

## UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 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 THIRD QUARTER AND 9 MONTHS ENDED 31 DECEMBER 2004 (IN \$ MILLION)

	The Group		The Group	
	3rd Quarter 2004-05	3rd Quarter 2003-04	9 Months 2004-05	9 Months 2003-04
<b>REVENUE</b>	3,201.9	2,764.4	8,980.7	6,935.9
<b>EXPENDITURE</b>				
Staff costs	611.8	474.7	1,793.6	1,337.8
Fuel costs	792.9	479.5	1,990.6	1,299.6
Depreciation	307.2	298.7	916.2	884.2
Provision for impairment of fixed assets	--	18.2	--	21.2
Aircraft maintenance and overhaul costs	146.4	145.0	464.1	450.1
Landing, parking and overflying charges	161.2	132.2	473.4	364.1
Handling charges	146.6	132.2	430.9	349.9
Commission and incentives	114.8	164.2	339.4	425.9
Rentals on leased aircraft	92.2	93.4	255.3	271.0
Material costs	73.5	62.5	229.9	174.7
Inflight meals	64.8	58.9	186.8	137.6
Advertising and sales costs	55.6	50.7	183.3	132.2
Company accommodation and utilities	40.7	37.3	117.4	112.8
Insurance	32.0	21.5	98.1	114.0
Other passenger costs	31.7	27.1	88.0	71.3
Crew accommodation and transport	27.9	23.7	81.0	64.9
Other operating expenses	78.8	71.4	270.7	313.9
	<u>2,778.1</u>	<u>2,291.2</u>	<u>7,918.7</u>	<u>6,525.2</u>
<b>OPERATING PROFIT</b>	423.8	473.2	1,062.0	410.7
Finance charges	(20.3)	(16.3)	(54.6)	(48.8)
Interest income	15.8	6.0	33.6	25.3
Surplus on disposal of aircraft, spares and spare engines	122.4	4.3	199.9	73.8
Surplus on disposal of other fixed assets	0.7	1.1	6.2	2.7
Dividends from long-term investments, gross	3.1	0.6	5.6	3.6
Provision for diminution in value of long-term investments	(0.2)	(0.3)	(0.6)	(1.6)
Amortization of goodwill on consolidation	(0.1)	--	(0.1)	--
Amortization of deferred income	0.3	0.3	1.0	1.2
Share of profits of joint venture companies	1.8	7.6	6.9	9.8
Share of profits of associated companies	16.9	20.9	117.3	62.6
<b>PROFIT BEFORE EXCEPTIONAL ITEMS</b>	<u>564.2</u>	<u>497.4</u>	<u>1,377.2</u>	<u>539.3</u>
Exceptional items	45.7	9.2	17.0	(32.2)
<b>PROFIT BEFORE TAXATION</b>	<u>609.9</u>	<u>506.6</u>	<u>1,394.2</u>	<u>507.1</u>
<b>TAXATION</b>	<u>(120.6)</u>	<u>(114.8)</u>	<u>(264.3)</u>	<u>(102.5)</u>
<b>PROFIT AFTER TAXATION</b>	<u>489.3</u>	<u>391.8</u>	<u>1,129.9</u>	<u>404.6</u>
Minority interests	(13.7)	(13.9)	(38.4)	(33.2)
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	<u>475.6</u>	<u>377.9</u>	<u>1,091.5</u>	<u>371.4</u>

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

	The Group		The Group	
	3rd Quarter 2004-05	3rd Quarter 2003-04	9 Months 2004-05	9 Months 2003-04
Income from short-term investments	(0.3)	(0.1)	(1.0)	(0.8)
Interest on borrowings	20.3	16.3	54.6	48.8
Amortisation of deferred gain on sale and leaseback transactions	(30.3)	(32.5)	(92.9)	(99.3)
Surplus on disposal of short-term investments	(0.1)	(0.7)	(0.6)	(1.3)
(Writeback of)/provision for doubtful debts	3.3	(13.3)	3.5	(11.4)
Bad debts written off	1.3	0.2	2.0	1.1
Write-off for stock obsolescence	--	--	--	0.1
(Writeback of)/provision for diminution in value of short-term investments	(0.1)	0.1	0.1	(2.1)
Exchange (gain)/loss, net	(4.4)	(12.4)	21.2	16.6
Adjustment for overprovision of tax in respect of prior years	--	--	--	(11.8)

**(ii) The exceptional item was in respect of the following:**

	The Group		The Group	
	3rd Quarter 2004-05	3rd Quarter 2003-04	9 Months 2004-05	9 Months 2003-04
Staff compensation and restructuring of operations	9.0	--	37.7	41.4
Surplus on sale of investment in Air New Zealand	(45.7)	--	(45.7)	--
Surplus on sale of investment in Taikoo	(9.0)	--	(9.0)	--
Surplus on liquidation of Abacus Distribution Systems Pte Ltd	--	(9.2)	--	(9.2)
	<u>(45.7)</u>	<u>(9.2)</u>	<u>(17.0)</u>	<u>32.2</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.

