

## UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 30 JUNE 2004

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

### PROFIT AND LOSS ACCOUNTS FOR THE FIRST QUARTER ENDED 30 JUNE 2004 (IN \$ MILLION)

	The Group	
	1st Quarter 2004-05	1st Quarter 2003-04
<b>REVENUE</b>	2,724.9	1,653.4
<b>EXPENDITURE</b>		
Staff costs	559.8	436.9
Fuel costs	564.0	380.1
Depreciation	300.3	289.0
Aircraft maintenance and overhaul costs	158.9	167.2
Landing, parking and overflying charges	152.2	108.0
Handling charges	134.8	98.2
Commission and incentives	99.5	109.7
Rentals on leased aircraft	79.7	85.9
Material costs	77.2	55.2
Inflight meals	58.6	26.2
Advertising and sales costs	56.4	31.0
Company accommodation and utilities	37.7	37.7
Insurance expenses	33.9	35.5
Other passenger costs	27.9	19.4
Crew expenses	25.9	18.7
Other operating expenses	51.0	132.0
	2,417.8	2,030.7
<b>OPERATING PROFIT/(LOSS)</b>	307.1	(377.3)
Finance charges	(16.3)	(15.2)
Interest income	7.9	13.6
Surplus on disposal of aircraft, spares and spare engines	37.6	33.9
Surplus/(loss) on disposal of other fixed assets	3.6	(0.1)
Dividends from long-term investments, gross	1.5	2.2
Provision for diminution in value of long-term investments	(0.1)	(0.9)
Amortization of deferred gain	0.3	--
Share of profits of joint venture companies	0.7	0.6
Share of losses of associated companies	(4.4)	(6.7)
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS</b>	337.9	(349.9)
Exceptional items	--	(41.4)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	337.9	(391.3)
<b>TAXATION</b>	(65.9)	86.1
<b>PROFIT/(LOSS) AFTER TAXATION</b>	272.0	(305.2)
Minority interests	(13.4)	(7.1)
<b>PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS</b>	258.6	(312.3)

**(i) Profit/(loss) after taxation is arrived at after charging/(crediting) the following:**

	The Group	
	1st Quarter 2004-05	1st Quarter 2003-04
Income from short-term investments	(0.4)	(0.3)
Interest on borrowings	16.3	15.2
Amortisation of deferred gain on sale and leaseback transactions	(32.8)	(34.3)
(Surplus)/loss on disposal of short-term investments	(0.2)	0.1
(Writeback of)/provision for doubtful debts, net	(3.0)	5.3
Writeback of provision for diminution in value of short-term investments	--	(2.1)
Exchange (gain)/loss, net	(14.1)	26.7
Adjustment for overprovision of tax in respect of prior years	--	(11.8)
Exceptional item - Retrenchment and early retirement costs	--	41.4

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.

