



**UNAUDITED RESULTS FOR THE SECOND QUARTER AND
HALF YEAR ENDED 30 SEPTEMBER 2016**

1(a) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2016 (in \$ million)**

| | The Group | | The Group | |
|--|------------------------------------|------------------------------------|---------------------------------|---------------------------------|
| | 2 nd Quarter 2016-17 | 2 nd Quarter 2015-16 | 1 st Half 2016-17 | 1 st Half 2015-16 |
| REVENUE | <u>3,650.3</u> | <u>3,844.8</u> | <u>7,304.7</u> | <u>7,578.1</u> |
| EXPENDITURE | | | | |
| Staff costs | 634.9 | 613.9 | 1,296.3 | 1,202.6 |
| Fuel costs | 946.4 | 1,211.6 | 1,841.7 | 2,464.1 |
| Depreciation | 400.9 | 392.2 | 780.9 | 782.8 |
| Impairment of property, plant and equipment | - | - | - | 8.2 |
| Amortisation of intangible assets | 9.7 | 8.0 | 18.8 | 15.8 |
| Aircraft maintenance and overhaul costs | 216.8 | 196.3 | 423.1 | 372.3 |
| Commission and incentives | 94.2 | 102.6 | 183.5 | 189.9 |
| Landing, parking and overflying charges | 203.0 | 189.7 | 403.2 | 376.6 |
| Handling charges | 293.0 | 286.8 | 587.6 | 564.0 |
| Rentals on leased aircraft | 222.4 | 240.5 | 447.4 | 427.2 |
| Material costs | 15.0 | 16.0 | 31.7 | 30.8 |
| Inflight meals | 136.5 | 141.8 | 269.0 | 273.8 |
| Advertising and sales costs | 72.7 | 80.1 | 135.3 | 145.4 |
| Insurance expenses | 10.9 | 10.3 | 21.5 | 20.9 |
| Company accommodation and utilities | 27.7 | 29.9 | 56.7 | 58.4 |
| Other passenger costs | 42.5 | 45.5 | 88.8 | 91.3 |
| Crew expenses | 38.0 | 37.2 | 75.3 | 72.7 |
| Other operating expenses | 176.6 | 113.8 | 341.6 | 241.3 |
| | <u>3,541.2</u> | <u>3,716.2</u> | <u>7,002.4</u> | <u>7,338.1</u> |
| OPERATING PROFIT | 109.1 | 128.6 | 302.3 | 240.0 |
| Finance charges | (10.3) | (13.3) | (20.8) | (26.6) |
| Interest income | 18.2 | 21.2 | 40.4 | 39.0 |
| Loss on disposal of aircraft, spares and spare engines | (11.8) | (2.0) | (12.8) | (2.6) |
| Dividends from long-term investments | 3.5 | 91.1 | 3.5 | 103.3 |
| Dividends from asset held for sale | - | - | 39.5 | - |
| Other non-operating items | (11.3) | 6.6 | 130.5 | 13.4 |
| Share of profits of joint venture companies | 2.3 | 6.7 | 6.2 | 6.0 |
| Share of (losses)/profits of associated companies | (17.0) | 0.9 | (64.8) | (6.2) |
| PROFIT BEFORE TAXATION | <u>82.7</u> | <u>239.8</u> | <u>424.0</u> | <u>366.3</u> |
| TAXATION | <u>(8.5)</u> | <u>(20.7)</u> | <u>(46.7)</u> | <u>(45.6)</u> |
| PROFIT FOR THE PERIOD | <u>74.2</u> | <u>219.1</u> | <u>377.3</u> | <u>320.7</u> |
| PROFIT ATTRIBUTABLE TO: | | | | |
| OWNERS OF THE PARENT | 64.9 | 213.6 | 321.5 | 304.8 |
| NON-CONTROLLING INTERESTS | 9.3 | 5.5 | 55.8 | 15.9 |
| | <u>74.2</u> | <u>219.1</u> | <u>377.3</u> | <u>320.7</u> |
| BASIC EARNINGS PER SHARE (CENTS) | 5.5 | 18.3 | 27.2 | 26.1 |
| DILUTED EARNINGS PER SHARE (CENTS) | 5.5 | 18.2 | 27.0 | 26.0 |

Notes:

(i) Profit for the period is arrived at after charging/(crediting) the following:

| | The Group | | The Group | |
|---|------------------------------------|------------------------------------|---------------------------------|---------------------------------|
| | 2 nd Quarter 2016-17 | 2 nd Quarter 2015-16 | 1 st Half 2016-17 | 1 st Half 2015-16 |
| Compensation for changes in aircraft delivery slots | (8.6) | (10.7) | (20.2) | (120.8) |
| Interest income from short-term investments | (0.2) | (0.3) | (0.4) | (0.5) |
| Dividend income from short-term investments | (0.3) | (0.3) | (0.7) | (0.7) |
| Income from operating lease of aircraft | (12.5) | (13.2) | (25.2) | (26.3) |
| Amortisation of deferred gain on sale and operating leaseback transactions | (1.6) | (0.9) | (3.3) | (4.2) |
| (Surplus)/Loss on disposal of short-term investments | (0.5) | 1.4 | 0.4 | 0.6 |
| Bad debts written off | 0.3 | - | 0.6 | - |
| (Writeback of impairment)/Impairment of trade debtors | (0.5) | 0.5 | (0.4) | 1.2 |
| Writedown of inventories | 0.3 | 4.5 | 1.7 | 11.1 |
| Exchange (gain)/loss, net | (1.8) | 4.5 | 8.2 | 35.7 |
| Currency hedging loss/(gain) | 17.6 | (36.4) | 25.3 | (73.1) |
| Fuel hedging loss recognised in "Fuel costs" | 139.9 | 306.6 | 323.6 | 569.3 |
| Ineffectiveness of fuel hedging contracts recognised in "Fuel costs" | 6.4 | (0.3) | (36.4) | 0.2 |
| (Over)/Underprovision of tax in respect of prior years | (7.1) | (1.0) | (10.6) | 6.9 |

(ii) The other non-operating items comprise the following:

| | The Group | | The Group | |
|--|------------------------------------|------------------------------------|---------------------------------|---------------------------------|
| | 2 nd Quarter 2016-17 | 2 nd Quarter 2015-16 | 1 st Half 2016-17 | 1 st Half 2015-16 |
| Impairment of aircraft | (20.8) | - | (20.8) | - |
| Surplus on disposal of asset held for sale | - | - | 141.6 | - |
| (Loss)/Surplus on disposal of other property, plant and equipment | (0.2) | 0.5 | - | 7.3 |
| Surplus on disposal of a subsidiary company | - | 3.3 | - | 3.3 |
| Surplus on partial disposal of an associated company | - | 2.8 | - | 2.8 |
| Surplus on dilution of interest in an associated company | 9.7 | - | 9.7 | - |
| | <u>(11.3)</u> | <u>6.6</u> | <u>130.5</u> | <u>13.4</u> |