**BALANCE SHEETS AT 31 DECEMBER 2004 (IN \$ MILLION)**

	The Group		The Company	
	31 Dec 2004	31 Mar 2004	31 Dec 2004	31 Mar 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	10,961.0	10,282.6	10,523.4	9,805.0
Foreign currency translation reserve	4.8	19.8	--	--
Non-distributable				
Share premium	447.7	447.2	447.7	447.2
Capital redemption reserve	64.4	64.4	64.4	64.4
Capital reserve	32.7	32.0	--	--
	11,510.6	10,846.0	11,035.5	10,316.6
<b>SHARE CAPITAL AND RESERVES</b>	12,119.7	11,455.1	11,644.6	10,925.7
<b>MINORITY INTERESTS</b>	282.2	304.1	--	--
<b>DEFERRED ACCOUNT</b>	375.6	446.7	316.9	391.2
<b>DEFERRED TAXATION</b>	2,302.2	2,175.3	1,825.9	1,742.1
<b>LONG-TERM LIABILITIES</b>	2,365.8	2,207.2	1,461.3	1,457.0
	17,445.5	16,588.4	15,248.7	14,516.0
Represented by:-				
<b>FIXED ASSETS</b>				
Aircraft, spares and spare engines	12,414.9	12,122.6	9,568.6	9,316.9
Land and buildings	1,006.7	1,017.9	321.7	338.9
Others	2,053.3	2,082.4	1,478.9	1,479.9
	15,474.9	15,222.9	11,369.2	11,135.7
<b>GOODWILL ON CONSOLIDATION</b>	1.3	1.4	--	--
<b>SUBSIDIARY COMPANIES</b>	--	--	1,937.2	1,936.5
<b>ASSOCIATED COMPANIES</b>	763.2	517.5	1,727.6	1,722.7
<b>JOINT VENTURE COMPANIES</b>	317.2	309.2	151.0	140.3
<b>LONG-TERM INVESTMENTS</b>	496.0	475.2	427.6	402.4
<b>CURRENT ASSETS</b>				
Section 44 tax prepayments	239.2	239.8	239.2	239.8
Stocks	420.2	403.4	361.9	356.7
Trade debtors	1,435.8	1,171.5	942.5	757.3
Amounts owing by associated companies -- net	6.9	0.4	6.0	--
Investments	86.6	130.2	--	--
Cash and bank balances	2,426.5	1,518.5	2,101.2	1,090.6
	4,615.2	3,463.8	3,650.8	2,444.4
Less:- <b>CURRENT LIABILITIES</b>				
Sales in advance of carriage	1,230.6	999.0	1,177.4	936.8
Deferred revenue	229.1	206.4	228.8	206.4
Current tax payable	249.2	181.7	166.8	105.0
Trade creditors	2,408.7	1,921.1	1,702.2	1,309.6
Amounts owing to subsidiary companies -- net	--	--	706.3	686.8
Finance lease commitments-repayable within one year	43.0	41.5	--	--
Loans-repayable within one year	25.2	24.8	--	--
Bank overdrafts	36.5	27.1	33.2	21.4
	4,222.3	3,401.6	4,014.7	3,266.0
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>	392.9	62.2	(363.9)	(821.6)
	17,445.5	16,588.4	15,248.7	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 31/12/2004		As at 31/03/2004	
Secured	Unsecured	Secured	Unsecured
\$69.0M	\$35.7M	\$67.1M	\$26.3M

Amount repayable after one year

As at 31/12/2004		As at 31/03/2004	
Secured	Unsecured	Secured	Unsecured
\$1,264.1M	\$1,101.7M	\$1,306.9M	\$900.3M

Details of any collateral

\$166.0 million of the secured borrowings are secured by a first priority mortgage over 1 B747-400 freighter, of which \$23.4 million is repayable within one year. In addition, the UOB loan (\$2.8 million) and overdraft (\$2.5 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 (\$1,161.8 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 THIRD QUARTER AND 9 MONTHS ENDED 31 DECEMBER 2004 (IN \$ MILLION)**