**BALANCE SHEETS AT 30 JUNE 2004 (IN \$ MILLION)**

	The Group		The Company	
	30 June 2004	31 March 2004	30 June 2004	31 March 2004
<b>SHARE CAPITAL</b>				
Authorized	3,000.0	3,000.0	3,000.0	3,000.0
Issued and fully paid	609.1	609.1	609.1	609.1
<b>RESERVES</b>				
Distributable				
General reserve	10,544.2	10,282.6	9,940.9	9,805.0
Foreign currency translation reserve	34.1	19.8	--	--
Non-distributable				
Share premium	447.2	447.2	447.2	447.2
Capital redemption reserve	64.4	64.4	64.4	64.4
Capital reserve	32.0	32.0	--	--
	11,121.9	10,846.0	10,452.5	10,316.6
<b>SHARE CAPITAL AND RESERVES</b>	11,731.0	11,455.1	11,061.6	10,925.7
<b>MINORITY INTERESTS</b>	326.5	304.1	--	--
<b>DEFERRED ACCOUNT</b>	419.8	446.7	358.6	391.2
<b>DEFERRED TAXATION</b>	2,149.6	2,175.3	1,707.7	1,742.1
<b>LONG-TERM LIABILITIES</b>	2,224.6	2,207.2	1,471.7	1,457.0
	16,851.5	16,588.4	14,599.6	14,516.0
Represented by:-				
<b>FIXED ASSETS</b>				
Aircraft, spares and spare engines	12,524.2	12,464.5	9,854.4	9,647.4
Land and buildings	1,001.1	1,017.9	333.4	338.9
Others	2,150.4	2,082.4	1,510.9	1,479.9
	15,675.7	15,564.8	11,698.7	11,466.2
<b>GOODWILL ON CONSOLIDATION</b>	1.4	1.4	--	--
<b>SUBSIDIARY COMPANIES</b>	--	--	1,937.7	1,936.5
<b>ASSOCIATED COMPANIES</b>	611.8	517.5	1,722.7	1,722.7
<b>JOINT VENTURE COMPANIES</b>	318.4	309.2	140.3	140.3
<b>LONG-TERM INVESTMENTS</b>	505.4	475.2	433.7	402.4
<b>CURRENT ASSETS</b>				
Section 44 tax prepayments	239.3	239.8	239.3	239.8
Stocks	66.7	61.5	26.1	26.2
Trade debtors	1,272.1	1,171.5	838.5	757.3
Amounts owing by associated companies -- net	0.4	0.4	--	--
Investments	81.8	130.2	--	--
Cash and bank balances	2,012.7	1,518.5	1,639.8	1,090.6
	3,673.0	3,121.9	2,743.7	2,113.9
Less:- <b>CURRENT LIABILITIES</b>				
Sales in advance of carriage	1,147.2	999.0	1,078.6	936.8
Deferred revenue	221.6	206.4	221.6	206.4
Current tax payable	260.8	181.7	174.9	105.0
Trade creditors	2,209.8	1,921.1	1,498.1	1,309.6
Amounts owing to subsidiary companies -- net	--	--	1,081.3	686.8
Finance lease commitments-repayable within one year	42.6	41.5	--	--
Loans-repayable within one year	26.2	24.8	--	--
Bank overdrafts	26.0	27.1	22.7	21.4
	3,934.2	3,401.6	4,077.2	3,266.0
<b>NET CURRENT LIABILITIES</b>	(261.2)	(279.7)	(1,333.5)	(1,152.1)
	16,851.5	16,588.4	14,599.6	14,516.0

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

Amount repayable in one year or less, or on demand

As at 30/06/2004		As at 31/03/2004	
Secured	Unsecured	Secured	Unsecured
\$70.1M	\$24.7M	\$67.1M	\$26.3M

Amount repayable after one year

As at 30/06/2004		As at 31/03/2004	
Secured	Unsecured	Secured	Unsecured
\$1,322.5M	\$902.1M	\$1,306.9M	\$900.3M

Details of any collateral

\$186.6 million of the secured borrowings are secured by a first priority mortgage over 1 B747-400 freighter, of which \$24.0 million is repayable within one year. In addition, the UOB loan (\$2.9 million) and overdraft (\$3.3 million) obtained by SATS Group is secured by First Legal Mortgage on the building at 22 Senoko Way Singapore 758095. The remaining secured borrowings pertained to finance leases of aircraft (\$1,199.8 million).

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 CASH FLOW STATEMENTS  
FOR THE FIRST QUARTER ENDED 30 JUNE 2004 (IN \$ MILLION)**

