, a new record. The \$635 million increase (+9.9%) in revenue is attributed to higher carriage and improved yields, which reflected strong demand.

Note: The SIA Group's unaudited financial results for the half year and second quarter ended 30 September 2006 were announced on 27 October 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).

Group expenditure was \$6,497 million, up \$686 million (+11.8%) from last year, due mainly to higher fuel cost. Consequently, Group's operating profit, at \$533 million, was \$51 million lower (-8.7%) than last year.

The Group's expenditure on fuel rose \$619 million (+31.9%) to \$2,557 million, as the average price of jet fuel increased from US\$74 a barrel last year to US\$90 in the first half of 2006-07. Fuel accounted for 39.4% of Group expenditure, up 6.0 percentage points from the previous year.

Group expenditure excluding fuel increased \$67 million (+1.7%), at a slower pace than overall capacity growth (+3.0%), through ongoing efforts to increase productivity and efficiency.

The Group achieved a net profit attributable to equity holders of \$868 million, an increase of \$290 million (+50.3%). This result was boosted by a significant one-off gain of \$223 million from the sale of the SIA Building in Singapore, recorded during the first quarter.

The Parent Airline Company achieved an operating profit of \$368 million (+17.7%). The Airline's result made up 69.0% (+15.5 percentage points) of 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 \$97 million (-10.4%)
- SIA Engineering Company (SIAEC): Profit of \$68 million (+14.1%)
- Singapore Airlines Cargo (SIA Cargo): Loss of \$29 million (Profit of \$68 million in 2005)

Second Quarter 2006-07

The Group achieved a net profit attributable to equity holders of \$293 million in the second quarter, a decline of \$50 million (-14.6%) from the corresponding period last year. Higher fuel cost was the reason.

The Group's revenue increased \$258 million (+7.7%) year-on-year. This increase, driven by a 5.9% growth in passenger traffic and 2.9% in average yield for the Parent Airline Company, was overtaken by higher fuel cost. Group expenditure increased \$329 million (+10.9%), outpacing the growth in revenue. As a result, the Group's operating profit, at \$259 million, was \$71 million (-21.5%) less than the same quarter last year.

DIVIDENDS

The Company is declaring an interim dividend of 15 cents per share (tax exempt, one-tier), amounting to \$185 million, for the half year ended 30 September 2006, an increase of 5 cents per share from last year and restoring it to the same amount as in the financial year 2000-01. The interim dividend will be paid on 23 November 2006 to members on the Register as at 14 November 2006.

OPERATING PERFORMANCE: RECORD PASSENGER TRAFFIC

Singapore Airlines flew a record 9.0 million passengers during the first six months of the financial year; up from 8.4 million in 2005. The Airline's carriage of passengers (in revenue passenger kilometres) grew 7.6%, while capacity (in available seat kilometres) increased 3.1%. As a result, the average passenger load factor rose to 77.5%, 3.2 percentage points higher than the previous year.

Passenger breakeven load factor rose 3.7 percentage points to 72.9%, as unit cost grew at a higher rate (+8.3%) than yield (+2.9%). Excluding fuel, passenger unit cost actually decreased 4.5%.

SIA Cargo carried 3.8% more freight (in load tonne kilometres) than the corresponding period last year. As capacity growth (in capacity tonne kilometres) was 2.9%, cargo load factor rose 0.6 percentage point to 62.4%.

However, higher fuel costs pushed cargo breakeven load factor to 64.7%, up 4.9 percentage points, as unit cost grew at a higher rate (+11.1%) than yield (+2.6%). As a result, SIA Cargo incurred an operating loss of \$29 million for the period.

FLEET AND ROUTE DEVELOPMENT

The Company de-commissioned two Boeing 747-400s during the first half of the financial year. As at 30 September 2006, the operating fleet consists of 88 passenger aircraft – 25 B747-400s, 58 B777s and five A340-500s. The average age of the operating fleet was six years and seven months.

On 19 July 2006, the Passenger Airline inaugurated services to Milan and Barcelona, expanding the passenger route network to 65 gateways in 35 countries.

SIA Cargo commenced a new twice-weekly freighter service to Tianjin in May 2006 to tap strong export growth from China. As at 30 September 2006, SIA Cargo's freighter network covered 37 cities in 20 countries.

OUTLOOK: DEMAND HIGH, NEW CABIN PRODUCTS DEBUT WITH B777-300ER

Looking ahead, demand for air travel is expected to remain buoyant, supported by favourable conditions in the Asian and European economies.

Cargo traffic growth picked up in September, for the first time in the last few months. This produced an operating profit for the month. This momentum is expected to continue in the traditional peak season in the third quarter. Beyond that, uncertainty in the direction of the global economy calls for caution.