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2016 (in \$ million)**

| | The Group | | The Group | |
|---|------------------------------------|------------------------------------|---------------------------------|---------------------------------|
| | 2 nd Quarter 2016-17 | 2 nd Quarter 2015-16 | 1 st Half 2016-17 | 1 st Half 2015-16 |
| PROFIT FOR THE PERIOD | 74.2 | 219.1 | 377.3 | 320.7 |
| OTHER COMPREHENSIVE INCOME: | | | | |
| <u>Items that are or may be reclassified subsequently to profit or loss:</u> | | | | |
| Currency translation differences | 20.2 | 9.4 | (7.4) | (10.6) |
| Net fair value changes on available-for-sale financial assets | 5.3 | (5.7) | (133.0) | (7.5) |
| Net fair value changes on cash flow hedges | 64.6 | (129.7) | 515.2 | 114.8 |
| Share of other comprehensive income of associated and joint venture companies | (14.5) | 0.8 | 14.7 | 7.1 |
| | <u>75.6</u> | <u>(125.2)</u> | <u>389.5</u> | <u>103.8</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX | <u>149.8</u> | <u>93.9</u> | <u>766.8</u> | <u>424.5</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| OWNERS OF THE PARENT | 138.8 | 84.1 | 741.8 | 401.1 |
| NON-CONTROLLING INTERESTS | <u>11.0</u> | <u>9.8</u> | <u>25.0</u> | <u>23.4</u> |
| | <u>149.8</u> | <u>93.9</u> | <u>766.8</u> | <u>424.5</u> |

1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2016 (in \$ million)

| | The Group | | The Company | |
|--|----------------|----------------|----------------|----------------|
| | 30-Sep 2016 | 31-Mar 2016 | 30-Sep 2016 | 31-Mar 2016 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | | | |
| Share capital | 1,856.1 | 1,856.1 | 1,856.1 | 1,856.1 |
| Treasury shares | (194.8) | (381.5) | (194.8) | (381.5) |
| Other reserves | 11,574.4 | 11,280.1 | 10,900.8 | 10,533.6 |
| | 13,235.7 | 12,754.7 | 12,562.1 | 12,008.2 |
| NON-CONTROLLING INTERESTS | | | | |
| | 371.3 | 378.2 | - | - |
| TOTAL EQUITY | 13,607.0 | 13,132.9 | 12,562.1 | 12,008.2 |
| DEFERRED ACCOUNT | 242.2 | 225.3 | 220.3 | 197.5 |
| DEFERRED TAXATION | 1,859.4 | 1,681.7 | 1,472.7 | 1,346.5 |
| LONG-TERM LIABILITIES | 1,223.2 | 1,283.4 | 1,067.3 | 1,110.1 |
| PROVISIONS | 934.5 | 877.1 | 683.7 | 647.2 |
| DEFINED BENEFIT PLANS | 126.3 | 129.3 | 118.7 | 121.4 |
| | 17,992.6 | 17,329.7 | 16,124.8 | 15,430.9 |
| Represented by:- | | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | | |
| Aircraft, spares and spare engines | 10,797.1 | 10,510.7 | 7,587.5 | 7,541.8 |
| Others | 4,328.1 | 3,632.8 | 3,323.6 | 2,699.4 |
| | 15,125.2 | 14,143.5 | 10,911.1 | 10,241.2 |
| INTANGIBLE ASSETS | 519.4 | 515.8 | 167.4 | 167.0 |
| SUBSIDIARY COMPANIES | - | - | 4,617.7 | 4,460.9 |
| ASSOCIATED COMPANIES | 1,017.5 | 901.9 | 731.6 | 531.5 |
| JOINT VENTURE COMPANIES | 153.3 | 156.3 | - | - |
| LONG-TERM INVESTMENTS | 527.3 | 773.1 | 508.5 | 754.4 |
| OTHER LONG-TERM ASSETS | 609.5 | 496.8 | 504.7 | 398.7 |
| DEFERRED ACCOUNT | 9.0 | 6.0 | 3.6 | - |
| CURRENT ASSETS | | | | |
| Inventories | 177.9 | 181.9 | 107.6 | 108.2 |
| Trade debtors | 1,149.1 | 1,221.8 | 736.9 | 799.4 |
| Deposits and other debtors | 123.2 | 114.8 | 46.7 | 43.5 |
| Prepayments | 182.5 | 132.4 | 149.1 | 104.8 |
| Amounts owing by subsidiary companies | - | - | 164.4 | 318.0 |
| Loan receivable from an associated company | - | 62.0 | - | 62.0 |
| Derivative assets | 55.2 | 24.9 | 51.5 | 22.3 |
| Investments | 795.0 | 668.1 | 726.5 | 601.9 |
| Cash and bank balances | 3,277.5 | 3,972.4 | 2,726.2 | 3,239.2 |
| Other short-term assets | 18.3 | - | 18.3 | - |
| Assets held for sale | - | 398.0 | - | - |
| | 5,778.7 | 6,776.3 | 4,727.2 | 5,299.3 |
| Less: CURRENT LIABILITIES | | | | |
| Sales in advance of carriage | 1,585.9 | 1,626.2 | 1,383.0 | 1,460.1 |
| Deferred revenue | 689.8 | 669.4 | 689.8 | 669.4 |
| Current tax payable | 138.4 | 191.9 | 80.8 | 131.0 |
| Trade and other creditors | 2,879.7 | 2,899.0 | 2,125.4 | 2,194.9 |
| Amounts owing to subsidiary companies | - | - | 1,397.7 | 1,191.1 |
| Borrowings | 44.0 | 211.9 | - | - |
| Provisions | 203.1 | 218.5 | 168.6 | 180.5 |
| Derivative liabilities | 206.4 | 623.1 | 201.7 | 595.1 |
| | 5,747.3 | 6,440.0 | 6,047.0 | 6,422.1 |
| NET CURRENT ASSETS/(LIABILITIES) | 31.4 | 336.3 | (1,319.8) | (1,122.8) |
| | 17,992.6 | 17,329.7 | 16,124.8 | 15,430.9 |

1(b) (ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

| As at 30 September 2016 | | As at 31 March 2016 | |
|-------------------------|-----------|---------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$36.4M | \$7.6M | \$203.1M | \$8.8M |

Amount repayable after one year

| As at 30 September 2016 | | As at 31 March 2016 | |
|-------------------------|------------|---------------------|------------|
| Secured | Unsecured | Secured | Unsecured |
| \$92.9M | \$1,024.7M | \$111.1M | \$1,024.5M |