	The Group	
	1st Quarter 2004-05	1st Quarter 2003-04
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	964.7	(287.9)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(559.6)	(598.5)
Proceeds from disposal of aircraft and other fixed assets	217.7	414.4
Return of capital from long-term investments	13.9	--
Investments in associated companies	(101.9)	(20.0)
Additional long-term investments	(57.7)	--
Repayment of loans by associated companies	--	0.1
Repayment of loans	2.3	--
Proceeds from sale of long-term investments	21.7	42.3
Dividends received from associated companies	6.8	2.0
Dividends received from investments	1.4	2.4
Interest received from investments and deposits	3.6	10.0
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(451.8)</b>	<b>(147.3)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(23.8)	(22.0)
Proceeds from borrowings	2.5	330.2
Repayment of borrowings	(5.9)	(5.6)
Repayment of long-term lease liabilities	(7.0)	--
Proceeds from exercise of employee share options	10.9	--
<b>NET CASH (USED IN)/ PROVIDED BY FINANCING ACTIVITIES</b>	<b>(23.3)</b>	<b>302.6</b>
<b>NET CASH INFLOW/(OUTFLOW)</b>	<b>489.6</b>	<b>(132.6)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 APRIL</b>	<b>1,491.4</b>	<b>789.3</b>
Effect of exchange rate changes	5.7	(11.5)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>1,986.7</b>	<b>645.2</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Fixed deposits	1,702.6	412.9
Cash and bank	310.1	262.7
Bank overdrafts	(26.0)	(30.4)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>1,986.7</b>	<b>645.2</b>

	The Group	
	1st Quarter 2004-05	1st Quarter 2003-04
Profit/(loss) before taxation	337.9	(391.3)
Adjustments for:-		
Depreciation of fixed assets	300.3	289.0
Income from short-term investments	(0.4)	(0.3)
Exchange differences	14.0	11.6
Amortisation of deferred gain on sale and leaseback transactions	(32.8)	(34.3)
Finance charges	16.3	15.2
Interest income	(7.9)	(13.6)
Surplus on disposal of aircraft, spares and spare engines	(37.6)	(33.9)
(Surplus)/loss on disposal of other fixed assets	(3.6)	0.1
Dividend from long-term investments	(1.5)	(2.2)
Provision for diminution in value of long-term investments	0.1	0.9
Amortization of deferred gain	(0.3)	--
Share of profits of joint venture companies	(0.7)	(0.6)
Share of losses of associated companies	4.4	6.7
Retrenchment and early retirement costs	--	41.4
Operating profit/(loss) before working capital changes	588.2	(111.3)
Increase/(decrease) in creditors	274.1	(305.8)
Decrease/(increase) in short term investments	48.4	(22.9)
Increase/(decrease) in sales in advance of carriage	148.2	(9.4)
(Increase)/decrease in debtors	(96.1)	159.1
(Increase)/decrease in stocks	(5.2)	19.1
Increase in deferred revenue	15.2	5.9
Decrease in amounts owing by associated and joint venture companies	--	1.0
Cash generated from/(used in) operations	972.8	(264.3)
Retrenchment and early retirement costs	--	(21.2)
Income taxes paid	(8.1)	(2.4)
Net cash provided by/(used in) operating activities	964.7	(287.9)

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 first quarter ended 30 June 2004 (in \$ million)

The Group	Share capital	Share premium	Capital redemption reserve	Capital reserve	Foreign currency translation reserve	General reserve	Total
Balance at 31 March 2004	609.1	447.2	64.4	32.0	19.8	10,282.6	11,455.1
Currency translation differences	--	--	--	--	14.3	--	14.3
Gain on dilution of interest in subsidiary companies due to share options exercised	--	--	--	--	--	3.0	3.0
Net gains and losses not recognized in the profit and loss account	--	--	--	--	14.3	3.0	17.3
Profit attributable to shareholders for the period April- June 2004	--	--	--	--	--	258.6	258.6
Balance at 30 June 2004	<u>609.1</u>	<u>447.2</u>	<u>64.4</u>	<u>32.0</u>	<u>34.1</u>	<u>10,544.2</u>	<u>11,731.0</u>

The Group	Share capital	Share premium	Capital redemption reserve	Capital reserve	Foreign currency translation reserve	General reserve	Total
Balance at 31 March 2003	609.1	447.2	64.4	7.7	41.3	9,539.1	10,708.8
Currency translation differences	--	--	--	--	1.2	--	1.2
Net gains and losses not recognized in the profit and loss account	--	--	--	--	1.2	--	1.2
Loss attributable to shareholders for the period April-June 2003	--	--	--	--	--	(312.3)	(312.3)
Balance at 30 June 2003	<u>609.1</u>	<u>447.2</u>	<u>64.4</u>	<u>7.7</u>	<u>42.5</u>	<u>9,226.8</u>	<u>10,397.7</u>

