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REVENUE GROWTH PRODUCES HALF YEAR PROFIT OF \$633 MILLION

GROUP FINANCIAL PERFORMANCE

First Half 2010-11

The Group earned a net profit of \$633 million for the first half of the 2010-11 financial year, a turnaround from the \$466 million loss in the same period a year ago [see Note 2 below].

Group revenue improved 19% (+\$1,143 million) to \$7,097 million, on the continued recovery in load factors and yields.

Group expenditure at \$6,501 million rose by less than 1% (+\$46 million) year-on-year. Expenditure on fuel was higher by \$423 million as jet fuel prices increased 27% over the same period last year. This was partially offset by a reduction of \$368 million in fuel hedging losses (\$118 million this year versus \$486 million last year).

Consequently, Group operating profit for the April-September period was \$596 million, a turnaround from the \$501 million operating loss last year.

Note 1: The SIA Group's unaudited financial results for the half year and second quarter ended 30 September 2010 were announced on 09 November 2010. 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).

Note 2: All financial figures relating to the previous year included contributions from SATS Group prior to its distribution as a dividend *in specie* and it being deconsolidated from the Group with effect 1 September 2009.

The Parent Airline Company earned an operating profit of \$380 million in the first six months of the financial year, against an operating loss of \$428 million last year. All the main companies in the Group were profitable, with improved operating performances.

- SIA Cargo Operating profit of \$ 102 million (loss of \$193 million in 2009)
- SIA Engineering Operating profit of \$ 71 million (profit of \$47 million in 2009)
- SilkAir Operating profit of \$ 36 million (loss of \$5 million in 2009)

Second Quarter 2010-11

The Group net profit for the July-September quarter was \$380 million, in contrast to the \$159 million loss in the same period the previous year.

Group revenue at \$3,631 million was up 18% (+\$549 million) as load factors and yields continued to improve. Group expenditure was almost unchanged (+\$22 million) as smaller losses on fuel hedging (\$40 million this year versus \$200 million last year) offset increase in expenditure in other areas.

As a result, Group operating profit for the second quarter was \$345 million, against an operating loss of \$182 million in the same three months of last year.

INTERIM DIVIDEND

The Company is declaring an interim dividend of 20 cents per share (tax exempt, one-tier), amounting to \$239.3 million, for the half-year ended 30 September 2010 (no interim dividend in the previous year). The interim dividend will be paid on 08 December 2010 to shareholders as at 25 November 2010.

FLEET AND ROUTE DEVELOPMENT

Singapore Airlines took delivery of six Airbus A330-300s and one Airbus A380-800 in the first half and decommissioned ten Boeing 777s (six leased out and four sold). As at 30 September 2010, the operating fleet comprised 105 passenger aircraft – seven B747-400s, sixty-five B777s, seventeen A330-300s, eleven A380-800s and five A340-500s – with an average age of 5 years 11 months.

Capacity was added during the period to Hong Kong, New Delhi and Seoul. The all-Business Class service to Los Angeles returned to daily operations in October 2010, while new twice-daily services to Tokyo Haneda were launched on 31 October 2010, complementing existing twice-daily services to Tokyo Narita. During the Northern Winter season, additional services will be added to destinations including Houston (via Moscow), Manchester (via Munich), Sydney and Osaka.

OUTLOOK

Advance bookings for the coming months indicate that demand is holding up. This should support an increase of 5% in passenger capacity in the second half of the financial year. Yields are expected to be steady.

Forward indicators for air freight point to a levelling off for the rest of the financial year.

Forward prices for jet fuel are high and volatile. There is continuing volatility in the currency markets due to challenges faced by the global economy. Given these uncertainties, the positive outlook for the second half of the financial year has to be tempered with some caution.