On the cost side, the decline in oil prices in recent weeks is a welcome respite from record highs. However, the price of jet fuel is still volatile and remains high. Geopolitical uncertainty could drive prices up again in coming months. The Group remains committed not only to profitability in the face of the high fuel cost environment but also to stay competitive. The recent reduction in fuel surcharge demonstrates this commitment.

As a result of delays in the Airbus A380 production programme, which have been widely reported, the first A380 aircraft will now be delivered in October 2007, with subsequent deliveries in 2008 and beyond. Work is in progress on contingency plans to mitigate the impact of these delays on forward capacity growth.

However, Singapore Airlines will take delivery of the first of 19 Boeing 777-300ERs next month. By the end of March 2007, nine of these aircraft will be delivered, and three Boeing B747-400s de-commissioned. This will increase the operating fleet size to 94 passenger aircraft.

With the impending introduction of these new aircraft, Singapore Airlines has unveiled a suite of new cabin products and services, which will redefine premium air travel. The new seats in all three classes employ innovative design and latest technology to develop the most comfortable cabins in the sky. New technology boosts the entertainment options for customers, and will include, in an industry first, integrated office software in *KrisWorld*, the world's leading inflight entertainment system.

These products will debut on the Singapore – Paris route in early December 2006. They will extend to other routes progressively as more of the B777-300ERs are delivered.

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GROUP FINANCIAL STATISTICS

	1st Half 2006-07	1st Half 2005-06	2nd Quarter 2006-07	2nd Quarter 2005-06
Financial Results (\$ million)				
Total revenue	7,029.6	6,394.7	3,608.6	3,350.3
Total expenditure	6,496.4	5,811.0	3,349.2	3,019.7
Operating profit	533.2	583.7	259.4	330.6
Non-operating items	307.5	186.9	145.0	133.7
Exceptional surplus	223.3	--	--	--
Profit before taxation	1,064.0	770.6	404.4	464.3
Profit attributable to equity holders of the Company	868.3	577.8	293.2	343.2
Per Share Data				
Earnings before tax (cents)	86.8	63.2	32.9	38.1
Earnings after tax (cents) - basic ^{R1}	70.8	47.4	23.9	28.2
- diluted ^{R2}	70.5	47.4	23.8	28.2

	As at 30 Sep 2006	As at 31 Mar 2006
Financial Position (\$ million)		
Share capital	1,278.0	1,202.6
Reserves		
Capital reserve	40.8	40.8
Foreign currency translation reserve	(39.9)	(30.5)
Share-based compensation reserve	87.7	81.8
Fair value reserve	(63.8)	163.6
General reserve	12,472.9	12,012.3
Equity attributable to equity holders of the Company	13,775.7	13,470.6
Total assets	24,432.7	23,369.5
Total debt	2,499.0	2,305.6
Total debt equity ratio (times) ^{R3}	0.18	0.17
Net asset value (\$) ^{R4}	11.20	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 Half 2006-07	1st Half 2005-06	2nd Quarter 2006-07	2nd Quarter 2005-06
SIA				
Passenger carried (thousand)	8,960	8,363	4,566	4,348
Revenue passenger-km (million)	43,758.8	40,673.8	22,566.6	21,311.1
Available seat-km (million)	56,451.1	54,751.5	28,406.2	27,607.0
Passenger load factor (%)	77.5	74.3	79.4	77.2
Passenger yield (cents/pkm)	10.7	10.4	10.8	10.5
Passenger unit cost (cents/ask)	7.8	7.2	8.1	7.5
Passenger breakeven load factor (%)	72.9	69.2	75.0	71.4
SIA Cargo				
Cargo and mail carried (million kg)	635.1	602.2	319.4	308.3
Cargo load (million tonne-km)	3,933.9	3,789.5	1,979.3	1,940.7
Gross capacity (million tonne-km)	6,305.6	6,130.6	3,148.6	3,113.3
Cargo load factor (%)	62.4	61.8	62.9	62.3
Cargo yield (cents/ltk)	38.8	37.8	39.1	38.5
Cargo unit cost (cents/ctk)	25.1	22.6	25.5	23.2
Cargo breakeven load factor (%)	64.7	59.8	65.2	60.3
SIA and SIA Cargo				
Overall load (million tonne-km)	8,098.4	7,685.0	4,123.9	3,978.6
Overall capacity (million tonne-km)	11,883.3	11,540.4	5,955.2	5,841.1
Overall load factor (%)	68.1	66.6	69.2	68.1
Overall yield (cents/ltk)	76.6	73.7	77.8	74.9
Overall unit cost (cents/ctk)	50.2	46.2	51.9	47.7
Overall breakeven load factor (%)	65.5	62.7	66.7	63.7

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)