The Company	Share capital	Share premium	Capital redemption reserve	General reserve	Total
Balance at 31 March 2004	609.1	447.2	64.4	9,805.0	10,925.7
Profit attributable to shareholders for the period April-June 2004	--	--	--	135.9	135.9
Balance at 30 June 2004	<u>609.1</u>	<u>447.2</u>	<u>64.4</u>	<u>9,940.9</u>	<u>11,061.6</u>
Balance at 31 March 2003	609.1	447.2	64.4	9,485.3	10,606.0
Loss attributable to shareholders for the period April-June 2003	--	--	--	(346.6)	(346.6)
Balance at 30 June 2003	<u>609.1</u>	<u>447.2</u>	<u>64.4</u>	<u>9,138.7</u>	<u>10,259.4</u>



1d (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 OPTIONS ON SHARES IN THE COMPANY**

(i) As at 30 June 2003, the number of share option of the company outstanding was 51,588,667.

(ii) During the period April to June 2004, no shares were exercised under the SIA Company 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.

(ii) The movement of share options of the Company during the period April to June 2004 is as follows:

Date of grant	Balance at 01.04.2004	Cancelled	Balance at 30.06.2004	Exercise price	Expiry date
28.3.2000	12,842,210	(66,900)	12,775,310	\$15.34	27.3.2010
03.7.2000	11,640,470	(71,950)	11,568,520	\$16.65	02.7.2010
02.7.2001	12,890,585	(90,250)	12,800,335	\$11.96	01.7.2011
01.7.2002	13,356,527	(109,725)	13,246,802	\$12.82	30.6.2012
01.7.2003	12,742,035	(64,790)	12,677,245	\$10.34	30.6.2013
	63,471,827	(403,615)	63,068,212		

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

The figures have not been audited.

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.

The same accounting policies and methods of computation have been applied.

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	
	1st Quarter 2004-05	1st Quarter 2003-04
Earnings/(loss) per share (cents)		
-Basic	21.2	(25.6)
-Diluted	21.2	(25.6)

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital 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 Jun 04	As at 31 Mar 04	As at 30 Jun 04	As at 31 Mar 04
Net asset value per ordinary share (S\$)	9.63	9.40	9.08	8.97

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 EARNINGS**

The Group turned in a first quarter net profit attributable to shareholders of \$259 million, a rebound from the \$312 million loss in the same period last year, which was adversely affected by the Severe Acute Respiratory Syndrome (SARS).

Group operating profit of \$307 million was a \$684 million turnaround from first quarter last year, a result of strong revenue growth of \$1,072 million (+64.8%) to \$2,725 million coupled with a more measured increase in expenditure of \$387 million (+19.1%) to \$2,418 million. For perspective, revenue for the current quarter surpassed the \$2,539 million recorded for the same quarter in 2002 by a respectable 7.3%.

Fuel prices and foreign exchange movements were two significant factors that affected the quarter's performance. For the Group, higher fuel prices added \$80 million to expenditure after accounting for a hedging gain of \$73 million. On the other hand, the strength of major revenue generating currencies, particularly the Australian dollar and British pound, coupled with cost savings from a weaker US dollar against Singapore dollar provided a net gain of \$81 million to the operating profit of the SIA Group.

The Company produced an operating profit of \$163 million, which was 53.0% of the operating profit of the SIA Group. The three major subsidiaries, namely the Singapore Airport Terminal Services (SATS) group, SIA Engineering Company (SIAEC) group and Singapore Airlines Cargo (SIA Cargo) contributed 16.4%, 10.8% and 16.4% respectively to the Group's operating profit.

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 the 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.

