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

| | 2000 | 1999 |
|--|----------|----------|
| NOTE | HK\$M | 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 |
| | HK¢ | HK¢ |
| Basic earnings per share | 148.4 | 64.4 |
| 1 Diluted earnings per share | 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

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- 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

| HK\$M PH\$M ASSETS Non-current assets Fixed assets 48,548 48,131 Intangible assets 411 410 Investments in associated companies 1,532 1,367 Other long-term receivables and investments 52,715 52,089 Current assets 5,006 648 Trade and other receivables 5,006 3832 Liquid funds 11,040 11,595 Trade and other receivables 16,693 16,075 Current portion of long-term liabilities 2,918 2,588 Related pledged security deposits (1,135) (563) Net current portion of long-term liabilities 2,918 2,588 Related pledged security deposits 1,1783 2,025 Trace and other payables 5,619 6,052 Unearned transportation revenues 2,254 1,741 Taxation 60 659 Proposed dividend 1,508 914 Net current assets 3,68 39,380 <td< th=""><th>at 31st Beechieer 2000</th><th>2000</th><th>1999</th></td<> | at 31st Beechieer 2000 | 2000 | 1999 |
|--|--|----------|----------|
| Non-current assets 48,548 48,131 Intagible assets 411 410 Investments in associated companies 1,532 1,367 Other long-term receivables and investments 52,715 52,089 Current assets Stock 647 648 Trade and other receivables 11,040 11,595 Liquid funds 11,040 11,595 Current liabilities 2,918 2,588 Related pledged security deposits (1,135) (563) Net 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 Uncarned transportation revenues 2,254 1,741 Taxation 6 659 Proposed dividend 1,508 914 Valuation 36,863 39,380 Total assets scurrent liabilities 36,863 39,380 Related pledge | | HK\$M | HK\$M |
| 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 Current assets 5,006 3,832 Edical and other receivables 5,006 3,832 Liquid funds 11,040 11,595 Liquid funds 11,040 11,595 Liquid funds 11,040 11,595 Liquid funds 16,693 16,075 Current liabilities 2,918 2,588 Related pledged security deposits (1,135) (563) Net current portion of long-term liabilities 1,783 2,052 Trade and other payables 5,619 6,052 Uncarned transportation revenues 2,254 1,741 Taxation 60 659 Proposed dividend 1,508 914 Met current assets 4,909 4,684 Total assets less current liabilities 36,863 39,380 Related pledge | ASSETS | | |
| Intangible assets 411 410 Investments in associated companies 1,532 1,367 Other long-term receivables and investments 2,224 2,181 Current assets 52,715 52,089 Stock 647 648 Trade and other receivables 5,006 3,832 Liquid funds 11,040 11,959 Current labilities 2,918 2,588 Related pledged security deposits 1,135 (563) Net current portion of long-term liabilities 2,918 2,588 Related pledged security deposits 1,135 (563) Trade and other payables 5,619 6,052 Trade and other payables 5,619 6,052 Trade and other payables 5,619 6,052 Proposed dividend revenues 1,508 914 Taxation 620 659 Proposed dividend 1,508 914 Met current assets 4,909 4,684 Total assets less current liabilities 36,863 39,380 < | Non-current assets | | |
| Investments in associated companies 1,532 1,367 Other long-term receivables and investments 2,224 2,181 Current assets 5,006 3,832 Stock 647 648 Trade and other receivables 5,006 3,832 Liquid funds 11,040 11,595 Current liabilities 2,918 2,588 Related pledged security deposits (1,135) (563) Net current portion of long-term liabilities 2,918 2,588 Related pledged security deposits (1,135) (563) Net current portion of long-term liabilities 5,619 6,052 Trade and other payables 5,619 6,052 Unearned transportation revenues 1,784 1,741 Taxation 620 659 Proposed dividend 1,508 91 Net current assets 4,909 4,684 Total assets less current liabilities 5,624 5,762 5,762 Non-current liabilities 36,83 39,386 6,82 Related pledged secu | Fixed assets | 48,548 | 48,131 |
| Other long-term receivables and investments 2,224 2,181 Current assets 52,715 52,089 Stock 647 648 Trade and other receivables 5,006 3,832 Liquid funds 11,040 11,595 Current liabilities 2,918 2,588 Related pledged security deposits (1,135) 5630 Net current portion of long-term liabilities 2,918 2,588 Related pledged security deposits (1,135) 5630 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 91 Net current assets 4,909 4,684 Total assets less current liabilities 57,624 56,733 Non-current liabilities 36,863 39,382 Related pledged security deposits (17,808) (16,00) Net long-term liabilities 9,055 | Intangible assets | 411 | 410 |