	The Group		The Group	
	3rd Quarter 2004-05	3rd Quarter 2003-04	9 Months 2004-05	9 Months 2003-04
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	612.8	944.0	2,098.0	1,112.9
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital expenditure	(400.4)	(739.7)	(1,684.2)	(1,692.4)
Proceeds from disposal of aircraft and other fixed assets	628.9	260.8	977.0	1,055.5
Return of capital from associated companies	--	--	3.3	--
Return of capital from long-term investments	--	--	13.9	--
Investments in associated companies	--	(3.6)	(184.1)	(23.6)
Investments in joint venture companies	--	--	(10.7)	(11.0)
Additional long-term loan	--	--	(1.4)	(1.4)
Additional long-term investments	(88.6)	--	(146.3)	--
Repayment of loans by associated companies	--	5.1	--	5.3
Repayment of loans	--	3.5	2.3	3.9
Proceeds from sale of long-term investments	92.1	11.0	155.0	70.9
Dividends received from associated companies	7.1	18.1	27.1	37.4
Dividends received from investments	3.1	0.6	5.8	3.7
Interest received from investments and deposits	9.9	2.1	26.8	21.9
Interest received from associated companies	--	0.1	--	0.1
<b>NET CASH PROVIDED BY/ (USED IN) INVESTING ACTIVITIES</b>	252.1	(442.0)	(815.5)	(529.7)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Dividends paid	(121.9)	--	(426.4)	(109.6)
Dividends paid by subsidiary companies to minority interests	(8.1)	(5.9)	(91.8)	(14.4)
Interest paid	(26.4)	(20.8)	(55.8)	(48.9)
Proceeds from borrowings	--	550.1	202.5	3,040.9
Repayment of borrowings	(6.2)	(586.4)	(18.3)	(3,062.6)
(Repayment)/addition of long-term lease liabilities	(1.5)	--	(11.1)	7.6
Proceeds from exercise of share options	4.3	5.0	47.2	14.5
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	(159.8)	(58.0)	(353.7)	(172.5)
<b>NET CASH INFLOW</b>	705.1	444.0	928.8	410.7
<b>CASH AND CASH EQUIVALENTS AT BEGINNING PERIOD</b>	1,687.8	730.3	1,491.4	789.3
Effect of exchange rate changes	(2.9)	(12.8)	(30.2)	(38.5)
<b>CASH AND CASH EQUIVALENTS AT END PERIOD</b>	2,390.0	1,161.5	2,390.0	1,161.5
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>				
Fixed deposits	1,936.9	792.3	1,936.9	792.3
Cash and bank	489.6	403.3	489.6	403.3
Bank overdrafts	(36.5)	(34.1)	(36.5)	(34.1)
<b>CASH AND CASH EQUIVALENTS AT END PERIOD</b>	2,390.0	1,161.5	2,390.0	1,161.5

