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$1.09 BILLION FULL-YEAR PROFIT, BUT FUEL COSTS REMAIN GREATEST CHALLENGE

GROUP FINANCIAL PERFORMANCE

Financial Year 2010-11

The Group achieved a net profit attributable to equity holders of $1,092 million for the 2010-11 financial year, an increase of $876 million from the $216 million profit last financial year, which was adversely affected by the global financial crisis. The 2010-11 financial year result included an exceptional item of $202 million in respect of provision for fines imposed on SIA Cargo [see Note 2 below].

Group revenue grew $1,817 million (+14%) to $14,525 million as both carriage and yields recovered from depressed levels last financial year. This revenue growth was achieved in a year punctuated by disruptions ranging from volcanic ash in Europe, snowstorms in Europe and USA, floods in Australia, and earthquakes in New Zealand and Japan.

Note 1: The SIA Group's audited financial results for the financial year ended 31 March 2011 were announced on 12 May 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).

Note 2: The $202 million provision comprised the plea offer as agreed with the United States Department of Justice Antitrust Division (USD48 million or SGD62.5 million), the fine imposed by the European Commission (EUR74.8 million or SGD135.7 million), and the fine imposed by the South Korean Fair Trade Commission (KRW3.1 billion or SGD3.6 million). SIA Cargo has paid the fines as required by law and has filed appeals against these fines imposed by the European Commission and the South Korean Fair Trade Commission.

On the cost side, Group expenditure rose $609 million (+5%) to $13,254 million. Fuel costs excluding hedging – the biggest expense item of the Group – increased $877 million (+24%), as average jet fuel prices surged 26% this financial year. This was partially offset by a smaller loss from fuel hedging ($62 million versus $558 million).

Consequently, Group operating profit improved from $63 million last financial year to $1,271 million for the financial year ended 31 March 2011.

The Parent Airline Company earned an operating profit of $851 million in the financial year, representing a turnaround from the operating loss of $39 million the previous financial year. All the major companies in the Group recorded improved operating results.

- SIA Engineering Operating profit of $136 million ($110 million profit in 2009-10)
- SIA Cargo Operating profit of $151 million ($145 million loss in 2009-10)
- SilkAir Operating profit of $121 million ($49 million profit in 2009-10)

<u>Fourth Quarter 2010-11</u>

Group revenue at $3,587 million improved by 8% (+$251 million) compared to the corresponding period last financial year, supported by the continued recovery in yields.

However, this was outpaced by increase in Group expenditure of 11% (+$326 million), mainly from higher fuel cost (+$300 million) as jet fuel prices spiked 34% year-on-year. This was partially offset by hedging gains of $38 million (against hedging losses of $19 million).

As a result, Group operating profit for the quarter fell $75 million (-31%) from the same quarter last financial year to $166 million.

FINAL DIVIDEND OF 40 CENTS

The Board of Directors recommends a final dividend of 40 cents per share (tax exempt, one-tier) to be paid on 18 August 2011 to shareholders as at 04 August 2011.

SPECIAL DIVIDEND OF 80 CENTS

After considering the financial performance and long-term capital adequacy of the Company, the Board is recommending a special dividend of 80 cents per share (tax exempt, one-tier). The proposed distribution will be paid on 18 August 2011 to shareholders as at 04 August 2011. Including the interim dividend of 20 cents per share paid on 08 December 2010 and the proposed final dividend of 40 cents per share to be paid on 18 August 2011, the total dividend for the 2010-11 financial year will be $1.40 per share.

FLEET AND ROUTE DEVELOPMENT

During the January-March quarter, Singapore Airlines decommissioned one B747-400 aircraft. As at 31 March 2011, the operating fleet comprised 108 passenger aircraft – seven B747-400s, sixty-six B777s, nineteen A330-300s, eleven A380-800s and five A340-500s – with an average age of 6 years and 3 months.

A new three-times-weekly service to Sao Paulo via Barcelona was launched on 28 March 2011, marking the addition of South America as the sixth continent in Singapore Airlines' route network. Flight frequencies to popular destinations, including Hong Kong, Guangzhou, Taipei and Male, have been increased since the start of Northern Summer. Conversely, the Singapore-Los Angeles non-stop service has been reduced from seven to five flights per week.

In the year to March 2012, the Company expects to take delivery of eight A380-800s and decommission five B777s and all seven B747-400s. The net decrease of four aircraft will bring the operating fleet to a total of 104 aircraft by March 2012. The reduction in fleet size will be more than offset by increased utilisation to produce passenger capacity growth of 6 per cent in available seat-kilometres for the 2011-12 financial year.

SUBSEQUENT EVENTS

On 6 April 2011, SIA Engineering Company and Panasonic Avionics Corporation together formed a joint venture in Singapore – Panasonic Avionics Services Singapore. SIA Engineering Company injected a paid-up capital of USD2.125 million, equivalent to a shareholding of 42.5%.

On 15 April 2011, Singapore Airlines and SilkAir announced an increase of the fuel surcharge on tickets issued on or after 21 April 2011. The adjustments will offer only partial relief of higher operating costs arising from the recent jump in jet fuel prices.

On 25 April 2011, SIA Cargo injected $63.5 million in cash into China Cargo Airlines Ltd (CK) for a 16% share of the new company. Great Wall Airline's (GWL) assets and liabilities will be purchased by CK and GWL will accordingly be liquidated. The proceeds of the liquidation will be returned to shareholders of GWL.

OUTLOOK

The year ahead is expected to be challenging for the airline industry.