## **SUBSEQUENT EVENTS**

On 17 June 2004, SATS signed a conditional sale and purchase agreement with Changi International Airport Services Pte Ltd to acquire its 24.5% stake in Asia Airfreight Terminal Company Limited (Hong Kong air cargo terminal operator) for an aggregate cash consideration of \$76.5 million. After the acquisition, SATS will hold a 49% stake in Asia Airfreight Terminal Company Limited. The transaction was approved by shareholders of SATS at the Extraordinary General Meeting held on 20 July 2004.

The Company took delivery of one more B777-200 and traded-in one B747-400 to Boeing on 22 July 2004.

On 28 July 2004, SIA launched a new three times weekly service to Ahmedabad, India.

## **OUTLOOK**

SIA plans to take delivery of another four B777s and de-commission two more B747-400s from the operating fleet in the course of the financial year, bringing the operating fleet to 89 passenger aircraft by 31 March 2005.

Subject to regulatory approvals and slot constraints, frequency increases are planned for services to Melbourne, Brisbane, Beijing, Guangzhou, Ho Chi Minh City and Hanoi. A new service to Amritsar, India will commence in October 2004. SIA will suspend its three times weekly B747-400 service to Madrid on 31 October 2004 and plans to replace them through codeshare services with Star Alliance partners. Capacity operated (in terms of available seat-kilometres) for financial year 2004-05 is projected to be 19% higher than the year before. By the end of the financial year, SIA's passenger route network will cover 60 destinations in 32 countries.

Barring any disruption to the progress of the global economy, demand for air transportation is expected to remain buoyant for the rest of the financial year.

Two more low-cost carriers are preparing to start operations in Singapore by end 2004. Consequently, competition will intensify on some South East Asian routes, and yields will come under pressure. SIA intends to stay competitive and maintain market leadership.

For SIA Cargo, a new aircraft delivery in August 2004 will increase the operating fleet to 14 B747-400 freighters. The additional capacity will be deployed to increase frequencies to USA (via Xiamen and Nanjing) and Europe (via Bangalore and via Chennai). Cargo capacity operated (in terms of capacity tonne-kilometres) for the current financial year is expected to be 15% higher than last year.

With continuing tensions in the Middle East and strong global demand, fuel prices are expected to stay high and volatile in the near term, and compromise the otherwise positive sentiment for the remainder of the year. SIA will continue to manage costs carefully and remain competitive through initiatives such as increasing aircraft utilization, improving fuel efficiency of operations and efficiency of engineering maintenance, reducing distribution costs through greater push towards online sales, and moving towards a more flexible wage structure.

11 Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

### 13 Interested Person Transactions

Name of Interested Person	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding IPTs less than \$100,000)	
	1 <sup>st</sup> Quarter 2004-05 S(\$)	1 <sup>st</sup> Quarter 2003-04 S(\$)
Singapore Petroleum Company Ltd	66,707,781	17,752,836
Raffles Holdings Ltd Group: - Hotel International AG - MCH Services (Sydney) Pte Ltd	134,320 196,965	134,320 -
Singapore Post Ltd Group: - G3 Worldwide Mail (S) Pte Ltd	388,435	440,262
Keppel Telecommunications & Transportation Ltd Group: - Asia Airfreight Terminal Company Ltd	5,338,806	5,116,673
SembCorp Logistics Ltd Group: -Singapore Technologies Logistics Pte Ltd	316,930	-
Singapore Technologies Engineering Ltd Group: - ST Aerospace Engineering Pte Ltd - ST Aerospace Supplies Pte Ltd	102,232 -	- 226,245
Keppel Corporation Ltd Group: - Keppel Engineering Pte Ltd - Keppel Electric Pte Ltd	- -	2,353,000 660,054
Temasek Holdings Pte Ltd Group (other than the above): - Senoko Energy Supply Pte Ltd - Temasek Tower Limited - Starhub Pte Ltd	883,719 2,284,103 -	- - 103,716
<b>Total</b>	<b>76,353,291</b>	<b>26,787,106</b>

BY ORDER OF THE BOARD

Ms Wun Wen-na  
Asst Company Secretary

30 July 2004

*Singapore Company Registration No.: 197200078R*