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FIRST QUARTER PROFIT OF \$253 MILLION ON HIGHER REVENUE

GROUP FINANCIAL PERFORMANCE

The Group earned a net profit of \$253 million in April – June 2010. This was a turnaround of \$560 million from the loss of \$307 million recorded in the same quarter a year ago [see Note 2 below].

Group revenue at \$3,466 million grew 20.7% (+\$594 million), reflecting the recovery in load factors and yields.

Group expenditure also increased year-on-year but at a slower rate of 0.8% (+\$24 million). This was due mainly to higher expenditure on fuel (+\$313 million or +42.4%), partially offset by smaller loss from fuel hedging (\$78 million this year versus \$287 million last year), as well as other non-fuel expenditure savings of \$80 million.

Group operating profit for the quarter was \$251 million, a turnaround of \$570 million from the \$319 million operating loss last year.

Note 1: The SIA Group's unaudited financial results for the first quarter ended 30 June 2010 were announced on 26 July 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 dividend *in specie* and deconsolidated from the Group with effect 1 September 2009.

The Parent Airline Company earned an operating profit of \$136 million in the first quarter of the 2010-11 financial year, in contrast to the operating loss of \$271 million last year. All the main companies in the Group were profitable during the period and performed better year-on-year.

- SIA Cargo Operating profit of \$ 60 million (loss of \$104 million in 2009)
- SIA Engineering Operating profit of \$ 36 million (profit of \$12 million in 2009)
- SilkAir Operating profit of \$ 15 million (loss of \$3 million in 2009)

FIRST QUARTER OPERATING PERFORMANCE

The Parent Airline Company carried 4.0 million passengers during the quarter, a year-on-year increase of 5.5%. Capacity (in available seat-kilometres) was practically unchanged from last year while passenger carriage (in revenue passenger-kilometres) was 8.8% higher. Consequently, passenger load factor improved 6.8 percentage points to 78.4%.

Passenger breakeven load factor at 76.9%, was lower by 7.4 percentage points year-on-year, as passenger yield recovered by 14.7%.

SIA Cargo's freight traffic (in load tonne-kilometres) for the first quarter was up 12.1% year-on-year, against capacity growth (in capacity tonne-kilometres) of 4.5%. As a result, cargo load factor rose 4.4 percentage points to 65.0%.

Cargo yield improved 42.3% compared to the same period in the preceding year. With unit cost increasing at a slower pace (+10.9%), cargo breakeven load factor fell 17.1 percentage points to 60.5%.

FLEET AND ROUTE DEVELOPMENT

In the April – June 2010 quarter, the Company took delivery of four A330-300s and decommissioned six B777s (four for lease and two for sale). As at 30 June 2010, the operating fleet comprised 106 passenger aircraft – seven B747-400s, sixty-nine B777s, fifteen A330-300s, ten A380-800s and five A340-500s – with an average age of 6 years and 1 month.

During the quarter, capacity was added to destinations, including Hong Kong, New Delhi and Seoul, where demand was strong. From 01 September 2010, the five-times-weekly Singapore-Munich-Manchester service will be expanded to a daily frequency.

OUTLOOK

Advance bookings indicate that the year-on-year recovery in passenger carriage and yields evident in the quarter to June will hold up for the rest of 2010.

Similarly, leading indicators, as well as sentiment among shippers and forwarders, suggest that the recent resurgence in air freight may be sustained in the near term, although the rate of growth may abate.

On the cost side, jet fuel prices have seen trading around the level of USD85 per barrel. Uncertainties about demand and supply are reflected in forward prices which are markedly higher than spot prices, and consequently affect the cost of hedging.

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A STAR ALLIANCE MEMBER 

GROUP FINANCIAL STATISTICS

	1st Quarter 2010-11	1st Quarter 2009-10
Financial Results (\$ million)		
Total revenue	3,465.8	2,871.4
Total expenditure	3,215.3	3,190.7
Operating profit/(loss)	250.5	(319.3)
Non-operating items	67.0	49.4
Profit/(Loss) before taxation	317.5	(269.9)
Profit/(Loss) attributable to owners of the Parent	252.5	(307.1)
Per Share Data		
Earnings/(Loss) before tax (cents)	26.6	(22.8)
Earnings/(Loss) after tax (cents) - basic ^{R1}	21.2	(26.0)
- diluted ^{R2}	20.9	(26.0)
	As at 30-Jun-2010	As at 31-Mar-2010
Financial Position (\$ million)		
Share capital	1,767.3	1,750.6
Treasury shares	(0.7)	(0.9)
Capital reserve	74.8	74.8
Foreign currency translation reserve	(137.9)	(137.0)
Share-based compensation reserve	187.3	185.3
Fair value reserve	(87.2)	(140.9)
General reserve	11,991.1	11,737.0
Equity attributable to owners of the Parent	13,794.7	13,468.9
Total assets	22,987.9	22,484.3
Total debt	1,326.6	1,338.9
Total debt equity ratio (times) ^{R3}	0.10	0.10
Net asset value (\$) ^{R4}	11.56	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 Quarter 2010-11	1st Quarter 2009-10
<u>SIA</u>		
Passenger carried (thousand)	4,018	3,809
Revenue passenger-km (million)	20,303.4	18,655.0
Available seat-km (million)	25,903.2	26,072.6
Passenger load factor (%)	78.4	71.6
Passenger yield (cents/pkm)	11.7	10.2
Passenger unit cost (cents/ask)	9.0	8.6
Passenger breakeven load factor (%)	76.9	84.3
<u>SIA Cargo</u>		
Cargo and mail carried (million kg)	281.3	267.3
Cargo load (million tonne-km)	1,740.0	1,551.8
Gross capacity (million tonne-km)	2,676.3	2,560.5
Cargo load factor (%)	65.0	60.6
Cargo yield (cents/ltk)	38.7	27.2
Cargo unit cost (cents/ctk)	23.4	21.1
Cargo breakeven load factor (%)	60.5	77.6
<u>SIA and SIA Cargo</u>		
Overall load (million tonne-km)	3,656.7	3,322.5
Overall capacity (million tonne-km)	5,238.2	5,139.9
Overall load factor (%)	69.8	64.6
Overall yield (cents/ltk)	83.6	69.9
Overall unit cost (cents/ctk)	55.6	54.1
Overall breakeven load factor (%)	66.5	77.4

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)