Details of any collateral

The secured borrowings pertained to secured bank loans (\$95.2 million) and finance leases of aircraft (\$34.1 million). The secured bank loans are secured via assignment of the aircraft purchase agreement, assignment of engine warranty and credit agreement as well as mortgage of the aircraft.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2016 (in \$ million)**

| | The Group | | The Group | |
|--|------------------------------------|------------------------------------|---------------------------------|---------------------------------|
| | 2 nd Quarter 2016-17 | 2 nd Quarter 2015-16 | 1 st Half 2016-17 | 1 st Half 2015-16 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Profit before taxation | 82.7 | 239.8 | 424.0 | 366.3 |
| Adjustments for: | | | | |
| Depreciation | 400.9 | 392.2 | 780.9 | 782.8 |
| Impairment of property, plant and equipment | - | - | - | 8.2 |
| Amortisation of intangible assets | 9.7 | 8.0 | 18.8 | 15.8 |
| (Writeback of impairment)/Impairment of trade debtors | (0.5) | 0.5 | (0.4) | 1.2 |
| Writedown of inventories | 0.3 | 4.5 | 1.7 | 11.1 |
| Income from short-term investments | (0.5) | (0.6) | (1.1) | (1.2) |
| Provisions | 72.9 | 63.7 | 147.5 | 67.8 |
| Share-based compensation expense | 4.3 | 3.2 | 7.5 | 6.1 |
| Exchange differences | (17.1) | (53.6) | (15.0) | (32.4) |
| Amortisation of deferred gain on sale and operating leaseback transactions | (1.6) | (0.9) | (3.3) | (4.2) |
| Finance charges | 10.3 | 13.3 | 20.8 | 26.6 |
| Interest income | (18.2) | (21.2) | (40.4) | (39.0) |
| Loss on disposal of aircraft, spares and spare engines | 11.8 | 2.0 | 12.8 | 2.6 |
| Dividends from long-term investments | (3.5) | (91.1) | (3.5) | (103.3) |
| Dividend from asset held for sale | - | - | (39.5) | - |
| Other non-operating items | 11.3 | (6.6) | (130.5) | (13.4) |
| Share of profits of joint venture companies | (2.3) | (6.7) | (6.2) | (6.0) |
| Share of losses/(profits) of associated companies | 17.0 | (0.9) | 64.8 | 6.2 |
| Operating cash flow before working capital changes | 577.5 | 545.6 | 1,238.9 | 1,095.2 |
| (Decrease)/Increase in trade and other creditors | (74.0) | 31.4 | (60.0) | (9.7) |
| Increase/(Decrease) in sales in advance of carriage | 5.2 | 102.2 | (40.3) | 288.2 |
| (Increase)/Decrease in trade debtors | (113.7) | (35.1) | 72.9 | 70.9 |
| Decrease/(Increase) in deposits and other debtors | 14.0 | (6.1) | 18.0 | (15.9) |
| Decrease/(Increase) in prepayments | 14.9 | 1.0 | (50.1) | (17.4) |
| Decrease/(Increase) in inventories | 2.2 | (8.3) | 2.3 | (0.6) |
| Increase in deferred revenue | 11.1 | 11.8 | 20.4 | 18.1 |
| Cash generated from operations | 437.2 | 642.5 | 1,202.1 | 1,428.8 |
| Income taxes paid | (18.0) | (27.9) | (23.9) | (32.0) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 419.2 | 614.6 | 1,178.2 | 1,396.8 |

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2016 (in \$ million)**

| | The Group | | The Group | |
|---|------------------------------------|------------------------------------|---------------------------------|---------------------------------|
| | 2 nd Quarter 2016-17 | 2 nd Quarter 2015-16 | 1 st Half 2016-17 | 1 st Half 2015-16 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Capital expenditure | (834.9) | (746.0) | (1,930.0) | (1,338.5) |
| Purchase of intangible assets | (9.8) | (14.6) | (21.8) | (22.1) |
| Proceeds from disposal of aircraft and other property, plant and equipment | 21.8 | 99.9 | 23.0 | 167.6 |
| Purchase of long-term investments | (0.6) | (141.9) | (0.6) | (182.6) |
| Purchase of short-term investments | (177.8) | (22.0) | (487.1) | (67.3) |
| Proceeds from disposal of short-term investments | 278.2 | 14.9 | 615.3 | 104.6 |
| Dividends received from associated and joint venture companies | 13.4 | 25.7 | 39.3 | 37.4 |
| Dividends received from investments | 3.8 | 91.5 | 4.2 | 104.0 |
| Dividends received from asset held for sale | - | - | 39.5 | - |
| Interest received from investments and deposits | 21.0 | 21.0 | 43.4 | 37.3 |
| Proceeds from disposal of assets held for sale | 33.2 | - | 405.5 | - |
| Proceeds from disposal of a subsidiary company, net of cash disposed | - | 0.1 | - | 0.1 |
| Loan to an associated company | - | - | (54.4) | - |
| Proceeds from repayment of loan from an associated company | 116.4 | - | 116.4 | - |
| Investments in associated companies | (200.1) | (21.5) | (200.1) | (42.6) |
| Proceeds from partial disposal of an associated company | - | 4.9 | - | 4.9 |
| NET CASH USED IN INVESTING ACTIVITIES | (735.4) | (688.0) | (1,407.4) | (1,197.2) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Dividends paid | (415.0) | (199.1) | (415.0) | (199.1) |
| Dividends paid by subsidiary companies to non-controlling interests | (23.9) | (24.3) | (25.5) | (25.0) |
| Proceeds from exercise of share options pursuant to the Voluntary Conditional General Offer ("VGO") of Tiger Airways | - | - | 301.2 | - |
| Acquisition of non-controlling interests without a change in control | - | - | (49.3) | - |
| Issuance of share capital by a subsidiary company | 2.4 | - | 3.8 | - |
| Interest paid | (10.8) | (15.2) | (21.6) | (28.7) |
| Proceeds from borrowings | - | 0.4 | 1.8 | 1.6 |
| Repayment of borrowings | (29.6) | (9.3) | (177.8) | (18.5) |
| Repayment of long-term lease liabilities | (5.3) | (17.0) | (10.6) | (31.7) |
| Proceeds from exercise of share options | 1.7 | 0.3 | 33.2 | 18.1 |
| Repayment of bonds | - | (300.0) | - | (300.0) |
| Purchase of treasury shares | (51.8) | (84.1) | (134.3) | (85.4) |
| NET CASH USED IN FINANCING ACTIVITIES | (532.3) | (648.3) | (494.1) | (668.7) |
| NET CASH OUTFLOW | (848.5) | (721.7) | (723.3) | (469.1) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 4,096.9 | 5,262.5 | 3,972.4 | 5,042.7 |
| Effect of exchange rate changes | 29.1 | 65.5 | 28.4 | 32.7 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 3,277.5 | 4,606.3 | 3,277.5 | 4,606.3 |
| ANALYSIS OF CASH AND CASH EQUIVALENTS | | | | |
| Fixed deposits | 2,259.8 | 3,709.9 | 2,259.8 | 3,709.9 |
| Cash and bank | 1,017.7 | 896.4 | 1,017.7 | 896.4 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 3,277.5 | 4,606.3 | 3,277.5 | 4,606.3 |

