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THIRD QUARTER OPERATING PROFIT UP 58% TO $509 MILLION

GROUP FINANCIAL PERFORMANCE

Third Quarter 2010-11

The Group made an operating profit of $509 million in the third quarter of the 2010-11 financial year, an increase of $186 million (+58%) over the same quarter last year.

Group revenue at $3,841 million grew $423 million (+12%) year-on-year, supported by continued improvement in carriage and yields.

On the cost side, Group expenditure rose $237 million (+8%) to $3,332 million. Expenditure on fuel before hedging increased $154 million owing to higher jet fuel prices.

Note 1: The SIA Group's unaudited financial results for the third quarter ended 31 December 2010 were announced on 28 January 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).

Group net profit for the third quarter was $288 million, a decline of $116 million from the corresponding period a year earlier. In the quarter, a $199 million provision was made in accordance with the Singapore Financial Reporting Standards for fines imposed. While SIA Cargo has accepted the plea offer made by the United States Department of Justice, it has filed appeals against fines imposed by the European Commission and the South Korean Fair Trade Commission, and intends to contest these fines [see Note 2 below]. Excluding the fines, Group net profit improved by 21%.

The Parent Airline Company earned an operating profit of $378 million in the third quarter, $147 million more than in the same three months of the previous year. All the main companies in the Group were profitable, with improved operating performance.

- SIA Cargo Operating profit of $48 million (+18%)
- SilkAir Operating profit of $45 million (+93%)
- SIA Engineering Operating profit of $34 million (+58%)

April to December 2010

For the nine months to December 2010, the Group recorded an operating profit of $1,105 million, a turnaround from the $178 million operating loss in the same period the previous year.

Group revenue improved 17% (+$1,567 million) to $10,938 million while Group expenditure rose at a slower rate of 3% (+$283 million) to $9,833 million.

The Group recorded a net profit of $921 million for the April-December period, a turnaround from the net loss of $62 million in the same nine months of the previous year.

FLEET AND ROUTE DEVELOPMENT

During the October-December quarter, Singapore Airlines took delivery of two Airbus A330-300s and reinstated one Boeing 747-400 and one Boeing 777. As at 31 December 2010, the operating fleet comprised 109 passenger aircraft – eight B747-400s, sixty-six B777s, nineteen A330-300s, eleven A380-800s and five A340-500s – with an average age of six years and two months.

Additional capacity was added during the quarter to popular destinations including Osaka, Seoul and Houston (via Moscow). Twice-daily services were also inaugurated to Tokyo Haneda airport.

Note 2: The $199 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 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, of which SGD0.9 million was provided in the third quarter and the rest in the first quarter of this financial year).

OUTLOOK

As airlines including SIA continue to inject capacity, advance passenger bookings for the final quarter of the 2010-11 financial year are levelling off.

For air cargo, regional differences will continue to be marked in 2011 with strength in Asia Pacific and uncertainties in Europe markets. Growth for airfreight is expected to continue for the rest of the financial year, albeit at a slower rate.

On the cost side, jet fuel prices are at two year highs and trending up. Fuel remains the biggest expense item for the Group.

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GROUP FINANCIAL STATISTICS

	3rd Quarter 2010-11	3rd Quarter 2009-10	9 months 2010-11	9 months 2009-10
Financial Results ($ million)				
Total revenue	3,841.0	3,418.0	10,938.0	9,371.5
Total expenditure	3,331.7	3,095.1	9,832.5	9,549.3
Operating profit/(loss)	509.3	322.9	1,105.5	(177.8)
Non-operating items	99.2	73.7	303.6	182.4
Exceptional items	(199.1)	-	(201.8)	-
Profit before taxation	409.4	396.6	1,207.3	4.6
Profit/(Loss) attributable to owners of the Parent	288.3	403.7	921.0	(62.2)
Per Share Data				
Earnings before tax (cents)	34.2	33.5	101.1	0.4
Earnings/(Loss) after tax (cents) - basic [R1]	24.1	34.1	77.1	(5.3)
- diluted [R2]	23.8	33.7	76.1	(5.3)

	As at 31 Dec 2010	As at 31 Mar 2010
Financial Position ($ million)		
Share capital	1,825.1	1,750.6
Treasury shares	(16.4)	(0.9)
Capital reserve	75.1	74.8
Foreign currency translation reserve	(170.5)	(137.0)
Share-based compensation reserve	172.2	185.3
Fair value reserve	(129.7)	(140.9)
General reserve	12,289.9	11,737.0
Equity attributable to owners of the Parent	14,045.7	13,468.9
Total assets	24,303.1	22,484.3
Total debt	2,064.2	1,338.9
Total debt equity ratio (times) [R3]	0.15	0.10
Net asset value ($) [R4]	11.74	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

	3rd Quarter 2010-11	3rd Quarter 2009-10	9 months 2010-11	9 months 2009-10
SIA				
Passenger carried (thousand)	4,372	4,411	12,555	12,414
Revenue passenger-km (million)	22,176.1	22,108.1	64,043.8	62,015.8
Available seat-km (million)	27,814.1	26,814.0	80,573.5	79,579.7
Passenger load factor (%)	79.7	82.4	79.5	77.9
Passenger yield (cents/pkm)	12.1	10.5	11.9	10.2
Passenger unit cost (cents/ask)	8.6	8.3	8.8	8.5
Passenger breakeven load factor (%)	71.1	79.0	73.9	83.3
SIA Cargo				
Cargo and mail carried (million kg)	304.6	300.4	876.0	849.4
Cargo load (million tonne-km)	1,895.8	1,803.4	5,464.1	5,035.5
Gross capacity (million tonne-km)	2,915.5	2,770.7	8,478.3	8,003.9
Cargo load factor (%)	65.0	65.1	64.4	62.9
Cargo yield (cents/ltk)	35.6	34.9	36.7	30.5
Cargo unit cost (cents/ctk)	21.8	21.3	22.2	21.4
Cargo breakeven load factor (%)	61.2	61.0	60.5	70.2
SIA and SIA Cargo				
Overall load (million tonne-km)	3,986.3	3,895.5	11,500.8	10,905.7
Overall capacity (million tonne-km)	5,668.0	5,422.1	16,448.0	15,875.0
Overall load factor (%)	70.3	71.8	69.9	68.7
Overall yield (cents/ltk)	84.1	76.1	83.6	72.1
Overall unit cost (cents/ctk)	52.8	51.4	53.8	53.5
Overall breakeven load factor (%)	62.8	67.5	64.4	74.2

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)