

## Cathay Pacific Airways Limited – Abridged Financial Statements

To provide shareholders with information on the results and financial positions of the group's significant listed associated company, Cathay Pacific Airways Limited, the following is a summary of its audited consolidated profit and loss account for the year ended 31st December 2000 and consolidated balance sheet as at 31st December 2000.

### CATHAY PACIFIC AIRWAYS LIMITED

Consolidated Profit and Loss Account  
for the year ended 31st December 2000

NOTE	2000 HK\$M	1999 HK\$M
Turnover	34,523	28,702
Operating expenses	(29,234)	(25,891)
Operating profit	5,289	2,811
Finance charges	(2,731)	(2,775)
Finance income	2,364	1,857
Net finance charges	(367)	(918)
Profit on sale of investments	–	482
Share of profits of associated companies	279	108
Profit before taxation	5,201	2,483
Taxation	110	219
Profit after taxation	5,091	2,264
Minority interests	86	84
Profit attributable to shareholders	5,005	2,180
Dividends	2,182	1,016
Retained profit for the year	2,823	1,164
	<b>HK¢</b>	<b>HK¢</b>
	148.4	64.4
1	147.0	64.0

### Notes

1. Cathay Pacific Airways adopted a share option scheme on 10th March 1999 whereby certain flight deck crew of the company were granted options to subscribe for a total of 67,837,097 shares at a price of HK\$7.47 per share. During the year, 347,000 shares were subscribed for through the exercise of such share options. Diluted earnings per share are calculated to adjust for the effects of the remaining share options not yet exercised.
2. Contingencies
  - a. Cathay Pacific Airways has undertaken to indemnify lessors in respect of certain leasing arrangements of the Cathay Pacific Group so as to maintain a specified rate of return on each of the lessors' investments. The Cathay Pacific Group has been notified by certain lessors of potential claims under these indemnities. The likelihood

of any specific claims being made is dependant upon the resolution of disputes between these lessors and a third party. No claims have been received and the financial effect of these contingencies remains uncertain.

- b. At 31st December 2000, contingent liabilities existed in respect of guarantees given by Cathay Pacific Airways on behalf of subsidiary, associated and other related companies relating to long-term loan facilities of up to HK\$696 million (1999: HK\$692 million).

3. Change in accounting policy

The Cathay Pacific Group has prepared the accounts in accordance with HK SSAP 29 “Intangible Assets” and HK SSAP 30 “Business Combinations” recently issued by the Hong Kong Society of Accountants. The effect of the change in 1999 is to increase operating expenses and reduce operating profit by HK\$11 million. The retained profit brought forward from 1999 has been increased by HK\$187 million being the restatement of unamortised goodwill. The amortisation of goodwill in 2000 totals HK\$14 million. Certain comparative information in the consolidated accounts of Cathay Pacific Airways Limited has been restated accordingly.

Since the Swire Pacific group has not elected for early adoption of HK SSAP 29 and HK SSAP 30, adjustments have been made in the accounts of Swire Pacific to increase the share of profit and to reduce the share of net assets of the associated company by HK\$6 million and HK\$79 million respectively.

## CATHAY PACIFIC AIRWAYS LIMITED

### Consolidated Balance Sheet

at 31st December 2000

	2000	1999
	HK\$M	HK\$M
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	48,548	48,131
Intangible assets	411	410
Investments in associated companies	1,532	1,367
Other long-term receivables and investments	2,224	2,181
	52,715	52,089
<b>Current assets</b>		
Stock	647	648
Trade and other receivables	5,006	3,832
Liquid funds	11,040	11,595
	16,693	16,075
<b>Current liabilities</b>		
Current portion of long-term liabilities	2,918	2,588
Related pledged security deposits	(1,135)	(563)
Net current portion of long-term liabilities	1,783	2,025
Trade and other payables	5,619	6,052
Unearned transportation revenues	2,254	1,741
Taxation	620	659
Proposed dividend	1,508	914
	11,784	11,391
<b>Net current assets</b>	<b>4,909</b>	<b>4,684</b>
<b>Total assets less current liabilities</b>	<b>57,624</b>	<b>56,773</b>
<b>Non-current liabilities</b>		
Long-term liabilities	36,863	39,380
Related pledged security deposits	(17,808)	(16,622)
Net long-term liabilities	19,055	22,758
Deferred taxation	7,146	6,714
	26,201	29,472
Minority interests	99	86
	26,300	29,558
<b>NET ASSETS</b>	<b>31,324</b>	<b>27,215</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	670	676
Reserves	30,654	26,539
<b>SHAREHOLDERS' FUNDS</b>	<b>31,324</b>	<b>27,215</b>