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016 (in \$ million)**

| The Group | Attributable to Owners of the Parent | | | | | | | Total | Non-controlling interests | Total equity |
|--|--------------------------------------|-----------------|-----------------|--------------------------------------|----------------------------------|--------------------|-----------------|-----------------|---------------------------|-----------------|
| | Share capital | Treasury shares | Capital reserve | Foreign currency translation reserve | Share-based compensation reserve | Fair value reserve | General reserve | | | |
| Balance at 1 July 2016 | 1,856.1 | (154.0) | (135.6) | (178.4) | 96.3 | (126.1) | 12,206.8 | 13,565.1 | 382.4 | 13,947.5 |
| <u>Comprehensive income</u> | | | | | | | | | | |
| Currency translation differences | - | - | - | 17.9 | - | - | - | 17.9 | 2.3 | 20.2 |
| Net fair value changes on available-for-sale assets | - | - | - | - | - | 5.6 | - | 5.6 | (0.3) | 5.3 |
| Net fair value changes on cash flow hedges | - | - | - | - | - | 64.9 | - | 64.9 | (0.3) | 64.6 |
| Share of other comprehensive income of associated and joint venture companies | - | - | - | - | (0.6) | (13.9) | - | (14.5) | - | (14.5) |
| Other comprehensive income for the period | - | - | - | 17.9 | (0.6) | 56.6 | - | 73.9 | 1.7 | 75.6 |
| Profit for the period | - | - | - | - | - | - | 64.9 | 64.9 | 9.3 | 74.2 |
| Total comprehensive income for the period, net of tax | - | - | - | 17.9 | (0.6) | 56.6 | 64.9 | 138.8 | 11.0 | 149.8 |
| <u>Transactions with owners, recorded directly in equity</u> | | | | | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | | |
| Share of other changes in equity of associated companies | - | - | (8.2) | - | - | - | - | (8.2) | - | (8.2) |
| Realisation of reserves from dilution of interest in an associated company | - | - | (8.5) | 5.3 | (0.5) | 0.8 | 9.0 | 6.1 | - | 6.1 |
| Surplus on dilution of interest in a subsidiary company due to share options exercised | - | - | - | - | (3.0) | - | (3.4) | (6.4) | (0.6) | (7.0) |
| Share-based compensation expense | - | - | - | - | 4.3 | - | - | 4.3 | - | 4.3 |
| Share options lapsed | - | - | - | - | (4.9) | - | 4.9 | - | - | - |
| Purchase of treasury shares | - | (51.8) | - | - | - | - | - | (51.8) | - | (51.8) |
| Treasury shares reissued pursuant to equity compensation plans | - | 11.0 | 1.4 | - | (9.6) | - | - | 2.8 | - | 2.8 |
| Issuance of share capital by a subsidiary company | - | - | - | - | - | - | - | - | 2.4 | 2.4 |
| Dividends | - | - | - | - | - | - | (415.0) | (415.0) | (23.9) | (438.9) |
| Total transactions with owners | - | (40.8) | (15.3) | 5.3 | (13.7) | 0.8 | (404.5) | (468.2) | (22.1) | (490.3) |
| Balance at 30 September 2016 | <u>1,856.1</u> | <u>(194.8)</u> | <u>(150.9)</u> | <u>(155.2)</u> | <u>82.0</u> | <u>(68.7)</u> | <u>11,867.2</u> | <u>13,235.7</u> | <u>371.3</u> | <u>13,607.0</u> |

**STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2015 (in \$ million)**

| The Group | Attributable to Owners of the Parent | | | | | | | Total | Non-controlling interests | Total equity |
|--|--------------------------------------|-----------------|-----------------|--------------------------------------|----------------------------------|--------------------|-----------------|-----------------|---------------------------|-----------------|
| | Share capital | Treasury shares | Capital reserve | Foreign currency translation reserve | Share-based compensation reserve | Fair value reserve | General reserve | | | |
| Balance at 1 July 2015 | 1,856.1 | (307.7) | 214.7 | (158.9) | 105.8 | (457.5) | 11,543.8 | 12,796.3 | 481.3 | 13,277.6 |
| <u>Comprehensive income</u> | | | | | | | | | | |
| Currency translation differences | - | - | - | 5.1 | - | - | - | 5.1 | 4.3 | 9.4 |
| Net fair value changes on available-for-sale assets | - | - | - | - | - | (5.7) | - | (5.7) | - | (5.7) |
| Net fair value changes on cash flow hedges | - | - | - | - | - | (129.7) | - | (129.7) | - | (129.7) |
| Share of other comprehensive income of associated and joint venture companies | - | - | - | - | 0.1 | 0.7 | - | 0.8 | - | 0.8 |
| Other comprehensive income for the period | - | - | - | 5.1 | 0.1 | (134.7) | - | (129.5) | 4.3 | (125.2) |
| Profit for the period | - | - | - | - | - | - | 213.6 | 213.6 | 5.5 | 219.1 |
| Total comprehensive income for the period, net of tax | - | - | - | 5.1 | 0.1 | (134.7) | 213.6 | 84.1 | 9.8 | 93.9 |
| <u>Transactions with owners, recorded directly in equity</u> | | | | | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | | |
| Surplus on dilution of interest in subsidiary companies due to share options exercised | - | - | - | - | (1.4) | - | (0.6) | (2.0) | 2.1 | 0.1 |
| Share-based compensation expense | - | - | - | - | 3.2 | - | - | 3.2 | - | 3.2 |
| Share options lapsed | - | - | - | - | (0.7) | - | 0.7 | - | - | - |
| Purchase of treasury shares | - | (84.1) | - | - | - | - | - | (84.1) | - | (84.1) |
| Treasury shares reissued pursuant to equity compensation plans | - | 4.1 | (0.5) | - | (3.4) | - | - | 0.2 | - | 0.2 |
| Dividends | - | - | - | - | - | - | (199.1) | (199.1) | (24.3) | (223.4) |
| Total contributions by and distributions to owners | - | (80.0) | (0.5) | - | (2.3) | - | (199.0) | (281.8) | (22.2) | (304.0) |
| <u>Changes in ownership interests in subsidiaries</u> | | | | | | | | | | |
| Disposal of a subsidiary company | - | - | - | - | - | - | - | - | (3.1) | (3.1) |
| Total changes in ownership interests in subsidiaries | - | - | - | - | - | - | - | - | (3.1) | (3.1) |
| Total transactions with owners | - | (80.0) | (0.5) | - | (2.3) | - | (199.0) | (281.8) | (25.3) | (307.1) |
| Balance at 30 September 2015 | <u>1,856.1</u> | <u>(387.7)</u> | <u>214.2</u> | <u>(153.8)</u> | <u>103.6</u> | <u>(592.2)</u> | <u>11,558.4</u> | <u>12,598.6</u> | <u>465.8</u> | <u>13,064.4</u> |

**STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016 (in \$ million)**

| The Company | Share capital | Treasury shares | Capital reserve | Share-based compensation reserve | Fair value reserve | General reserve | Total |
|--|---------------|-----------------|-----------------|----------------------------------|--------------------|-----------------|----------|
| Balance at 1 July 2016 | 1,856.1 | (154.0) | 24.5 | 84.1 | (122.6) | 11,105.0 | 12,793.1 |
| <u>Comprehensive income</u> | | | | | | | |
| Net fair value changes on available-for-sale assets | - | - | - | - | 2.4 | - | 2.4 |
| Net fair value changes on cash flow hedges | - | - | - | - | 53.8 | - | 53.8 |
| Other comprehensive income for the period | - | - | - | - | 56.2 | - | 56.2 |
| Profit for the period | - | - | - | - | - | 175.0 | 175.0 |
| Total comprehensive income for the period, net of tax | - | - | - | - | 56.2 | 175.0 | 231.2 |
| <u>Transactions with owners, recorded directly in equity</u> | | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | | |
| Share-based compensation expense | - | - | - | 1.8 | - | - | 1.8 |
| Share options lapsed | - | - | - | (4.9) | - | 4.9 | - |
| Purchase of treasury shares | - | (51.8) | - | - | - | - | (51.8) |
| Treasury shares reissued pursuant to equity compensation plans | - | 11.0 | 1.4 | (9.6) | - | - | 2.8 |
| Dividends | - | - | - | - | - | (415.0) | (415.0) |
| Total transactions with owners | - | (40.8) | 1.4 | (12.7) | - | (410.1) | (462.2) |
| Balance at 30 September 2016 | 1,856.1 | (194.8) | 25.9 | 71.4 | (66.4) | 10,869.9 | 12,562.1 |

**STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2015 (in \$ million)**

| The Company | Share capital | Treasury shares | Capital reserve | Share-based compensation reserve | Fair value reserve | General reserve | Total |
|--|---------------|-----------------|-----------------|----------------------------------|--------------------|-----------------|----------|
| Balance at 1 July 2015 | 1,856.1 | (307.7) | (5.7) | 88.6 | (378.3) | 10,659.2 | 11,912.2 |
| <u>Comprehensive income</u> | | | | | | | |
| Net fair value changes on available-for-sale assets | - | - | - | - | (3.0) | - | (3.0) |
| Net fair value changes on cash flow hedges | - | - | - | - | (93.4) | - | (93.4) |
| Other comprehensive income for the period | - | - | - | - | (96.4) | - | (96.4) |
| Profit for the period | - | - | - | - | - | 260.3 | 260.3 |
| Total comprehensive income for the period, net of tax | - | - | - | - | (96.4) | 260.3 | 163.9 |
| <u>Transactions with owners, recorded directly in equity</u> | | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | | |
| Share-based compensation expense | - | - | - | 2.6 | - | - | 2.6 |
| Share options lapsed | - | - | - | (0.7) | - | 0.7 | - |
| Purchase of treasury shares | - | (84.1) | - | - | - | - | (84.1) |
| Treasury shares reissued pursuant to equity compensation plans | - | 4.1 | (0.5) | (3.4) | - | - | 0.2 |
| Dividends | - | - | - | - | - | (199.1) | (199.1) |
| Total transactions with owners | - | (80.0) | (0.5) | (1.5) | - | (198.4) | (280.4) |
| Balance at 30 September 2015 | 1,856.1 | (387.7) | (6.2) | 87.1 | (474.7) | 10,721.1 | 11,795.7 |

1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL AND SHARE PLANS IN THE COMPANY

Share Capital

During the period July to September 2016, the Company did not issue any shares upon exercise of options pursuant to share options exercised under the Employee Share Option Plan, as treasury shares were transferred to the employees.

| Group and Company | Number of Shares | Share Capital (\$ million) |
|---|------------------|-------------------------------|
| Issued and fully paid share capital <u>Ordinary Shares</u> | | |
| Balance at 1 July 2016 | 1,199,851,018 | 1,856.1 |
| Share options exercised during the period July to September 2016 | - | - |
| Balance at 30 September 2016 | 1,199,851,018 | 1,856.1 |

As at 30 September 2016, the number of ordinary shares in issue was 1,199,851,018 of which 18,382,428 were held by the Company as treasury shares (30 September 2015: 1,199,851,018 ordinary shares of which 36,655,220 were held as treasury shares). The share capital was \$1,856.1 million.

Employee Share Option Plan

As at 30 September 2016, the number of share options of the Company outstanding was 17,026,125 (30 September 2015: 22,058,715). During the period July to September 2016, 119,940 options were exercised under the Singapore Airlines Limited Employee Share Option Plan, which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees. Treasury shares were transferred to the employees on exercise of these share options.

The movement of share options of the Company during the period July to September is as follows:

| Date of Grant | Balance at 01.07.2016 | Cancelled | Exercised | Balance at 30.09.2016 | Exercise price* | Expiry date |
|---------------|--------------------------|-------------|-----------|--------------------------|--------------------|-------------|
| 03.07.2006 | 1,592,628 | (1,472,688) | (119,940) | - | \$9.34 | 02.07.2016 |
| 02.07.2007 | 8,954,792 | (83,600) | - | 8,871,192 | \$15.46 | 01.07.2017 |
| 01.07.2008 | 8,223,381 | (68,448) | - | 8,154,933 | \$12.07 | 30.06.2018 |
| | 18,770,801 | (1,624,736) | (119,940) | 17,026,125 | | |

* Following approval by the Company's shareholders of the declaration of a special dividend of \$0.50 per share on 31 July 2007, the Board Compensation & Industrial Relations Committee approved a reduction of \$0.50 in the exercise prices of the share options outstanding on 2 August 2007. The said Committee approved another \$1.71 reduction in the exercise prices of the share options outstanding on 28 August 2009 following approval by the Company's shareholders of the dividend *in specie* of SATS shares on 31 July 2009. The Committee approved another reduction of \$0.80 in the exercise prices of the share options outstanding on 18 August 2011, following approval by the Company's shareholders of the declaration of a special dividend of \$0.80 per share on 29 July 2011. Following approval by the Company's shareholders of the declaration of a special dividend of \$0.25 per share on 30 July 2014, the Committee approved another reduction of \$0.25 in the exercise prices of the share options outstanding on 14 August 2014. The exercise prices reflected here are the exercise prices after such adjustments.

Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

In addition to the Employee Share Option Plan, senior management staff are entitled to two share-based incentive plans, the RSP and PSP, which were first approved by the shareholders of the Company on 28 July 2005 and expired on 27 July 2015. On 30 July 2014, the shareholders of the Company approved the RSP 2014 and PSP 2014, which replaced the RSP and PSP respectively.

Depending on the achievement of pre-determined targets over a stipulated period for the RSP and PSP, the final number of restricted shares and performance shares awarded could range between 0% and 150% of the initial grant of the restricted shares and between 0% and 200% of the initial grant of the performance shares.

As at 30 September 2016, the number of outstanding shares granted under the Company's RSP and PSP were 1,972,121 (30 September 2015: 1,692,528) and 729,168 respectively (30 September 2015: 716,693).

The details of the shares awarded under RSP and PSP are as follows:

| Date of Grant | Number of Restricted Shares | | | | Balance at 30.09.2016 |
|---------------|-----------------------------|---------|-------------|-----------|-----------------------|
| | Balance at 01.07.2016 | Granted | Adjustment# | Vested | |
| RSP | | | | | |
| 10.07.2012 | 101,394 | - | - | (101,394) | - |
| 15.07.2013 | 186,175 | - | - | (99,605) | 86,570 |
| 03.07.2014 | 689,073 | - | 131,617 | (445,085) | 375,605 |
| 03.07.2015 | 715,092 | - | - | - | 715,092 |
| 18.07.2016 | - | 794,854 | - | - | 794,854 |
| | 1,691,734 | 794,854 | 131,617 | (646,084) | 1,972,121 |

Adjustment at the end of performance period upon meeting stated performance targets and adjustments for number of days in service for retirees.

| Date of Grant | Number of Performance Shares | | | | Balance at 30.09.2016 |
|---------------|------------------------------|---------|-------------|-----------|-----------------------|
| | Balance at 01.07.2016 | Granted | Adjustment# | Vested | |
| PSP | | | | | |
| 15.07.2013 | 228,425 | - | (123,005) | (105,420) | - |
| 03.07.2014 | 248,568 | - | - | - | 248,568 |
| 03.07.2015 | 239,700 | - | - | - | 239,700 |
| 18.07.2016 | - | 240,900 | - | - | 240,900 |
| | 716,693 | 240,900 | (123,005) | (105,420) | 729,168 |

Adjustment at the end of performance period upon meeting stated performance targets and adjustment for number of days in service for retirees.

In addition, the Board Compensation & Industrial Relations Committee approved a special time-based RSP in FY2010-11 to be granted to senior management. The details of the shares awarded under the special time-based RSP are as follows:

| Date of Grant | Number of Time-based Restricted Shares | | | Balance at 30.09.2016 |
|---------------|--|---------|--------|-----------------------|
| | Balance at 01.07.2016 | Granted | Vested | |
| RSP | | | | |
| 07.05.2010 | 5,426 | - | - | 5,426 |

Deferred Share Award ("DSA")

Since September 2013, DSA of fully paid ordinary shares were granted to senior management. At the end of a 3-year vesting period, an additional final award will be vested equal to the Base Award multiplied by the accumulated dividend yield. The details of the DSA are as follows:

| Date of Grant | Number of Deferred Share Award | | | | Balance at 30.09.2016 |
|---------------|--------------------------------|---------|-------------------------|-----------|-----------------------|
| | Balance at 01.07.2016 | Granted | Adjustment [^] | Vested | |
| DSA | | | | | |
| 04.09.2013 | 154,557 | - | 11,610 | (166,167) | - |
| 28.08.2014 | 73,470 | - | - | - | 73,470 |
| 10.09.2015 | 74,790 | - | - | - | 74,790 |
| 01.09.2016 | - | 65,740 | - | - | 65,740 |
| | 302,817 | 65,740 | 11,610 | (166,167) | 214,000 |

[^] Adjustment at the end of performance period for Accumulated Dividend Yield.

1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 September 2016, the number of ordinary shares in issue was 1,199,851,018 of which 18,382,428 were held by the Company as treasury shares (30 September 2015: 1,199,851,018 ordinary shares of which 36,655,220 were held as treasury shares).

1(d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the period July to September 2016, the Company purchased 4,854,500 treasury shares (July to September 2015: 8,312,200).

The Company transferred 119,940 treasury shares to employees on exercise of share options and another 917,671 treasury shares on vesting of share-based incentive plans (July to September 2015: 25,693 on exercise of share options and 358,126 on vesting of share-based incentive plans). Treasury shares are presented as a component within equity attributable to owners of the parent.

| Group and Company | Number of Shares | Treasury Shares (\$ million) |
|---|------------------|------------------------------|
| Balance at 1 July 2016 | 14,565,539 | (154.0) |
| Purchase of treasury shares | 4,854,500 | (51.8) |
| Treasury shares transferred on exercise of share options | (119,940) | 1.3 |
| Treasury shares transferred on vesting of share-based incentive plans | (917,671) | 9.7 |
| Balance at 30 September 2016 | 18,382,428 | (194.8) |

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The financial statements have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 March 2016. The adoption of the new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are mandatory for financial year beginning on or after 1 April 2016 has no significant impact on the Group.

During the period, with effect from 1 April 2016:

1. The Group revised certain assumptions to recognise passenger ticket breakage revenue from expected unutilised tickets on flight date, resulting in a one-time increase in revenue of approximately \$151.2 million.
2. The Group identified the embedded engine overhaul element within the engine as a separate component for depreciation over a shorter useful life of between 4 to 8 years. The effect of this revision is an increase in depreciation expense of approximately \$6.9 million for the second quarter ended 30 September 2016 and approximately \$13.5 million for the first half ended 30 September 2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | The Group | | | |
|----------------------------|------------------------------------|------------------------------------|---------------------------------|---------------------------------|
| | 2 nd Quarter 2016-17 | 2 nd Quarter 2015-16 | 1 st Half 2016-17 | 1 st Half 2015-16 |
| Earnings per share (cents) | | | | |
| - Basic | 5.5 | 18.3 | 27.2 | 26.1 |
| - Diluted | 5.5 | 18.2 | 27.0 | 26.0 |

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

| | The Group | | The Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | As at 30 Sep 16 | As at 31 Mar 16 | As at 30 Sep 16 | As at 31 Mar 16 |
| Net asset value per ordinary share (\$) | 11.20 | 10.96 | 10.63 | 10.32 |

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

GROUP FINANCIAL PERFORMANCE

First Half Operating Results

The Group earned an operating profit of \$302 million in the first half of the 2016-17 financial year, improving \$62 million (+25.8%) year-on-year.