	The Group		The Group	
	3rd Quarter 2004-05	3rd Quarter 2003-04	9 Months 2004-05	9 Months 2003-04
Profit before taxation	609.9	506.6	1,394.2	507.1
Adjustments for:-				
Depreciation of fixed assets	307.2	298.7	916.2	884.2
Provision for impairment of fixed assets	--	18.2	--	21.2
Income from short-term investments	(0.3)	(0.1)	(1.0)	(0.8)
Exchange differences	(17.7)	7.2	22.8	19.6
Amortization of deferred gain on sale and leaseback transactions	(30.3)	(32.5)	(92.9)	(99.3)
Finance charges	20.3	16.3	54.6	48.8
Interest income	(15.8)	(6.0)	(33.6)	(25.3)
Surplus on disposal of aircraft, spares and spare engines	(122.4)	(4.3)	(199.9)	(73.8)
Surplus on disposal of other fixed assets	(0.7)	(1.1)	(6.2)	(2.7)
Dividends from long-term investments	(3.1)	(0.6)	(5.6)	(3.6)
Provision for diminution in value of long-term investments	0.2	0.3	0.6	1.6
Amortization of goodwill on consolidation	0.1	--	0.1	--
Amortization of deferred income	(0.3)	(0.3)	(1.0)	(1.2)
Share of profits of joint venture companies	(1.8)	(7.6)	(6.9)	(9.8)
Share of profits of associated companies	(16.9)	(20.9)	(117.3)	(62.6)
Staff compensation and restructuring of operations	9.0	--	37.7	41.4
Surplus on sale of investment in Air New Zealand	(45.7)	--	(45.7)	--
Surplus on sale of investment in Taikoo	(9.0)	--	(9.0)	--
Surplus on liquidation of Abacus Distribution Systems Pte Ltd	--	(9.2)	--	(9.2)
Operating profit before working capital changes	682.7	764.7	1,907.1	1,235.6
Increase/(decrease) in creditors	130.6	259.3	470.2	(5.6)
Decrease/(increase) in short term investments	129.7	(5.5)	43.6	(23.0)
Increase in sales in advance of carriage	73.5	118.8	231.6	253.6
Increase in debtors	(133.0)	(180.8)	(256.8)	(282.3)
(Increase)/decrease in stocks	(215.8)	0.7	(229.7)	22.8
Decrease in amounts owing to associated and joint venture companies	--	(0.1)	--	--
Increase/(decrease) in deferred revenue	0.3	7.0	22.7	(6.5)
(Increase)/decrease in amounts owing by associated and joint venture companies	(0.3)	--	(0.5)	1.0
Cash generated from operations	667.7	964.1	2,188.2	1,195.6
Staff compensation and restructuring of operations	(27.7)	(0.3)	(34.2)	(41.3)
Income taxes paid	(27.2)	(19.8)	(56.0)	(41.4)
Net cash provided by operating activities	612.8	944.0	2,098.0	1,112.9

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 THIRD QUARTER ENDED 31 DECEMBER 2004 (IN \$ MILLION)**

The Group	Share capital	Share premium	Capital redemption reserve	Capital reserve	Foreign currency translation reserve	General reserve	Total
Balance at 1 October 2004	609.1	447.5	64.4	32.7	21.1	10,605.7	11,780.5
Currency translation differences	--	--	--	--	(16.3)	--	(16.3)
Share options exercised	*	0.2	--	--	--	--	0.2
Gain on dilution of interest in subsidiary companies due to share options exercised	--	--	--	--	--	1.6	1.6
Net gains and losses not recognized in the profit and loss account	*	0.2	--	--	(16.3)	1.6	(14.5)
Profit attributable to shareholders for the period October-December 2004	--	--	--	--	--	475.6	475.6
Dividends	--	--	--	--	--	(121.9)	(121.9)
Balance at 31 December 2004	609.1	447.7	64.4	32.7	4.8	10,961.0	12,119.7

\* 21,625 ordinary shares of \$0.50 par value were issued at exercise price of \$10.34 each pursuant to the Employee Share Option Plan during the quarter October – December 2004. Share capital and share premium increased by \$10,812.50 and \$212,790 respectively.

The Group	Share capital	Share premium	Capital redemption reserve	Capital reserve	Foreign currency translation reserve	General reserve	Total
Balance at 1 October 2003	609.1	447.2	64.4	34.2	33.8	9,425.3	10,614.0
Currency translation differences	--	--	--	--	(8.8)	--	(8.8)
Gain on dilution of interest in subsidiary companies due to share options exercised	--	--	--	--	--	1.3	1.3
Net gains and losses not recognized in the profit and loss account	--	--	--	--	(8.8)	1.3	(7.5)
Profit attributable to shareholders for the period October-December 2003	--	--	--	--	--	377.9	377.9
Balance at 31 December 2003	609.1	447.2	64.4	34.2	25.0	9,804.5	10,984.4



The Company	Share capital	Share premium	Capital redemption reserve	General reserve	Total
Balance at 1 October 2004	609.1	447.5	64.4	10,310.0	11,431.0
Share options exercised	*	0.2	--	--	0.2
Net gains and losses not recognized in the profit and loss account	*	0.2	--	--	0.2
Profit attributable to shareholders for the period October-December 2004	--	--	--	335.3	335.3
Dividends	--	--	--	(121.9)	(121.9)
Balance at 31 December 2004	<u>609.1</u>	<u>447.7</u>	<u>64.4</u>	<u>10,523.4</u>	<u>11,644.6</u>
Balance at 1 October 2003	609.1	447.2	64.4	9,241.4	10,362.1
Profit attributable to shareholders for the period October-December 2003	--	--	--	241.7	241.7
Balance at 31 December 2003	<u>609.1</u>	<u>447.2</u>	<u>64.4</u>	<u>9,483.1</u>	<u>10,603.8</u>

\* 21,625 ordinary shares of \$0.50 par value were issued at exercise price of \$10.34 each pursuant to the Employee Share Option Plan during the quarter October – December 2004. Share capital and share premium increased by \$10,812.50 and \$212,790 respectively.

