SINGAPORE AIRLINES

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SIA GROUP SETS RECORD OPERATING PROFIT THROUGH COST MANAGEMENT AND YIELD IMPROVEMENT

HIGHLIGHTS OF THE GROUP'S PERFORMANCE

	$			% Change
• Operating profit	1,356	M	+	99.2
• Net profit attributable to shareholders	1,389	M	+	63.6
• Earnings per share	114.0	cts	+	63.6
• Total dividends per share	40.0	cts	+	60.0

GROUP EARNINGS

The Group achieved a record operating profit of $1,356 million for the year ended 31 March 2005. It nearly doubled the profits earned in 2003-04, in spite of challenges caused by high fuel prices and a proliferation of new airline entrants in the local market.

Revenue for the Group, at $12,013 million, was the highest ever – up $2,251 million (+23.1%) from last year. Effective control of costs saw expenditure in the same period rise by only 17.3% to $10,657 million.

Net profit attributable to shareholders improved by $540 million to $1,389 million. A strong operating performance, higher contributions from the sale of aircraft and share of profits of associated companies contributed to earnings. For perspective, 2003-04 net profit attributable to shareholders was boosted by a tax write back of $205 million as a result of a reduction in the Singapore company tax rate. No such write back occurred in 2004-05.

Operating performance was better because of a strong rebound in demand (up 20% in revenue passenger kilometre terms) following a reduction in travel the previous year when SARS broke out. Passenger yield improved 9.8% while unit cost rose only 4.5% for the same period.

Note: The SIA Group's audited financial results for the year ended 31 March 2005 were announced on 11 May 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).

Singapore Airlines Chief Executive Officer, Mr Chew Choon Seng, said the result was especially satisfying after a year in which the Group faced many challenges. "Everyone across the Group has worked very hard throughout the year to deliver this outstanding result. I want to thank them for making it a record year.

"There are more challenges ahead, and we cannot be complacent," Mr Chew said.

As a result of this fine performance, the Board has proposed a final dividend of 30 cents per share (tax exempt one-tier), to be paid on 15 August 2005, on top of the interim dividend of 10 cents per share (tax-exempt one-tier) paid on 25 November 2004. This brings the total dividend for the financial year to 40 cents per share. It is 15 cents (+60%) per share more than the dividend paid last year.

Two external factors impacted on the results this year: fuel prices and foreign exchange movements.

Fuel costs – the largest cost component – accounted for over one quarter of Group expenditure (25.3%), up from just under a fifth last year (19.9%). Effective fuel hedging by the Group reduced the impact of higher fuel prices by $380 million, from $969 million to $589 million.

Exchange rate movements contributed $112 million to the Group's operating profit, largely due to the strength of major revenue generating currencies, particularly the British Pound, Euro, Japanese Yen and Australian Dollar, coupled with cost savings from US Dollar-denominated expenditure as a result of a weaker US Dollar.

The Company generated an operating profit of $723 million (+382%), or 53.3% (+31.2 percentage points) of the operating profit of the SIA Group. Contributions by the three major subsidiary companies are as follows:

- Singapore Airlines Cargo (SIA Cargo): 19.4% (-10.3 percentage points)
- Singapore Airport Terminal Services (SATS) Group: 14.8% (-13.2 percentage points) and
- SIA Engineering Company (SIAEC): 7.8% (-3.8 percentage points).

GROUP FINANCIAL POSITION (as at 31 March 2005)

As at end of the financial year 2004-05, shareholders' funds totalled $12,436 million, 8.6% more (+$981 million) than at the end of the last financial year.

Total assets increased by 9.3% (+$1,850 million) to $21,840 million. Net asset value per share rose 8.6% to $10.21.

Total debt of $2,403 million was $129 million more than at the end of the last financial year. The ratio of Total Debt to Equity was 0.19:1, compared to 0.20:1 as at 31 March 2004.

DIVIDENDS

The Board propose a final dividend of 30 cents per share (tax-exempt one-tier) to be paid on 15 August 2005. This will bring total dividends to $487 million (of which $122 million was paid by way of the interim dividend). This is 60% higher than the $305 million paid for 2003-04.

OPERATING PERFORMANCE OF SINGAPORE AIRLINES AND SIA CARGO

For the full year, Singapore Airlines' passenger carriage (in revenue passenger kilometres) grew by 20.0% on capacity growth (in available seat kilometres) of 18.6%. As a result, the passenger load factor rose by 0.8 percentage point to 74.1%. The passenger breakeven load factor dropped 3.5 percentage points to 69.3% because of significant improvement in passenger yield (+9.8%) relative to the increase in unit cost (+4.5%).