Group revenue declined \$273 million from one year ago to \$7,305 million (-3.6%). Passenger flown revenue from the Parent Airline Company fell \$320 million (-6.4%), as downward pressure on yields persisted. This was partly compensated by higher flown revenue from Scoot (+\$88 million), supported by its rapid growth. Cargo and mail revenue dropped \$99 million (-9.6%), notwithstanding higher freight carriage, as cargo yield was further eroded. The decline in passenger flown revenue and cargo revenue was partly mitigated by growth in other revenue, largely arising from up-front recognition of revenue from unutilised tickets, partially offset by the absence of income earned upon the release of seven aircraft delivery slots reported last year.

Group expenditure contracted by \$335 million to \$7,003 million (-4.6%). Net fuel costs declined \$622 million (-25.2%), arising from a 21% drop in average jet fuel price (-\$411 million), lower hedging loss (-\$282 million) and weaker US Dollar against the Singapore Dollar (-\$4 million), partly offset by higher uplift (+\$75 million). Ex-fuel costs were up \$287 million or 5.9% from one year ago, partly attributable to capacity expansion by SilkAir and Scoot.

First Half Operating Results of Main Companies

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

| Operating Profit/(Loss) | 1st Half FY2016-17 \$ million | 1st Half FY2015-16 \$ million |
|-------------------------|-------------------------------------|-------------------------------------|
| Parent Airline Company | 276 | 206 |
| SilkAir | 44 | 26 |
| Scoot | 6 | (22) |
| Tiger Airways | 11 | (10) |
| SIA Cargo | (45) | (12) |
| SIA Engineering | 23 | 48 |

The Parent Airline Company registered a \$70 million year-on-year increase in operating profit for the first half of the financial year. Total revenue declined \$343 million, as passenger flown revenue dropped \$320 million on the back of a 3.2% contraction in passenger carriage (measured in revenue passenger-kilometres) and a 2.9% decline in passenger yield. Passenger load factor fell 1.9 percentage points to 78.1%, on a marginal decline in capacity (measured in available seat-kilometres) of 0.9%. Expenditure was \$413 million lower, with \$525 million savings in net fuel costs, partially offset by an exchange loss compared to exchange gain last year, higher staff costs, and higher aircraft maintenance and overhaul costs.

SilkAir reported an operating profit of \$44 million in the first half, up \$18 million or 69.2% from last year. Total revenue increased \$8 million mainly from higher other revenue, while passenger flown revenue was largely flat year-on-year. Passenger carriage increased by 8.1%, trailing capacity growth (+10.3%), leading to a lower passenger load factor of 69.9% (-1.4 percentage points). Yield was 7.5% lower compared to one year ago. Expenditure declined by \$10 million, as fuel cost savings more than offset the higher costs from expansion.

Scoot recorded an operating profit of \$6 million in the first half of the financial year, improving \$28 million year-on-year. Total revenue rose \$95 million (+45.2%), supported by substantial growth in passenger carriage (+53.2%), though discounted by a weaker yield (-5.7%). Capacity expanded more rapidly by 55.6%, and consequently passenger load factor was 1.3 percentage points lower at 81.8%. Expenditure rose \$67 million (+28.9%) largely in tandem with the increase in capacity, although unit cost was down 19.2%.

Tiger Airways achieved an operating profit of \$11 million, reversing a loss in the prior year. Passenger carriage fell 2.3% on the back of a capacity dip (-1.1%), but yield was flat year-on-year. Passenger load factor dropped by 1.0 percentage point to 82.8%. Reduced expenditure (\$24 million) more than offset the drop in revenue (-\$3 million) from lower traffic, as fuel costs shrunk.

SIA Cargo's operating loss widened by \$33 million to \$45 million. Freight carriage grew 7.3%, outpacing the capacity increase of 5.7%, resulting in an increase in cargo load factor by 0.9 percentage point to 61.6%. Revenue, however, declined \$101 million as yield dropped 16.6%. This was partly mitigated by a reduction in expenditure, which was mainly attributable to lower fuel costs.

SIA Engineering's operating profit decreased by \$25 million compared to last year. Revenue fell \$8 million, mainly from fleet management programme and line maintenance services. Expenditure rose \$17 million, largely due to higher provision for a profit sharing bonus that arose from the divestment of Hong Kong Aero Engine Services Ltd (HAESL), partly compensated by lower subcontract costs.

First Half Net Profit

The Group reported a net profit of \$322 million for the first half, up \$17 million (+5.6%) compared to the same period last year.

In addition to improved operating results, the Group recognised a \$142 million gain from SIA Engineering's divestment of HAESL. These were partially offset by lower dividends from long-term investments (-\$100 million)¹, a widened share of losses from associates (-\$59 million), Scoot's impairment on two 777-200 aircraft (-\$21 million), and higher loss on disposal of aircraft (-\$10 million).

Second Quarter 2016-17

Group operating profit for the second quarter declined \$20 million to \$109 million (-15.5%), as the \$174 million fall in expenditure was insufficient to cushion the \$194 million reduction in revenue.

The operating results of the main companies in the Group for the second quarter of the financial year were as follows:

| Operating Profit/(Loss) | 2nd Quarter FY2016-17 \$ million | 2nd Quarter FY2015-16 \$ million |
|-------------------------|--|--|
| Parent Airline Company | 79 | 98 |
| SilkAir | 17 | 21 |
| Scoot | 5 | (2) |
| Tiger Airways | 3 | (10) |
| SIA Cargo | (11) | (3) |
| SIA Engineering | 25 | 27 |

Most companies in the Group recorded weaker operating results amid a sluggish global economy. However, Scoot and Tiger Airways registered improvements year-on-year as the low-cost carriers continued to perform better on the back of an extended network and reduced operating expenditure.

Group net profit was \$65 million, \$149 million lower than the second quarter last year. On top of weaker operating results, lower dividends from long-term investments (-\$88 million)¹, Scoot's impairment on 777-200 aircraft (-\$21 million), and weaker results from associated companies (-\$18 million) added to the headwinds.

¹ This was primarily due to lower dividends received from Everest Investment Holdings Limited (formerly known as Abacus International Holdings Limited), which declared a special dividend arising from sale of its 65% investment in Abacus International Pte Ltd to Sabre Technology Enterprises II Ltd last year.