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 OPTIONS ON SHARES IN THE COMPANY**

(i) As at 31 December 2003, the number of share option of the company outstanding was 63,978,092.

(ii) During the period October to December 2004, 21,625 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 October to December 2004 is as follows:

Date of grant	Balance at 01.10.2004	Cancelled	Exercised during 01.10.2004 to 31.12.2004	Balance at 31.12.2004	Exercise price	Expiry date
28.03.2000	12,663,710	(84,200)	-	12,579,510	\$15.34	27.03.2010
03.07.2000	11,489,020	(72,100)	-	11,416,920	\$16.65	02.07.2010
02.07.2001	12,684,245	(89,110)	-	12,595,135	\$11.96	01.07.2011
01.07.2002	13,111,522	(94,145)	-	13,017,377	\$12.82	30.06.2012
01.07.2003	12,522,308	(100,120)	(21,625)	12,400,563	\$10.34	30.06.2013
01.07.2004	12,820,615	(72,295)	-	12,748,320	\$10.70	30.06.2014
	75,291,420	(511,970)	(21,625)	74,757,825		

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 carrying values of consumable aircraft spares have been reclassified from fixed assets to stocks to better reflect their utilization pattern. This does not result in any material financial effect that requires adjustment. The carrying values of these spares as at 31 March 2004 have been reclassified from fixed assets to stocks to conform to current period's presentation.

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		The Group	
	3rd Quarter 2004-05	3rd Quarter 2003-04	9 Months 2004-05	9 Months 2003-04
Earnings per share (cents)				
- Basic	39.0	31.0	89.6	30.5
- Diluted	39.0	31.0	89.5	30.5

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 31 Dec 04	As at 31 Mar 04	As at 31 Dec 04	As at 31 Mar 04
Net asset value per ordinary share (\$)	9.95	9.40	9.56	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**

### Third Quarter 2004-05

The Group turned in a record \$3,202 million revenue in the third quarter ended 31 December 2004. The \$438 million increase (+15.8%) in revenue was achieved on the back of strong passenger and cargo demand. However, as expenditure rose by a bigger amount of \$487 million (+21.3%) to \$2,778 million, Group operating profit fell \$49 million (-10.4%) to \$424 million. The increase in expenditure was due largely to higher fuel costs and provision for profit-sharing bonus. Accrual for bonus in the last financial year 2003-04 only started in the January to March 2004 quarter because of uncertainties over the pace of recovery from the impact of the Severe Acute Respiratory Syndrome (SARS) outbreak.

Net profit attributable to shareholders improved by \$98 million (+25.9%) to \$476 million, boosted by gains from sale of aircraft and investments.

Fuel prices and foreign exchange movements were two significant factors that affected the Group's performance in the quarter. Fuel costs, the largest cost component, accounted for 28.5% of the Group expenditure. Year-on-year, higher fuel prices added \$285 million to expenditure. Exchange rate movements contributed \$44 million to the Group operating profit, largely due to savings from US Dollar-denominated expenditure as a result of a weaker US Dollar.

The Company generated an operating profit of \$212 million (-20.4%), accounting for 50.1% (-6.3 percentage points) 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 12.0% (-2.3 percentage points), 3.0% (-2.2 percentage points) and 27.4% (+9.1 percentage points) respectively to the Group's operating profit.

## April - December 2004

For the nine months ended 31 December 2004, Group operating profit at \$1,062 million was \$651 million higher (+158.6%) than the corresponding period last year, which was affected by the outbreak of SARS. Revenue rose \$2,045 million (+29.5%) on the back of strong passenger and cargo demand, while expenditure increased at a more moderate pace of \$1,394 million (+21.4%) despite higher fuel prices. For perspective, the Group posted an operating profit of \$683 million for the period April – December 2002.

The Group achieved a net profit attributable to shareholders of \$1,092 million for the period April to December 2004, an improvement of \$721 million (+193.9%) on the \$371 million net profit achieved in the same period last year.

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.

## **OUTLOOK**

SIA is expected to take delivery of two B777-300s by March 2005 and one additional B777-300 in May 2005, bringing the B777 fleet size to fifty-eight aircraft – the largest in the world. These additions will increase the operating fleet size to eighty-nine passenger aircraft by the end of the financial year, and to ninety passenger aircraft by 31 December 2005.

