

Asia

July - September 2006 Forecast



Passenger Numbers by Route (millions)

	Apr-Jun '06	Apr-Jun '05	% change	Jul-Sep '05	Forecast
Domestic	16.29	16.63	-2.10%	18.12	17.74
Intercontinental	20.21	19.59	3.19%	21.47	22.16
Total	36.50	36.22	0.76%	39.60	39.90

The trend of intercontinental market shows a continual small growth at over 3% compared to the corresponding period of last year. The domestic market for flag carriers continues to show a continual small decline. The emergence of low-cost carriers in Southeast Asia suggests that overall domestic market passenger numbers continue to grow.

Passenger Numbers by Seat Class (millions)

	Apr-Jun '06	Apr-Jun '05	% change	Jul-Sep '05	Forecast
First	2.36	2.37	-0.32%	2.60	2.59
Business	3.90	3.83	1.72%	4.20	4.27
Coach	30.24	30.02	0.72%	32.79	33.03

In overall, there is no significant change in number of passengers in all of three seat classes. Asia continues to concentrate on Economy business, while a number of passengers in Business class show a slight increase. However, the trend of passenger numbers in First class shows a continual decline as the numbers have been falling three quarters consecutively.

Estimated Complimentary Meal Numbers by Route (millions)

	Apr-Jun '06	Apr-Jun '05	% change	Jul-Sep '05	Forecast
Domestic	8.14	8.32	-2.10%	14.68	14.37
Intercontinental	30.32	29.38	3.19%	33.51	34.58
Total	38.46	37.70	2.02%	48.19	49.16

Forecast meals on domestic flights has increased compared with last year. This is because the Expert Panel has revised upwards its assessment of the proportion of airline offering complimentary meals on these routes. This estimate is greatly affected by the actions of one or two airlines that have strong domestic traffic (such as Qantas)

Travel Catering Research Centre Quarterly Report

Passenger Numbers by Carrier (millions)

	Apr-Jun '06	Apr-Jun '05	% change	Jul-Sep '05	Forecast
Cathay Pacific	4.12	3.71	11.36%	4.10	4.57
Japan Airlines	13.56	13.93	-2.67%	15.58	15.17
Malaysia Air	4.10	4.50	-8.87%	4.74	4.32
Qantas	5.84	5.87	-0.54%	6.24	6.21
Singapore Airways	4.39	4.01	9.44%	4.35	4.76
Thai Air	4.48	4.20	6.61%	4.60	4.88

Cathay Pacific and Singapore Airways have continued to grow as the passenger numbers have continually increased in the period of six quarters consecutively. As a result of Tsunami in December 2004, Thai Air saw an all year decline of passenger numbers in year 2005. However, after regaining travellers' confidence Thai Air has begun to see a continual increase of passenger numbers in the first six months of year 2006. However, passenger numbers of Qantas has been falling continually in the past six quarters, while Malaysia Air and Japan Airlines have also continued to see a small decline in number of passengers over two and three quarters consecutively.

Headlines

Skytrax Awards: Catering Category

The 2006 Best Airline Onboard Catering Survey achieved a total of 2,046,117 eligible survey interviews, during the 9 month project period.

Gulf Air remains a dominant airline in the catering category, winning the Best First Class Catering title, 2nd place in the Best Business Class Catering category and 5th position in Best Economy Class Catering. The only other airline to achieve consistently high ratings across all class categories is Qatar Airways - ranking 3rd, 4th and 4th respectively. Thai was ranked the first for catering in Economy class for the second year running as well as named as the winner 2006 World Airline Award for the Best Cabin Staff - up from 2nd position in 2005.

<http://www.worldairlineawards.com/Awards-2006/Catering.htm> June/23/2006

All Nippon Airways (ANA)

ANA will improve the in-flight meals for Economy class and Business class. From November 1, the first meal on flights to Europe and North America on Economy class will also be served on full size trays (26cm x 38cm) as opposed to the current two-thirds size (26cm x 26cm). Meals will also comprise two further dishes, and the ever popular Haagen Dazs ice-cream will be served as dessert. For Business class, aperitifs and hors d'oeuvres will be provided on all routes, as opposed to only selected China routes, Bangkok, Singapore and Ho Chi Minh at present. In addition, hors d'oeuvres and main dishes will also be served separately and as a final touch, Japanese menus will be complemented by such delicacies as Tofu with Sea Urchin, and Western Menus with the highest quality French Beurre *d'Eclairé* and Italian balsamic olive oil.

http://www.ana.co.jp/eng/aboutana/press/index_sm.html Aug/2/2006

LSG Sky Chefs

LSG Sky Chefs smoothly began operating its new facility at Bangkok's Suvarnabhumi Airport in parallel with the opening of Asia's new mega-hub on 28 September 2006. The new state-of-the-art customer service center offers a window into the future of the industry. The facility contains the latest technology, combined with a flexible layout that can be easily modified in response to a number of foreseeable market developments, such as meeting the needs of low-cost carriers and the addition of onboard retail or frozen meals to the activities at the facility. Also, its initial production capacity of 12 000 meals per day can be expanded up to 25 000 as traffic increases. Currently, the customer service center delivers to 24 international airlines, including Lufthansa, Qantas, British Airways, Japan Airlines, and Finnair.

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Explanations**Passenger Numbers by Route**

The data in this table is derived from the area's major individual carrier's websites. These carriers include Cathay Pacific, Japan Airlines, Korean Airlines, Malaysia Air, Qantas, Singapore Airways and Thai Air.

% change - This compares the last full quarter of this year with the same quarter in the previous year.

Forecast - The forecast is based on the trend derived from the equivalent quarter of the previous year and the percentage change in the last full quarter.

Passenger Numbers by Seat Class

The data in this table is derived from data found on Euromonitor's web pages. The seat class data is defined by country and is then applied to the major carrier for that country. Two countries are not reported on and the average seat class ratio is applied to these.

Estimated Complimentary Meal Numbers and Type by Route

The data in this table is calculated by taking the total passenger numbers by route and applying a multiplier to provide an estimate of the total meals provided to passengers. The multipliers used are based upon consensus meal values agreed upon by a panel of experts and are subject to change on a monthly basis.

% change – Please see above.

Forecast – Please see above.

Passenger Numbers by Carrier

The data in this table is derived from the individual carrier's websites. The Association of Asia Pacific Airlines (AAPA) data is derived from Monthly International Statistics as found on their website.

% change – Please see above.

Forecast – Please see above.