BALANCE SHEET REVIEW
(September 2016 vs March 2016)

Equity attributable to owners of the parent increased by \$481 million (3.8%) to \$13,236 million as at 30 September 2016, largely due to fair value movement on cash flow hedges (+\$515 million), treasury shares reissued pursuant to the VGO of Tiger Airways (+\$287 million), and net profits for April – September 2016 (+\$322 million), partially offset by payment of the final dividend in respect of FY2015-16 (-\$415 million), purchase of treasury shares (-\$134 million) and the fair value movement in available-for-sale investments (-\$100 million). The fair value movement on cash flow hedges of \$515 million was mainly attributable to the reduction in fair value losses incurred on outstanding fuel hedges. The decline in fair value of available-for-sale investments was mainly due to the realisation of the gain on HAESL, pursuant to SIAEC's completion of the divestment transaction.

Total Group assets decreased by \$30 million (0.1%) to \$23,740 million. The decrease was mainly attributable to a reduction in cash balances (-\$695 million), assets held for sale (-\$398 million) and investments (-\$119 million), partially offset by an increase in property, plant and equipment (+\$982 million), investment in associated companies (+\$116 million) and other long-term assets (+\$113 million). The reduction in cash balance arose primarily from capital expenditure (-\$1,930 million), payment of FY2015-16 final dividend (-\$415 million), additional investment in associated companies (-\$200 million), and repayment of borrowings (-\$178 million). This was partially offset by cash flows generated from operations (+\$1,178 million), proceeds from sale of assets held for sale (+\$406 million) and monies received from exercise by Tiger Airways' shareholders of the options to subscribe for SIA shares pursuant to the VGO (+\$301 million).

Total Group liabilities declined \$504 million (4.7%) to \$10,133 million as at 30 September 2016. The decrease was attributable to a reduction in derivative liabilities (-\$462 million) and borrowings (-\$186 million), partially offset by an increase in deferred taxation (+\$178 million). The decrease in derivative liabilities primarily arose from the reduction in fair value losses on outstanding fuel hedging contracts.

9 Whether a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

OUTLOOK

The passenger airline business continues to be impacted by geopolitical uncertainty and weak global economic conditions. The outlook in most major economies remains tepid. Furthermore, excess capacity and aggressive pricing continue to persist in the market, exerting pressure on loads and yields.

The outlook for the cargo business remains challenging as yields are expected to stay under pressure due to overcapacity in the air cargo industry. Efforts will continue to be focused on higher-yielding product segments to improve the overall traffic mix.

Fuel prices remain volatile given the uncertainty over how the proposed cut in OPEC oil production would be implemented. For the second half of the financial year, the Group has hedged 29.3% of its jet fuel requirement in Singapore Jet Kerosene (MOPS) and 3.0% in Brent at weighted average prices of USD68 and USD63 per barrel, respectively.

The Group will remain nimble and flexible, leveraging its portfolio of airlines to cater to demand in different travel markets, while maintaining cost vigilance. The improved operating capability and efficiency of the growing Airbus A350 fleet is enabling the launch of previously unserved new routes, while the deep integration between Scoot and Tiger Airways continues to provide cost efficiencies and opportunities to enhance network connectivity. Both the full-service and low-cost airline segments are boosting the Group's competitiveness and are offering new opportunities for expansion.

11 Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

Yes.

| | |
|---------------------------|----------------------------|
| Name of Dividend | Interim |
| Dividend Type | Cash |
| Dividend Amount per Share | 9 cents per ordinary share |
| Tax Rate | Tax-exempt (one-tier) |

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

| | |
|---------------------------|-----------------------------|
| Name of Dividend | Interim |
| Dividend Type | Cash |
| Dividend Amount per Share | 10 cents per ordinary share |
| Tax Rate | Tax-exempt (one-tier) |

(c) Date payable

The interim dividend will be paid on 24 November 2016.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Transfer Books and the Register of Members of the Company will be closed from 5.00 p.m. on 15 November 2016 for the purpose of determining shareholders' entitlements to the interim dividend of 9 cents per share and will re-open at 9:00 a.m. on 17 November 2016.

Duly completed and stamped transfers (together with all relevant documents of or evidencing title) received by the Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01 Singapore 068902 up to 5:00 p.m. on 15 November 2016 will be registered to determine shareholders' entitlements to the interim dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited ("CDP") are credited with ordinary shares in the capital of the Company as at 5:00 p.m. on 15 November 2016 will be entitled to the interim dividend.

12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13 Interested Person Transactions

The aggregate values of all Interested Person Transactions ("IPTs") entered into during the second quarter of the Financial Year 2016-17 are as follows:

| Name of Interested Person | Aggregate value of all IPTs during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|--|---|---|
| | 2 nd Quarter 2016-17 (S\$) | 2 nd Quarter 2016-17 (S\$) |
| SATS Ltd Group | | |
| - Aero Laundry & Linen Services Private Limited | - | 3,701,169 |
| - Aerolog Express Pte Ltd | - | 152,948 |
| - Air India SATS Airport Services Private Limited | - | 1,832,465 |
| - Asia Airfreight Terminal Co Ltd | - | 1,891,606 |
| - DFASS SATS Pte Ltd | - | 3,055,181 |
| - MacroAsia Inflight Catering | - | 1,250,019 |
| - Maldives Inflight Catering Private Limited | - | 912,586 |
| - PT Jasa Angkasa Semesta Tbk | - | 4,360,230 |
| - SATS HK Limited | - | 1,529,722 |
| - SATS Ltd | - | 185,845,034 |
| - SATS Security Services Private Limited | - | 6,192,416 |
| - Taj Madras Flight Kitchen Pvt Limited | - | 180,785 |
| - Taj SATS Air Catering Ltd | - | 1,014,760 |
| - TKF Corporation | - | 363,972 |
| Singapore GP Pte Ltd* | 2,790,502 | - |
| Singapore Telecommunications Limited | - | 282,475 |
| Temasek Holdings (Private) Limited and Associates | | |
| - Ascendas Funds Management (S) Ltd | - | 1,598,530 |
| - MediaCorp Pte Ltd | - | 218,012 |
| - Certis Cisco Aviation Security Pte Ltd | - | 896,892 |
| Total Interested Person Transactions | 2,790,502 | 215,278,802 |

* Agreement for the purchase of admission and hospitality tickets in exchange for hospitality passes, marketing support and SIA tickets.

14 Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7 under Rule 720(1) of the Listing Manual.

By Order of the Board

Brenton Wu
Company Secretary
3 November 2016

CONFIRMATION BY THE BOARD

We, Stephen Lee Ching Yen and Goh Choon Phong, being two directors of Singapore Airlines Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the second quarter and half year ended 30 September 2016 financial results to be false or misleading in any material respect.

On behalf of the Board,



STEPHEN LEE CHING YEN
Chairman



GOH CHOON PHONG
Chief Executive Officer

3 November 2016