SIA Cargo carried 8.6% more cargo (in load tonne kilometres), but cargo load factor was 3.0 percentage points lower, at 63.5% because cargo capacity (in capacity tonne kilometres) increased at a faster pace (+13.7%). However, the cargo breakeven load factor improved 2.9 percentage points to 59.3% because the better yield (+8.5%) exceeded the increase in unit cost (+3.4%).

FLEET AND ROUTE DEVELOPMENT

During the year, Singapore Airlines took delivery of two Airbus 340-500s and five Boeing 777s, while three Boeing 747-400s were retired from the operating fleet. As at 31 March 2005, the operating fleet comprised 89 passenger aircraft – 27 B747-400s, 57 B777s and five A340-500s. The average age of the fleet was five years and four months.

On 28 June 2004, Singapore Airlines set a new record for the world's longest non-stop commercial flight, with the inauguration of a daily non-stop service between Singapore and New York, using the A340-500 aircraft. This service has proved popular, particularly with our business customers, in linking South East Asia and New York directly for the first time.

New passenger services were launched to Ahmedabad (July 2004) and Amritsar (October 2004). Frequencies also increased to many well-established destinations: Amsterdam, Shanghai, Guangzhou, Melbourne, Brisbane, Perth, Auckland, Mumbai, Kolkata, Dacca, Ho Chi Minh City, Hanoi and Surabaya.

As at 31 March 2005, Singapore Airlines passenger route network included 60 destinations in 32 countries.

SIA Cargo took delivery of one Boeing 747-400 Freighter during the year, bringing its operating fleet to fourteen of that type.

Two additional weekly freighter frequencies were added to Brussels via India in November 2004. And another two additional frequencies to the USA via China commenced in October and March respectively. A new Nagoya service was launched in March 2005. As at 31 March 2005, SIA Cargo's freighter network covered 35 cities in 20 countries.

SUBSEQUENT EVENTS

On 6 May 2005, Singapore Airlines added a B777-300 to its operating fleet, bringing the B777 fleet size to 58 and making Singapore Airlines the world's largest operator of the B777 aircraft.

On 22 April 2005, as a result of the rising cost of jet fuel, Singapore Airlines and SilkAir announced increases to the fuel surcharge on passenger tickets from May onwards. The price of jet fuel has risen steadily to over US$70 per barrel in April 2005 from US$58 per barrel in November 2004, when the previous surcharge was set. Singapore Airlines and SilkAir will continue to monitor the price of fuel and will review the application of the surcharge if there is a sustained movement in the jet fuel price.

SIA Engineering Company Limited signed two joint venture agreements in April 2005. A joint venture with Cebu Pacific Air, known as Aviation Partnership (Philippines) Corporation, will offer line maintenance services at 14 airports in the Philippines. The other joint venture, to be named Aerospace Component Engineering Services Pte Ltd (ACE Services) is with Parker Hannifin Corporation's Parker Aerospace Group. ACE Services will be incorporated in Singapore and will provide maintenance, repair, and overhaul (MRO) services of hydro-mechanical equipment for aircraft such as the Boeing 747-400 and 777, and the Airbus A320, A330 and A340. SIAEC will hold a 51% stake in both joint ventures.

OUTLOOK FOR FINANCIAL YEAR 2005-06

The outlook for air travel remains encouraging. However, competition will intensify further as new regional entrants expand their operations, and established carriers leverage increasing liberalisation to tap Asia-Pacific markets. Pressure on loads and yields will remain.

The high fuel-cost environment will persist for the foreseeable future. Consequently, the benefits of hedging will reduce because the hedge program is being implemented at higher spot prices.

Further increases in oil prices may temper economic growth in some major economies. However, high economic growth in China and India will drive business activity in Asia and between these key economies and their major trading partners.

Singapore Airlines will increase capacity to markets where growth is evident. A third daily frequency to Beijing will commence in June 2005, and the current Shenzhen service will become a daily frequency by the end of the year.

Capacity was added to Mumbai, Chennai, Kolkata, Melbourne, Perth, Brisbane, Christchurch, Fukuoka, Ho Chi Minh City, Hanoi and Penang from the start of the financial year.

Singapore Airlines will continue efforts to stimulate traffic to return to tsunami-affected areas in the Indian Ocean. Many affected areas rely heavily on tourism to support their economic development. Singapore Airlines will work with trade partners and National Tourism Organisations to promote those destinations and assist in their long-term recovery plans. Signs of recovery to some of the affected regions are encouraging.

Singapore Airlines will also look to explore further opportunities for co-operation on tourism promotion with national and state tourism organisations. More plans are being developed for strategic partnerships to leverage capacity increases effectively.

