No. 03/09 30 July 2009

S$307 MILLION LOSS IN FIRST QUARTER

GROUP FINANCIAL PERFORMANCE

First Quarter 2009-10

The combination of the global economic downturn, the outbreak of Influenza A (H1N1) and fuel hedging resulted in a loss of $307 million for the first quarter ended June 2009. This is the first quarterly loss since the SARS crisis in 2003.

Group revenue fell 30% from April – June 2008, down by $1,260 million, as carriage and both passenger and cargo yields declined, the former reflecting increased competition and promotional fare activities.

Group expenditure at $3,191 million was $598 million (-15.8%) lower than the same quarter in the preceding financial year. The drop in the price of jet fuel provided relief of $1,140 million, partially offset by fuel hedging losses of $287 million (compared to hedging gains of $349 million last year).

The Group recorded an operating loss of $319 million for the first quarter, against an operating profit of $343 million last year.

Note: The SIA Group's unaudited financial results for the first quarter ended 30 June 2009 were announced on 30 July 2009. A summary of the financial and operating statistics is shown in Annex A. (All monetary figures are in Singapore Dollars. The Company refers to Singapore Airlines, the parent airline unit. The Group comprises the Company and its subsidiary, joint venture and associated companies).

The operating results of the main companies in the Group are as follows:

• Singapore Airlines	Loss of	$ 271	million (profit of $265 million previously)
• SATS Group	Profit of	$ 44	million (+14.4%)
• SIA Engineering	Profit of	$ 12	million (-25.0%)
• SilkAir	Loss of	$ 3	million (profit of $10 million previously)
• SIA Cargo	Loss of	$ 104	million (profit of $5 million previously)

STEPS TO REDUCE COST

Several steps have been taken by the Company to contain costs, including a freeze on hiring, unpaid leave, wage cuts and deferment of non-essential projects.

Consequent to the first quarter results, the monthly variable component of employees' salaries will be cut in accordance with the Collective Agreements signed with the respective unions.

Together, these measures to trim staff costs will provide estimated savings of $60 million for the current financial year.

In addition, the Company is continuing its efforts to eliminate wastage and duplication and to negotiate with vendors to reduce rates.

FLEET AND ROUTE DEVELOPMENT

During the quarter, Singapore Airlines took delivery of two Airbus A380-800s and four Airbus A330-300s, and decommissioned three Boeing B747-400s. As at 30 June 2009, the operating fleet comprised 107 passenger aircraft – nine B747-400s, 77 B777s, eight A380-800s, eight A330-300s and five A340-500s – with an average age of 5 years and 11 months.

The Company adjusted capacity to match demand. Services to Vancouver via Seoul were suspended from April 2009, while three-times-weekly flights to Moscow via Dubai were withdrawn from July 2009. From August 2009, services to Tokyo via Bangkok will be discontinued. Frequencies to Manchester, Rome, Zurich, Beijing, Guangzhou, Fukuoka, Colombo, Dhaka, Male, Mumbai and New Delhi were reduced during the quarter. Conversely, a fourth daily frequency was recently added to Manila and the larger A380-800 is now being deployed to Hong Kong.

OUTLOOK

The price of jet fuel is at less than half what it peaked at last year, but remains volatile. However, losses from hedges, which were contracted when fuel prices were at historical highs, are expected but will taper off over the course of the financial year as these hedges are settled.

Air cargo carriage has stabilized in the last few months, and industry indicators have shown some improvement. Still, the outlook for air cargo remains challenging, with yields expected to remain under pressure from excess capacity in the market.

The Group's first quarter performance reflected the adverse business conditions for airlines. If these conditions continue, the Group expects to make a loss for the full year. Revenues from the airline operations exceeded cash expenditure, although not enough to cover depreciation charges. Net operating cash flow is expected to remain positive for the rest of the financial year. The Group's cash balance remains strong and the Company does not foresee any necessity to raise capital.

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GROUP FINANCIAL STATISTICS

	1st Quarter 2009-10	1st Quarter 2008-09
Financial Results ($ million)		
Total revenue	2,871.4	4,131.7
Total expenditure	3,190.7	3,788.5
Operating (loss)/profit	(319.3)	343.2
Non-operating items	49.4	131.0
(Loss)/Profit before taxation	(269.9)	474.2
(Loss)/Profit attributable to equity holders of the Company	(307.1)	358.6
Per Share Data		
(Loss)/Earnings before tax (cents)	(22.8)	40.1
(Loss)/Earnings after tax (cents) - basic [R1]	(26.0)	30.3
- diluted [R2]	(25.9)	30.0

	As at 30-Jun-2009	As at 31-Mar-2009
Financial Position ($ million)		
Share capital	1,684.8	1,684.8
Treasury shares	(43.3)	(44.4)
Capital reserve	86.5	86.3
Foreign currency translation reserve	(154.2)	(137.9)
Share-based compensation reserve	201.9	187.3
Fair value reserve	(381.0)	(660.8)
General reserve	12,508.8	12,815.3
Equity attributable to equity holders of the Company	13,903.5	13,930.6
Total assets	24,377.7	24,818.5
Total debt	1,637.8	1,692.5
Total debt equity ratio (times) [R3]	0.12	0.12
Net asset value ($) [R4]	11.76	11.78

[R1] (Loss)/Earnings after tax per share (basic) is computed by dividing (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue less treasury shares.

[R2] (Loss)/Earnings after tax per share (diluted) is computed by dividing (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue less treasury shares, adjusted for the dilutive effect on the exercise of all outstanding share options granted.

[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 less treasury shares.

OPERATING STATISTICS

	1st Quarter 2009-10	1st Quarter 2008-09
SIA		
Passenger carried (thousand)	3,809	4,782
Revenue passenger-km (million)	18,655.0	23,190.9
Available seat-km (million)	26,072.6	30,225.4
Passenger load factor (%)	71.6	76.7
Passenger yield (cents/pkm)	10.2	12.4
Passenger unit cost (cents/ask)	8.6	8.7
Passenger breakeven load factor (%)	84.3	70.2
SIA Cargo		
Cargo and mail carried (million kg)	267.3	328.3
Cargo load (million tonne-km)	1,551.8	1,964.9
Gross capacity (million tonne-km)	2,560.5	3,203.2
Cargo load factor (%)	60.6	61.3
Cargo yield (cents/ltk)	27.2	40.6
Cargo unit cost (cents/ctk)	21.1	24.8
Cargo breakeven load factor (%)	77.6	61.1
SIA and SIA Cargo		
Overall load (million tonne-km)	3,322.5	4,173.2
Overall capacity (million tonne-km)	5,139.9	6,192.7
Overall load factor (%)	64.6	67.4
Overall yield (cents/ltk)	69.9	88.3
Overall unit cost (cents/ctk)	54.1	55.4
Overall breakeven load factor (%)	77.4	62.7

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	=	Cargo 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 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 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)