The uncertain global economic outlook is manifested by the recent Standard & Poor downgrade of the US debt outlook from stable to negative, and continual fears of a sovereign debt crisis in Europe. In addition, the concerns over nuclear radiation in Japan following the March 11 earthquake continue to impact air traffic to and from Japan. These effects are reflected in forward bookings, indicating near term weakness in load factors.

The average price of jet fuel has surged by more than 25% between January 2011 and April 2011, to USD140 per barrel, the highest level since the last peak at USD174 per barrel recorded in July 2008. While there has been some respite in the past week, jet fuel prices are likely to remain high and volatile in the near term.

The twin challenges of near term weakness in load factors and high fuel prices will adversely affect operating performance of airlines. The Company remains committed to staying lean and competitive. The Company will be vigilant in cost management and closely monitor patterns of demand and adjust capacity accordingly.

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GROUP FINANCIAL STATISTICS [R1]

	2010-11	2009-10	4th Quarter 2010-11	4th Quarter 2009-10
Financial Results ($ million)				
Total revenue	14,524.8	12,707.3	3,586.8	3,335.8
Total expenditure	13,253.5	12,644.1	3,421.0	3,094.8
Operating profit	1,271.3	63.2	165.8	241.0
Non-operating items	349.5	222.3	45.9	39.9
Exceptional items	(201.8)	-	-	-
Profit before taxation	1,419.0	285.5	211.7	280.9
Profit attributable to owners of the Parent	1,092.0	215.8	171.0	278.0
Financial Position ($ million)				
Share capital	1,832.4	1,750.6		
Treasury shares	(43.0)	(0.9)		
Capital reserve	91.8	74.8		
Foreign currency translation reserve	(186.1)	(137.0)		
Share-based compensation reserve	172.6	185.3		
Fair value reserve	(138.0)	(140.9)		
General reserve	12,474.7	11,737.0		
Equity attributable to owners of the Parent	14,204.4	13,468.9		
Return on equity holders' fund (%) [R2]	7.9	1.6		
Value added	5,419.2	4,276.4		
Total assets	24,544.5	22,484.3		
Total debt	2,038.9	1,338.9		
Total debt equity ratio (times) [R3]	0.14	0.10		
Dividends				
Interim dividend (cents per share)	20.0	-		
Proposed final dividend (cents per share)	40.0	12.0		
Proposed special dividend (cents per share)	80.0	-		
Dividend cover (times) [R4]	0.7	1.5		
Per Share Data				
Earnings before tax (cents)	118.8	24.1		
Earnings after tax (cents) - basic [R5]	91.4	18.2		
- diluted [R6]	90.2	18.0		
Net asset value ($) [R7]	11.89	11.30		

R1 Singapore Airlines' financial year is from 1 April to 31 March. Throughout this report, all figures are in Singapore dollars, unless stated otherwise.

R2 Return on equity holders' funds is profit attributable to owners of the Parent expressed as a percentage of the average equity holders' funds.

R3 Total debt equity ratio is total debt divided by equity attributable to owners of the Parent as at 31 March.

R4 Dividend cover is profit attributable to owners of the Parent divided by total dividends.

R5 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.

R6 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.

R7 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 at 31 March.

OPERATING STATISTICS

	2010-11	2009-10	4th Quarter 2010-11	4th Quarter 2009-10
Singapore Airlines				
Passenger carried (thousand)	16,647	16,480	4,092	4,066
Revenue passenger-km (million)	84,801.3	82,882.5	20,757.5	20,866.7
Available seat-km (million)	108,060.2	105,673.7	27,486.7	26,094.0
Passenger load factor (%)	78.5	78.4	75.5	80.0
Passenger yield (cents/pkm)	11.9	10.4	12.1	11.1
Passenger unit cost (cents/ask)	8.9	8.6	9.1	8.6
Passenger breakeven load factor (%)	74.8	82.7	75.2	77.5
SIA Cargo				
Cargo and mail carried (million kg)	1,156.4	1,122.4	280.4	273.0
Cargo load (million tonne-km)	7,174.0	6,659.1	1,709.9	1,623.6
Gross capacity (million tonne-km)	11,208.5	10,510.1	2,730.2	2,506.2
Cargo load factor (%)	64.0	63.4	62.6	64.8
Cargo yield (cents/ltk)	36.2	32.0	34.8	34.9
Cargo unit cost (cents/ctk)	22.3	21.9	22.5	22.4
Cargo breakeven load factor (%)	61.6	68.4	64.7	64.2
Singapore Airlines and SIA Cargo				
Overall load (million tonne-km)	15,173.5	14,508.4	3,672.7	3,602.7
Overall capacity (million tonne-km)	21,897.7	20,962.1	5,449.7	5,087.1
Overall load factor (%)	69.3	69.2	67.4	70.8
Overall yield (cents/ltk)	83.8	74.7	84.5	80.3
Overall unit cost (cents/ctk)	54.6	53.8	56.9	54.4
Overall breakeven load factor (%)	65.2	72.0	67.3	67.7
Employee Productivity (Average) – Company				
Average number of employees	13,588	13,934		
Seat capacity per employee (seat-km)	7,952,620	7,583,874		
Passenger load per employee (tonne-km)	588,714	563,318		
Revenue per employee ($)	863,931	728,075		
Value added per employee ($)	310,480	219,678		
Employee Productivity (Average) – Group				
Average number of employees	21,997	33,222		
Revenue per employee ($)	660,308	472,918		
Value added per employee ($)	246,361	159,151		

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)