

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 2001 and consolidated balance sheet as at 31st December 2001.

CATHAY PACIFIC AIRWAYS LIMITED

Consolidated Profit and Loss Account

for the year ended 31st December 2001

		2001 HK\$M	2000 HK\$M
<i>Note</i>			
	Turnover	30,436	34,523
	Operating expenses	(29,604)	(29,234)
	Operating profit	832	5,289
	Finance charges	(2,668)	(2,731)
	Finance income	2,097	2,364
	Net finance charges	(571)	(367)
1	Profit on sale of investments	452	–
	Share of profits of associated companies	188	279
	Profit before taxation	901	5,201
	Taxation	202	110
	Profit after taxation	699	5,091
	Minority interests	42	86
	Profit attributable to shareholders	657	5,005
Dividends:			
	Interim – paid	416	674
	Final – proposed	166	1,508
		582	2,182
		HK¢	HK¢
	Basic earnings per share	19.7	148.4
2	Diluted earnings per share	19.6	147.0

Notes:

- During the year, the Cathay Pacific Group's indirect interest in Equant N.V. was disposed of in exchange for an indirect interest in France Telecom S.A. and the mark to market gain previously recognised in equity has, in accordance with HK SSAP 24, been transferred to the profit and loss account.
- Cathay Pacific Airways adopted a share option scheme whereby certain flight deck crew of the company were granted options on 15th March 1999 to subscribe for a total of 68,317,000 shares at a price of HK\$7.47 per share. During the year, 196,000 shares were subscribed for through the exercise of such share options, making a total of 543,000 shares being subscribed as at 31st December 2001. Furthermore 640,000 options at the exercise price lapsed during the year. Diluted earnings per share are calculated to adjust for the effects of the remaining share options not yet exercised.
- Cathay Pacific Group has restated goodwill previously written off against reserves retrospectively in accordance with HK SSAP 30 in 2000. Since the Swire Pacific group has taken advantage of the transitional provisions in HK SSAP 30 whereby all goodwill arising before 1st January 2001 was not restated, 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\$73 million respectively, being the difference in the treatment of goodwill.

CATHAY PACIFIC AIRWAYS LIMITED
Consolidated Balance Sheet

at 31st December 2001

	2001 HK\$M	2000 HK\$M
ASSETS		
Non-current assets		
Fixed assets	51,660	48,548
Intangible assets	454	411
Investments in associated companies	1,590	1,532
Other long-term receivables and investments	1,575	2,224
	55,279	52,715
Current assets		
Stock	587	647
Trade and other receivables	4,778	5,006
Liquid funds	9,764	11,040
	15,129	16,693
Current liabilities		
Current portion of long-term liabilities	3,241	2,918
Related pledged security deposits	(1,231)	(1,135)
Net current portion of long-term liabilities	2,010	1,783
Trade and other payables	4,556	5,619
Unearned transportation revenues	1,965	2,254
Taxation	626	620
	9,157	10,276
Net current assets	5,972	6,417
Total assets less current liabilities	61,251	59,132
Non-current liabilities		
Long-term liabilities	39,208	36,863
Related pledged security deposits	(17,194)	(17,808)
Net long-term liabilities	22,014	19,055
Deferred taxation	7,836	7,146
	29,850	26,201
Minority interests	93	99
	29,943	26,300
NET ASSETS	31,308	32,832
CAPITAL AND RESERVES		
Share capital	666	670
Reserves	30,642	32,162
SHAREHOLDERS' FUNDS	31,308	32,832

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 dependent 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. In order to avoid prejudicing the Cathay Pacific Group's position, no further details are disclosed.
- (b) At 31st December 2001, contingent liabilities existed in respect of guarantees given by Cathay Pacific Airways on behalf of subsidiary, associated, other related companies and staff relating to long-term loan facilities of up to HK\$1,202 million (2000: HK\$696 million).