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HIGH FUEL PRICES DRIVE HALF YEAR PROFIT DOWN 62% AMIDST CHALLENGING ENVIRONMENT

GROUP FINANCIAL PERFORMANCE

First Half 2011-12

The Group made a net profit of $239 million in the first half of the 2011-12 financial year. This was $394 million (-62%) lower than the same period a year ago, principally on account of high fuel costs. Operating profit declined to $134 million, $462 million (-78%) lower than the first half of the previous financial year.

Group revenue grew $180 million (+3%) to $7,277 million, supported by higher passenger carriage and flat yields, despite increased competition and weak business sentiment.

Group expenditure at $7,143 million was higher by $642 million (+10%). Expenditure on fuel increased $747 million (+35%) as jet fuel prices spiked 45% over the same period last year. This was partially offset by a $118 million year-on-year improvement in fuel hedging.

Note 1: The SIA Group's unaudited financial results for the half year and second quarter ended 30 September 2011 were announced on 03 November 2011. 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).

All the main companies in the Group recorded weaker operating results for the first half of the financial year. The operating profit of the Parent Airline Company fell $327 million (-86%), owing to higher fuel expenditure which increased $643 million (+37%) to $2,384 million. With stringent cost discipline, passenger unit cost excluding fuel declined 7%.

The operating results of the main companies in the Group for the first half of the financial year are as follows:

- Parent Airline Company Operating profit of $53 million ($380 million profit in 2010)
- SIA Engineering Operating profit of $69 million ($71 million profit in 2010)
- SilkAir Operating profit of $34 million ($36 million profit in 2010)
- SIA Cargo Operating loss of $31 million ($102 million profit in 2010)

Second Quarter 2011-12

The Group net profit attributable to equity holders for the July-September quarter was $194 million, a decline of $186 million (-49%) over the same period in the previous year.

Group revenue grew 2% (+$68 million) to $3,699 million, while Group expenditure at $3,576 million rose at a faster pace of 9% (+$290 million) on higher jet fuel prices.

Consequently, Group operating profit for the second quarter fell $222 million (-64%) to $123 million.

FIRST HALF 2011-12 OPERATING PERFORMANCE

The Parent Airline Company uplifted a total of 8.5 million passengers in the first half of the financial year, an increase of 3.3% over the same period in the previous year. Growth in passenger carriage (+3.8% in revenue passenger-kilometres) was slower than the expansion in capacity (+6.3% in available seat-kilometres), resulting in a 1.9 percentage point decline in passenger load factor to 77.5%.

SilkAir's capacity growth of 9.4% for the first half was fully matched by the increase in systemwide passenger carriage. As a result, passenger load factor was flat at 74.2%. Overall breakeven load factor was 1.8 percentage points higher as unit cost increased at a faster pace (+8.4%) than yields (+5.2%).

On the cargo side, SIA Cargo's freight carriage (in load tonne-kilometres) improved 2.0% year-on-year, slightly higher than the 1.9% increase in capacity (in capacity tonne-kilometres). Consequently, cargo load factor improved marginally by 0.1 percentage point. Cargo breakeven load factor at 66.7% was up 6.6 percentage points, from higher unit cost (+3.6%) and weaker yields (-6.7%).

INTERIM DIVIDEND

The Company is declaring an interim dividend of 10 cents per share (tax exempt, one-tier), amounting to $118.7 million, for the half-year ended 30 September 2011 (versus 20 cents interim dividend in the previous year). The interim dividend will be paid on 2 December 2011 to shareholders as at 21 November 2011.

FLEET AND ROUTE DEVELOPMENT

The Parent Airline Company took delivery of three Airbus A380-800s, decommissioned four Boeing 747-400 aircraft (three sold and one in preparation for sale) and returned one B777-300 aircraft on expiry of the lease in the first half of the financial year. As at 30 September 2011, the operating fleet of the Parent Airline Company comprised 106 passenger aircraft – three B747-400s, 65 B777s, 19 A330-300s, 14 A380-800s and five A340-500s – with an average age of 6 years 4 months.

As at 30 September 2011, SIA Cargo operated a fleet of 13 B747-400 freighter aircraft, while SilkAir's operating fleet comprised 19 aircraft – 13 A320-200s and six A319-100s.

Capacity continues to be adjusted to match demand across the Group. In the first six months of the financial year, the Parent Airline Company added capacity to growth areas, such as Hong Kong, Guangzhou, Taipei, Mumbai and Jakarta, while the non-stop service to Los Angeles was scaled back. SilkAir launched services to Kolkata, complementing the Parent Airline Company's flights to the city, and commenced flights to Koh Samui.

SUBSEQUENT EVENT

Pursuant to the renounceable Rights Issue of Tiger Airways Holdings Limited ("Tiger Airways"), Singapore Airlines had been allocated 89,504,625 Rights Shares, increasing the total number of shares held by the Company to 268,513,875. Based on an issue price of $0.58 per Rights Share, the total consideration paid by the Company in relation to the subscription of the Rights Shares was approximately $51.9 million. The Company's shareholding in Tiger Airways remains unchanged at approximately 32.8% of the enlarged share capital immediately following the Rights Issue.