| 52,715 52,089 Current assets Stock 647 648 Trade and other receivables 5,006 3,832 Liquid funds 11,040 11,595 Liquid funds 16,693 16,075 Current 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 Text current assets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current liabilities 36,863 39,380 Related pledged security deposits (17,808) (16,622) Net long-term liabilities 36,863 39,380 Related pledged security deposits (17,808) (16,622) Net long-term liabilities 26,201 <td>Investments in associated companies</td> <td>1,532</td> <td>1,367</td> | Investments in associated companies | 1,532 | 1,367 |
| Current assets 647 648 Trade and other receivables 5,006 3,832 Liquid funds 11,040 11,595 Current liabilities 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 Net current assets 3,609 4,684 Total assets less current liabilities 7,624 56,73 Non-current liabilities 36,863 39,880 Related pledged security deposits (17,808) (16,622) Net long-term liabilities 36,863 39,880 Related pledged security deposits (17,808) (16,622) Net long-term liabilities 9 86 Deferred taxation 7,146 6,714 < | Other long-term receivables and investments | 2,224 | 2,181 |
| Stock 647 648 Trade and other receivables 5,006 3,832 Liquid funds 11,040 11,595 Current liabilities Current portion of long-term liabilities 2,918 2,588 Related pledged security deposits 1,1783 2,025 Trade and other payables 1,783 2,025 Trade and other payables 5,619 6,052 Unearned transportation revenues 5,619 6,052 Traxation 620 659 Proposed dividend 1,508 914 Net current assets 4,909 4,684 Total assets less current liabilities 37,624 56,73 Non-current liabilities 36,863 39,380 Related pledged security deposits (17,808) (16,622) Net long-term liabilities 36,863 39,380 Related pledged security deposits (17,808) (16,622) Net long-term liabilities 9 8 Deferred taxation 7,146 6,714 Minority interests | | 52,715 | 52,089 |
| Trade and other receivables 5,006 3,832 Liquid funds 11,040 11,595 Current liabilities 16,693 16,075 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 5,619 6,052 Unearned transportation revenues 2,254 1,748 Proposed dividend 1,508 914 Net current assets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current liabilities 57,624 56,773 Non-current liabilities 36,863 39,80 Related pledged security deposits (17,808) (16,622) Net long-term liabilities 19,055 22,758 Deferred taxation 7,146 6,714 Minority interests 99 86 NET ASSETS 31,324 | Current assets | | |
| Liquid funds 11,040 11,595 Current liabilities 16,693 16,075 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 Net current assets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current liabilities 57,624 56,773 Non-current 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 Minority interests 99 86 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES 30,654 26,539 </td <td>Stock</td> <td>647</td> <td>648</td> | Stock | 647 | 648 |
| 16,693 16,075 Current 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 Net current assets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current liabilities 36,863 39,380 Related pledged security deposits (17,808) (16,622) Net long-term liabilities 36,863 39,380 Related pledged security deposits (17,808) (16,622) Net long-term liabilities 36,863 39,380 Referred taxation 7,146 6,714 Minority interests 99 86 CAPITAL AND RESERVES 31,324 27,215 CAPITAL AND RESERVES 30,654 26,539 | Trade and other receivables | 5,006 | 3,832 |
| Current liabilities 2,918 2,588 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 Net current assets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current liabilities 36,863 39,380 Related pledged security deposits (17,808) (16,622) Net long-term liabilities 36,863 39,380 Related pledged security deposits (17,808) (16,622) Net long-term liabilities 9,055 22,758 Deferred taxation 7,146 6,714 ferred taxation 7,146 6,714 g 26,300 29,558 NET ASSETS 31,324 27,215 | Liquid funds | 11,040 | 11,595 |
| 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 Net current assets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current liabilities 57,624 56,773 Net 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 Minority interests 99 86 Long-term liabilities 26,300 29,558 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | | 16,693 | 16,075 |
| 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 Long-term tassets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current liabilities 57,624 56,773 Net 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 Minority interests 99 86 CAPITAL SSETS 31,324 27,215 CAPITAL AND RESERVES 31,324 27,215 Share capital 670 676 Reserves 30,654 26,539 | Current liabilities | | |
