

\$476 MILLION NET PROFIT ACHIEVED IN THIRD QUARTER WITH STRONG REVENUE GROWTH

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	Oct – Dec 2004	Year-on-Year % Change	Apr – Dec 2004	Year-on-Year % Change
• Operating profit	\$424 M	- 10.4	\$1,062 M	+ 158.6
• Net profit attributable to shareholders	\$476 M	+ 25.9	\$1,092 M	+ 193.9
• Earnings per share	39.0 cts	+ 25.9	89.6 cts	+ 193.9

GROUP EARNINGS

Third Quarter 2004-05

The Group turned in a record \$3,202 million revenue in the third quarter ended 31 December 2004. The \$438 million increase (+15.8%) in revenue was achieved on the back of strong passenger and cargo demand. However, as expenditure rose by a bigger amount of \$487 million (+21.3%) to \$2,778 million, Group operating profit fell \$49 million (-10.4%) to \$424 million. The increase in expenditure was due largely to higher fuel costs and provision for profit-sharing bonus. Accrual for bonus in the last financial year 2003-04 only started in the January to March 2004 quarter because of uncertainties over the pace of recovery from the impact of the Severe Acute Respiratory Syndrome (SARS) outbreak.

Net profit attributable to shareholders improved by \$98 million (+25.9%) to \$476 million, boosted by gains from sale of aircraft and investments.

Note: The SIA Group's unaudited financial results for the third quarter ended 31 December 2004 were announced on 26 January 2005. 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 prices and foreign exchange movements were two significant factors that affected the Group's performance in the quarter. Fuel costs, the largest cost component, accounted for 28.5% of the Group expenditure. Year-on-year, higher fuel prices added \$285 million to expenditure. Exchange rate movements contributed \$44 million to the Group operating profit, largely due to savings from US Dollar-denominated expenditure as a result of a weaker US Dollar.

The Company generated an operating profit of \$212 million (-20.4%), accounting for 50.1% (-6.3 percentage points) of the operating profit of the SIA Group. The three major subsidiaries, namely the Singapore Airport Terminal Services (SATS) group, SIA Engineering Company (SIAEC) group and Singapore Airlines Cargo (SIA Cargo) contributed 12.0% (-2.3 percentage points), 3.0% (-2.2 percentage points) and 27.4% (+9.1 percentage points) respectively to the Group's operating profit.

April - December 2004

For the nine months ended 31 December 2004, Group operating profit at \$1,062 million was \$651 million higher (+158.6%) than the corresponding period last year, which was affected by the outbreak of SARS. Revenue rose \$2,045 million (+29.5%) on the back of strong passenger and cargo demand, while expenditure increased at a more moderate pace of \$1,394 million (+21.4%) despite higher fuel prices. For perspective, the Group posted an operating profit of \$683 million for the period April – December 2002.

The Group achieved a net profit attributable to shareholders of \$1,092 million for the period April to December 2004, an improvement of \$721 million (+193.9%) on the \$371 million net profit achieved in the same period last year.

GROUP FINANCIAL POSITION (as at 31 December 2004)

As at 31 December 2004, shareholders' funds were \$12,120 million, 5.8% more (+\$665 million) than at 31 March 2004.

Total assets increased by 8.4% (+\$1,678 million) to \$21,668 million. Net asset value per share rose 5.8% to \$9.95.

Total debt of \$2,434 million was \$161 million more than at 31 March 2004. The ratio of Total Debt to Equity was 0.20:1, unchanged from 31 March 2004.

OPERATING PERFORMANCE OF SIA AND SIA CARGO

For the third quarter of financial year 2004-05, SIA's passenger carriage (in terms of revenue passenger-kilometres) grew by 10.5% on capacity growth (in terms of available seat-kilometres) of 11.1% as compared to the same

period last year. As a result, passenger load factor fell by 0.5 percentage point to 75.7%. Passenger breakeven load factor rose by 4.3 percentage points to 69.6% because unit cost (+14.5%) grew at a higher pace than yield (+7.4%). Higher fuel prices contributed 11.3 percentage points to the 14.5% increase in unit cost.

SIA Cargo carried 9.7% more cargo (in terms of load tonne-kilometres) than the same period last year, but cargo load factor fell by 2.3 percentage points to 63.9% because cargo capacity (in terms of capacity tonne-kilometres) increased at a faster pace (+13.6%). A higher yield increase (+11.8%) relative to unit cost (+8.5%) resulted in a 1.7 percentage points improvement in cargo breakeven load factor to 57.1%.

FLEET AND ROUTE DEVELOPMENT

SIA retired two B747-400s during the quarter. As at 31 December 2004, the operating fleet comprised eighty-seven passenger aircraft – twenty-seven B747-400s, fifty-five B777s and five A340-500s. Average age of the fleet was five years and three months as at 31 December 2004.

SIA launched a new three times weekly service to Amritsar, India on 1 October 2004, and added a non-stop service between Singapore and Cape Town on 3 November 2004. During the quarter, frequencies were added to Ho Chi Minh City, Brisbane, Perth and Guangzhou, and SIA's service to Madrid was replaced by codeshare services using Star Alliance partners. In addition, the Singapore-Bangkok-Seoul service was restructured to add more direct Singapore-Seoul frequencies. As at 31 December 2004, SIA's route network spanned sixty destinations in thirty-two countries.

There was no change to SIA Cargo's operating fleet of fourteen B747-400 freighters during the quarter. As at 31 December 2004, the freighter network covered thirty-four destinations in twenty countries.

OUTLOOK

SIA is expected to take delivery of two B777-300s by March 2005 and one additional B777-300 in May 2005, bringing the B777 fleet size to fifty-eight aircraft – the largest in the world. These additions will increase the operating fleet size to eighty-nine passenger aircraft by the end of the financial year, and to ninety passenger aircraft by 31 December 2005.