OUTLOOK

The prevailing economic uncertainty and weak consumer confidence are impacting demand for air transportation. Advance passenger bookings are showing signs of weakness, particularly in Europe and the United States. Global Purchasing Manager Indices have also fallen, pointing to weaker demand for air freight. Both passenger and cargo yields are therefore expected to remain under pressure.

Exacerbating the impact of the weak outlook is the high cost of fuel, which is compounded by the recent strength in the US dollar. Forward prices for jet fuel remain high and volatile.

The Group has a strong balance sheet and in this difficult operating environment, will monitor and respond appropriately to changing business trends and continue to exercise tight cost control.

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GROUP FINANCIAL STATISTICS

	1st Half 2011-12	1st Half 2010-11	2nd Quarter 2011-12	2nd Quarter 2010-11
Financial Results ($ million)				
Total revenue	7,277.1	7,097.0	3,699.5	3,631.2
Total expenditure	7,143.2	6,500.8	3,576.6	3,285.5
Operating profit	133.9	596.2	122.9	345.7
Non-operating items	169.5	204.4	104.5	134.7
Profit before taxation	302.1	797.9	227.4	480.4
Profit attributable to owners of the Parent	238.9	632.7	194.2	380.2
Per Share Data				
Earnings before tax (cents)	25.3	66.9	19.0	40.2
Earnings after tax (cents) - basic [R1]	20.0	53.0	16.2	31.8
- diluted [R2]	19.7	52.3	16.1	31.4

	As at 30 Sep 2011	As at 31 Mar 2011
Financial Position ($ million)		
Share capital	1,856.1	1,832.4
Treasury shares	(144.1)	(43.0)
Capital reserve	81.4	91.8
Foreign currency translation reserve	(173.7)	(186.1)
Share-based compensation reserve	160.1	172.6
Fair value reserve	(124.3)	(138.0)
General reserve	11,286.0	12,474.7
Equity attributable to owners of the Parent	12,941.5	14,204.4
Total assets	22,936.8	24,544.5
Total debt	2,018.0	2,038.9
Total debt equity ratio (times) [R3]	0.16	0.14
Net asset value ($) [R4]	10.90	11.89

[R1] Earnings after tax per share (basic) is computed by dividing profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue less treasury shares

[R2] Earnings after tax per share (diluted) is computed by dividing profit 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 2011-12	1st Half 2010-11	2nd Quarter 2011-12	2nd Quarter 2010-11
SIA				
Passenger carried (thousand)	8,456	8,183	4,309	4,165
Revenue passenger-km (million)	43,456.9	41,867.7	22,442.8	21,564.3
Available seat-km (million)	56,094.3	52,759.4	28,313.4	26,856.2
Passenger load factor (%)	77.5	79.4	79.3	80.3
Passenger yield (cents/pkm)	11.8	11.8	11.7	11.8
Passenger unit cost (cents/ask)	9.2	8.9	9.2	8.8
Passenger breakeven load factor (%)	78.0	75.4	78.6	74.6
SilkAir				
Passenger carried (thousand)	1,440	1,309	720	653
Revenue passenger-km (million)	2,077.3	1,898.3	1,041.8	958.7
Available seat-km (million)	2,797.8	2,557.7	1,439.8	1,322.5
Passenger load factor (%)	74.2	74.2	72.4	72.5
Overall yield (cents/ltk)	149.9	142.5	148.2	144.4
Overall unit cost (cents/ctk)	93.1	85.9	91.3	84.3
Overall breakeven load factor (%)	62.1	60.3	61.6	58.4
SIA Cargo				
Cargo and mail carried (million kg)	596.9	571.4	299.6	290.1
Cargo load (million tonne-km)	3,639.2	3,568.3	1,826.7	1,828.3
Gross capacity (million tonne-km)	5,671.1	5,562.8	2,870.5	2,886.5
Cargo load factor (%)	64.2	64.1	63.6	63.3
Cargo yield (cents/ltk)	34.8	37.3	34.1	35.9
Cargo unit cost (cents/ctk)	23.2	22.4	22.7	21.6
Cargo breakeven load factor (%)	66.7	60.1	66.6	60.2
SIA, SilkAir and SIA Cargo				
Overall load (million tonne-km)	7,929.7	7,704.4	4,035.9	3,954.3
Overall capacity (million tonne-km)	11,615.5	11,081.1	5,891.1	5,697.6
Overall load factor (%)	68.3	69.5	68.5	69.4
Overall yield (cents/ltk)	84.4	84.8	84.5	84.6
Overall unit cost (cents/ctk)	58.0	55.2	57.4	54.1
Overall breakeven load factor (%)	68.7	65.1	67.9	63.9

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)

SilkAir

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
Overall yield	= Passenger, cargo and mail revenue from scheduled services divided by total passenger and cargo load (in tonne-km)
Overall unit cost	= Operating expenditure divided by gross capacity (in tonne-km)
Overall breakeven load factor	= Overall unit cost expressed as a percentage of overall yield. This is the theoretical load factor at which passenger, cargo and mail revenue equate to the operating expenditure.

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, SilkAir 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)