SIA will be injecting additional capacities to selected destinations in early February 2005 to meet the high travel demand during the Lunar New Year period. Going into financial year 2005-06, SIA plans to increase frequencies to Melbourne, Brisbane, Christchurch, Beijing, Shenzhen, Fukuoka, Mumbai and Hanoi.

SIA Cargo plans to mount a new freighter service to Nagoya, Japan, and add frequencies to Dallas, USA via Seoul and Macau from March 2005, bringing the freighter network coverage to thirty-five destinations in twenty countries as at 31 March 2005. One B747-400 freighter will be delivered in September 2005 and another one in December 2005, increasing SIA Cargo's operating fleet size to sixteen freighters by the end of 2005. This will enable

more frequencies to be added to Europe (Brussels, Copenhagen and Amsterdam) and to USA (Chicago and New York) via Chennai and New Delhi. Including the introduction of two new intermediate points (Johannesburg in South Africa and Istanbul in Turkey), the freighter network will expand to cover thirty-seven destinations in twenty-two countries by December 2005.

The recent tsunami in the Indian Ocean has caused a slight setback in the travel industry in the region. However, the financial impact on the SIA Group is expected to be minimal. The SIA Group is committed to assisting the affected communities in their time of need, and is also working with the relevant parties to aid the vital tourism industries in the affected countries recover as quickly as possible.

Price volatility continues to dominate the outlook for the fuel market. Although prices have come off their peak in October 2004, they remain high by historical standard. Should the fuel price show sustained downward movement, airlines within the SIA Group will review the application of the fuel surcharge accordingly.

The outlook for air travel remains generally encouraging, and the air cargo industry is expected to expand on the back of healthy growth in Asia, with China and India continuing to be important growth markets.

SIA has maintained market leadership against the backdrop of keen competition from both new entrants on the regional routes, and network carriers in the traditional markets. The new entrants are expected to scale up their operations in 2005, and the network carriers will also step up their bids for market share. Competition will intensify, and the pressure to keep costs low will continue.

Amid the increasing challenges, the SIA Group is committed to stay lean and competitive. Companies within the Group will review business processes on an on-going basis to eliminate wastage, duplication and non-value added activities.

## 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 For the Company

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)			
	3rd Quarter 2004-05 S(\$)	3rd Quarter 2003-04 S(\$)	9 Months 2004-05 S(\$)	9 Months 2003-04 S(\$)
Singapore Petroleum Company Ltd	90,260,316	54,101,886	235,744,645	92,775,325
SembCorp Power Pte Ltd	-	866,331	-	1,733,721
Raffles Holdings Ltd Group:				
- Hotel International AG	-	134,320	134,320	402,960
- MCH Services (Sydney) Pte Ltd	196,965	196,965	590,895	196,965
Singapore Post Ltd Group:				
- Singapore Post Ltd	148,535	-	148,535	-
- G3 Worldwide Mail (S) Pte Ltd	566,668	319,513	1,765,952	1,053,014
Keppel Telecommunications & Transportation Ltd Group:				
- Asia Airfreight Terminal Company Ltd	5,585,974	5,868,493	16,020,749	16,608,945
SembCorp Logistics Ltd Group:				
-Singapore Technologies Logistics Pte Ltd	304,548	-	1,040,171	-
Singapore Technologies Engineering Ltd Group:				
- ST Aerospace Engineering Pte Ltd	-	-	102,232	-
- ST Aerospace Supplies Pte Ltd	-	-	-	226,245
Keppel Corporation Ltd Group:				
- Keppel Engineering Pte Ltd	-	-	4,539,924	2,353,000
- Keppel Electric Pte Ltd	-	-	-	660,054
Singapore Telecommunications Ltd Group:				
-National Computer Systems Pte Ltd	-	222,303	-	222,303
-NCS Communications Engineering Pte Ltd	-	-	419,070	-
Starhub Ltd	-	-	179,076	103,716
Temasek Holdings Pte Ltd Group (other than the above):				
- Senoko Energy Supply Pte Ltd	831,585	-	2,583,092	-
- Temasek Tower Limited	-	-	2,284,103	-
<b>Total</b>	<b>97,894,591</b>	<b>61,709,811</b>	<b>265,552,764</b>	<b>116,336,248</b>

BY ORDER OF THE BOARD  
Ms Wun Wen-na  
Asst Company Secretary  
26 January 2005

*Singapore Company Registration No.: 197200078R*