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A STAR ALLIANCE MEMBER



GROUP FINANCIAL STATISTICS

	1st Half 2010-11	1st Half 2009-10	2nd Quarter 2010-11	2nd Quarter 2009-10
Financial Results (\$ million)				
Total revenue	7,097.0	5,953.5	3,631.2	3,082.1
Total expenditure	6,500.8	6,454.2	3,285.5	3,263.5
Operating profit/(loss)	596.2	(500.7)	345.7	(181.4)
Non-operating items	201.7	108.7	134.7	59.3
Profit/(Loss) before taxation	797.9	(392.0)	480.4	(122.1)
Profit/(Loss) attributable to owners of the Parent	632.7	(465.9)	380.2	(158.8)
Per Share Data				
Earnings/(Loss) before tax (cents)	66.9	(33.1)	40.2	(10.3)
Earnings/(Loss) after tax (cents) - basic ^{R1}	53.0	(39.4)	31.8	(13.4)
- diluted ^{R2}	52.3	(39.4)	31.4	(13.4)
	As at 30 Sep 2010	As at 31 Mar 2010		
Financial Position (\$ million)				
Share capital	1,812.8	1,750.6		
Treasury shares	(0.7)	(0.9)		
Capital reserve	75.1	74.8		
Foreign currency translation reserve	(159.4)	(137.0)		
Share-based compensation reserve	172.4	185.3		
Fair value reserve	(128.8)	(140.9)		
General reserve	12,239.8	11,737.0		
Equity attributable to owners of the Parent	14,011.2	13,468.9		
Total assets	24,022.7	22,484.3		
Total debt	2,083.1	1,338.9		
Total debt equity ratio (times) ^{R3}	0.15	0.10		
Net asset value (\$) ^{R4}	11.71	11.30		

^{R1} Earnings/(Loss) after tax per share (basic) is computed by dividing profit/(loss) attributable to owners of the Parent by the weighted average number of ordinary shares in issue less treasury shares

^{R2} Earnings/(Loss) after tax per share (diluted) is computed by dividing profit/(loss) attributable to owners of the Parent 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 owners of the Parent.

^{R4} Net asset value per share is computed by dividing equity attributable to owners of the Parent by the number of ordinary shares in issue less treasury shares.

OPERATING STATISTICS

	1st Half 2010-11	1st Half 2009-10	2nd Quarter 2010-11	2nd Quarter 2009-10
<u>SIA</u>				
Passenger carried (thousand)	8,183	8,003	4,165	4,194
Revenue passenger-km (million)	41,867.7	39,907.7	21,564.3	21,252.7
Available seat-km (million)	52,759.4	52,765.7	26,856.2	26,693.1
Passenger load factor (%)	79.4	75.6	80.3	79.6
Passenger yield (cents/pkm)	11.8	10.0	11.8	9.8
Passenger unit cost (cents/ask)	8.9	8.6	8.8	8.7
Passenger breakeven load factor (%)	75.4	86.0	74.6	88.8
<u>SIA Cargo</u>				
Cargo and mail carried (million kg)	571.4	549.0	290.1	281.7
Cargo load (million tonne-km)	3,568.3	3,232.2	1,828.3	1,680.4
Gross capacity (million tonne-km)	5,562.8	5,233.2	2,886.5	2,672.7
Cargo load factor (%)	64.1	61.8	63.3	62.9
Cargo yield (cents/ltk)	37.3	28.0	35.9	28.7
Cargo unit cost (cents/ctk)	22.4	21.4	21.6	21.7
Cargo breakeven load factor (%)	60.1	76.4	60.2	75.6
<u>SIA and SIA Cargo</u>				
Overall load (million tonne-km)	7,514.5	7,010.2	3,857.8	3,687.7
Overall capacity (million tonne-km)	10,780.0	10,452.9	5,541.8	5,313.0
Overall load factor (%)	69.7	67.1	69.6	69.4
Overall yield (cents/ltk)	83.4	69.9	83.1	69.9
Overall unit cost (cents/ctk)	54.4	54.4	53.2	54.9
Overall breakeven load factor (%)	65.2	77.8	64.0	78.5

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)