SIA will be injecting additional capacities to selected destinations in early February 2005 to meet the high travel demand during the Lunar New Year period. Going into financial year 2005-06, SIA plans to increase frequencies to Melbourne, Brisbane, Christchurch, Beijing, Shenzhen, Fukuoka, Mumbai and Hanoi.

SIA Cargo plans to mount a new freighter service to Nagoya, Japan, and add frequencies to Dallas, USA via Seoul and Macau from March 2005, bringing

the freighter network coverage to thirty-five destinations in twenty countries as at 31 March 2005. One B747-400 freighter will be delivered in September 2005 and another one in December 2005, increasing SIA Cargo's operating fleet size to sixteen freighters by the end of 2005. This will enable more frequencies to be added to Europe (Brussels, Copenhagen and Amsterdam) and to USA (Chicago and New York) via Chennai and New Delhi. Including the introduction of two new intermediate points (Johannesburg in South Africa and Istanbul in Turkey), the freighter network will expand to cover thirty-seven destinations in twenty-two countries by December 2005.

The recent tsunami in the Indian Ocean has caused a slight setback in the travel industry in the region. However, the financial impact on the SIA Group is expected to be minimal. The SIA Group is committed to assisting the affected communities in their time of need, and is also working with the relevant parties to aid the vital tourism industries in the affected countries recover as quickly as possible.

Price volatility continues to dominate the outlook for the fuel market. Although prices have come off their peak in October 2004, they remain high by historical standard. Should the fuel price show sustained downward movement, airlines within the SIA Group will review the application of the fuel surcharge accordingly.

The outlook for air travel remains generally encouraging, and the air cargo industry is expected to expand on the back of healthy growth in Asia, with China and India continuing to be important growth markets.

SIA has maintained market leadership against the backdrop of keen competition from both new entrants on the regional routes, and network carriers in the traditional markets. The new entrants are expected to scale up their operations in 2005, and the network carriers will also step up their bids for market share. Competition will intensify, and the pressure to keep costs low will continue.

Amid the increasing challenges, the SIA Group is committed to stay lean and competitive. Companies within the Group will review business processes on an on-going basis to eliminate wastage, duplication and non-value added activities.

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GROUP FINANCIAL STATISTICS

	3rd Quarter 2004-05	3rd Quarter 2003-04	9 Months 2004-05	9 Months 2003-04
Financial Results (\$ million)				
Total revenue	3,201.9	2,764.4	8,980.7	6,935.9
Total expenditure	2,778.1	2,291.2	7,918.7	6,525.2
Operating profit	423.8	473.2	1,062.0	410.7
Non-operating items	140.4	24.2	315.2	128.6
Exceptional surplus/(expenditure)	45.7	9.2	17.0	(32.2)
Profit before taxation	609.9	506.6	1,394.2	507.1
Profit attributable to shareholders	475.6	377.9	1,091.5	371.4
Per Share Data				
Earnings before tax (cents)	50.1	41.6	114.5	41.6
Earnings after tax (cents) - basic ^{R1}	39.0	31.0	89.6	30.5
- diluted ^{R2}	39.0	31.0	89.5	30.5
	As at 31 Dec 2004	As at 31 Mar 2004		
Financial Position (\$ million)				
Share capital	609.1	609.1		
Distributable reserve	10,965.8	10,302.4		
Non-distributable reserve				
Share premium	447.7	447.2		
Capital redemption reserve	64.4	64.4		
Capital reserve	32.7	32.0		
Shareholders' funds	<u>12,119.7</u>	<u>11,455.1</u>		
Total assets	21,667.8	19,990.0		
Total debt	2,434.0	2,273.5		
Total debt equity ratio (times) ^{R3}	0.20	0.20		
Net asset value per share (\$) ^{R4}	9.95	9.40		

^{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 2004-05	3rd Quarter 2003-04	9 Months 2004-05	9 Months 2003-04
<u>SIA</u>				
Passenger carried (thousand)	4,201	3,875	12,051	9,453
Revenue passenger-km (million)	20,274.1	18,349.4	58,400.9	46,003.9
Available seat-km (million)	26,767.8	24,087.7	78,374.2	63,675.7
Passenger load factor (%)	75.7	76.2	74.5	72.2
Passenger yield (cents/pkm)	10.2	9.5	10.0	9.0
Passenger unit cost (cents/ask)	7.1	6.2	6.9	6.6
Passenger breakeven load factor (%)	69.6	65.3	69.0	73.3
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	302.8	277.5	870.6	789.6
Cargo load (million tonne-km)	1,940.0	1,768.9	5,574.0	5,111.2
Gross capacity (million tonne-km)	3,036.4	2,673.6	8,721.6	7,626.0
Cargo load factor (%)	63.9	66.2	63.9	67.0
Cargo yield (cents/ltk)	38.0	34.0	35.8	32.6
Cargo unit cost (cents/ctk)	21.7	20.0	21.3	20.4
Cargo breakeven load factor (%)	57.1	58.8	59.5	62.6
<u>SIA and SIA Cargo</u>				
Overall load (million tonne-km)	3,887.5	3,547.6	11,186.9	9,577.9
Overall capacity (million tonne-km)	5,680.7	5,053.2	16,463.2	13,916.2
Overall load factor (%)	68.4	70.2	68.0	68.8
Overall yield (cents/ltk)	72.2	66.2	70.1	60.8
Overall unit cost (cents/ctk)	45.1	40.1	44.1	41.3
Overall breakeven load factor (%)	62.5	60.6	62.9	67.9

Certain comparative figures have been reclassified 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 load carried (in tonnes) x distance flown (in km)
Mail load	=	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)