| 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 Net current assets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current 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 Minority interests 99 86 Minority interests 99 86 CAPITAL AND RESERVES 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | Current portion of long-term liabilities | 2,918 | 2,588 |
| Trade and other payables 5,619 6,052 Unearned transportation revenues 2,254 1,741 Taxation 620 659 Proposed dividend 1,508 914 Net current assets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current 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 Minority interests 99 86 26,300 29,558 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | Related pledged security deposits | (1,135) | (563) |
| Unearned transportation revenues 2,254 1,741 Taxation 620 659 Proposed dividend 1,508 914 Net current assets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current 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 Minority interests 99 86 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | Net current portion of long-term liabilities | 1,783 | 2,025 |
| Taxation 620 659 Proposed dividend 1,508 914 11,784 11,391 11,784 11,391 Net current assets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current 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 Minority interests 99 86 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | Trade and other payables | 5,619 | 6,052 |
| Proposed dividend 1,508 914 Net current assets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current 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 Minority interests 99 86 26,300 29,558 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | Unearned transportation revenues | 2,254 | 1,741 |
| Net current assets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current 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 Minority interests 99 86 MET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | Taxation | 620 | 659 |
| Net current assets 4,909 4,684 Total assets less current liabilities 57,624 56,773 Non-current 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 Minority interests 99 86 26,300 29,558 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | Proposed dividend | 1,508 | 914 |
| Total assets less current liabilities 57,624 56,773 Non-current 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 Minority interests 99 86 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | | 11,784 | 11,391 |
| Non-current liabilities 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 Minority interests 99 86 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | Net current assets | 4,909 | 4,684 |
| 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 Minority interests 99 86 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | Total assets less current liabilities | 57,624 | 56,773 |
| Related pledged security deposits (17,808) (16,622) Net long-term liabilities 19,055 22,758 Deferred taxation 7,146 6,714 Minority interests 99 86 26,300 29,558 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | Non-current liabilities | | |
| Net long-term liabilities 19,055 22,758 Deferred taxation 7,146 6,714 Minority interests 26,201 29,472 Minority interests 99 86 26,300 29,558 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | Long-term liabilities | 36,863 | 39,380 |
| Deferred taxation 7,146 6,714 26,201 29,472 Minority interests 99 86 26,300 29,558 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | Related pledged security deposits | (17,808) | (16,622) |
| Minority interests 26,201 29,472 Minority interests 99 86 26,300 29,558 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | Net long-term liabilities | 19,055 | 22,758 |
| Minority interests 99 86 26,300 29,558 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES 670 676 Reserves 30,654 26,539 | Deferred taxation | 7,146 | 6,714 |
| 26,300 29,558 NET ASSETS 31,324 27,215 CAPITAL AND RESERVES 670 676 Share capital 670 676 Reserves 30,654 26,539 | | 26,201 | 29,472 |
| NET ASSETS 31,324 27,215 CAPITAL AND RESERVES 670 676 Share capital 670 676 Reserves 30,654 26,539 | Minority interests | 99 | 86 |
| CAPITAL AND RESERVES Share capital 670 676 Reserves 30,654 26,539 | | 26,300 | 29,558 |
| Share capital 670 676 Reserves 30,654 26,539 | NET ASSETS | 31,324 | 27,215 |
| Reserves 30,654 26,539 | CAPITAL AND RESERVES | | |
| | Share capital | 670 | 676 |
| SHAREHOLDERS' FUNDS 31,324 27,215 | Reserves | 30,654 | 26,539 |
| | SHAREHOLDERS' FUNDS | 31,324 | 27,215 |