The air cargo industry is expected to achieve moderate growth. SIA Cargo will take delivery of two Boeing 747-400 Freighters; one in September and another in December. This will increase their operating fleet to 16 aircraft of that type. This will enable more frequencies to be added to Europe (Brussels, Copenhagen and Amsterdam) and to the USA (Chicago via New Delhi and New York via Chennai). With the introduction of an additional destination (Johannesburg), SIA Cargo's freighter network will expand to cover 36 cities in 21 countries by 31 March 2006.

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GROUP FINANCIAL STATISTICS [R1]

	2004-05	2003-04	4th Quarter 2004-05	4th Quarter 2003-04
Financial Results ($ million)				
Total revenue	12,012.9	9,761.9	3,032.2	2,826.0
Total expenditure	10,657.4	9,081.5	2,738.8	2,556.3
Operating profit	1,355.5	680.4	293.4	269.7
Non-operating items	424.4	171.6	109.2	43.0
Exceptional surplus/(expenditure)	49.5	(31.1)	32.6	1.1
Profit before taxation	1,829.4	820.9	435.2	313.8
Profit attributable to shareholders	1,389.3	849.3	297.8	477.9
Financial Position ($ million)				
Share capital	609.1	609.1		
Distributable reserves				
General reserve	11,263.7	10,282.6		
Foreign currency translation reserve	8.8	19.8		
Non-distributable reserves				
Share premium	448.2	447.2		
Capital redemption reserve	64.4	64.4		
Capital reserve	41.9	32.0		
Shareholders' funds	12,436.1	11,455.1		
Return on shareholders' funds (%) [R2]	11.6	7.7		
Value added	5,533.6	4,035.7		
Total assets	21,839.6	19,990.0		
Total debt	2,403.0	2,273.5		
Total debt equity ratio (times) [R3]	0.19	0.20		
Dividends				
Interim dividend (cents per share)	10.0	-		
Proposed final dividend (cents per share)	30.0	25.0		
Dividend cover (times) [R4]	2.9	2.8		
Per Share Data				
Earnings before tax (cents)	150.2	67.4		
Earnings after tax (cents) - basic [R5]	114.0	69.7		
- diluted [R6]	113.9	69.7		
Net asset value ($) [R7]	10.21	9.40		

[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 shareholders' fund is profit after taxation and minority interests expressed as a percentage of the average shareholders' funds.

[R3] Total debt equity ratio is total debt divided by shareholders' funds as at 31 March.

[R4] Dividend cover is profit attributable to shareholders divided by total dividend.

[R5] 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.

[R6] 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.

[R7] Net asset value per share is computed by dividing shareholders' funds by the number of ordinary shares in issue at 31 March.

OPERATING STATISTICS

	2004-05	2003-04	4th Quarter 2004-05	4th Quarter 2003-04
SIA				
Passenger carried (thousand)	15,944	13,278	3,893	3,825
Revenue passenger-km (million)	77,593.7	64,685.2	19,192.8	18,681.3
Available seat-km (million)	104,662.3	88,252.7	26,288.1	24,577.0
Passenger load factor (%)	74.1	73.3	73.0	76.0
Passenger yield (cents/pkm)	10.1	9.2	10.5	9.7
Passenger unit cost (cents/ask)	7.0	6.7	7.1	6.9
Passenger breakeven load factor (%)	69.3	72.8	67.6	71.1
SIA Cargo				
Cargo and mail carried (million kg)	1,149.5	1,050.9	278.9	261.3
Cargo load (million tonne-km)	7,333.2	6,749.4	1,759.2	1,638.2
Gross capacity (million tonne-km)	11,544.1	10,156.5	2,822.5	2,530.5
Cargo load factor (%)	63.5	66.5	62.3	64.7
Cargo yield (cents/ltk)	35.9	33.1	36.0	34.8
Cargo unit cost (cents/ctk)	21.3	20.6	21.5	21.1
Cargo breakeven load factor (%)	59.3	62.2	59.7	60.6
SIA and SIA Cargo				
Overall load (million tonne-km)	14,796.5	13,033.1	3,609.6	3,455.2
Overall capacity (million tonne-km)	21,882.5	18,873.8	5,419.3	4,957.6
Overall load factor (%)	67.6	69.1	66.6	69.7
Overall yield (cents/ltk)	70.8	63.0	73.3	69.3
Overall unit cost (cents/ctk)	44.4	42.1	45.5	44.7
Overall breakeven load factor (%)	62.7	66.8	62.1	64.5
Employee Productivity (Average) - Company				
Average number of employees	13,572	14,010		
Seat capacity per employee (seat-km)	7,711,634	6,299,265		
Passenger load per employee (tonne-km)	549,904	448,513		
Revenue per employee ($)	682,294	513,034		
Value added per employee ($)	301,024	179,272		
Employee Productivity (Average) - Group				
Average number of employees	28,554	29,734		
Revenue per employee ($)	420,708	328,308		
Value added per employee ($)	193,794	135,727		

* 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 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)