Additional information is provided below to reconcile reported and underlying profit and equity attributable to the Company's shareholders. The reconciling items principally reverse the impact of HKAS 40 and HKAS-Int 21 on investment properties and deferred taxation respectively. Further analysis compares the impact of other significant items in the current and prior years.

Underlying profit	Note	**2009 HK$M**	2008 HK$M
Profit attributable to the Company's shareholders per accounts	(a)	**19,917**	5,853
Adjustments re investment properties:			
Revaluation of investment properties	(b)	**(14,506)**	(234)
Deferred tax on revaluation movements	(c)	**2,799**	318
Deferred tax written back on change in tax rate		**–**	(949)
Realised profit on sale of investment properties	(d)	**27**	–
Depreciation of investment properties occupied by the Group	(e)	**13**	13
Minority interests' share of revaluation movements less deferred tax		**88**	237
Impairment of hotels held as part of mixed-use developments less deferred tax	(f)	**137**	–
Underlying profit attributable to the Company's shareholders		**8,475**	5,238
Other significant items:			
Profit on sale of interest in Swire SITA		**–**	(1,721)
Profit on sale of shareholdings in other investments		**(46)**	(53)
Profit on sale of vessels		**–**	(94)
Profit on sale of investment properties		**(53)**	–
Profit on sale of properties previously occupied by the Group		**(110)**	–
Impairment of stand-alone hotels less deferred tax		**61**	–
Impairment of properties held for development		**29**	77
Adjusted profit		**8,356**	3,447

Underlying equity

	Note	**2009 HK$M**	2008 HK$M
Equity attributable to the Company's shareholders per accounts	(a)	**152,503**	134,741
Deferred tax on revaluation of investment properties		**18,300**	15,531
Unrecognised valuation gains on hotels held as part of mixed-use developments	(f)	**512**	–
Revaluation of investment properties occupied by the Group		**1,421**	1,311
Cumulative depreciation of investment properties occupied by the Group		**84**	74
Underlying equity attributable to the Company's shareholders		**172,820**	151,657
Underlying minority interests		**877**	1,531
Underlying equity		**173,697**	153,188

Notes:

(a) The adoption of HK(IFRIC)-Int 13 (Customer Loyalty Programmes) has resulted in the restatement of the 2008 comparative figures. Refer to note 1(a) to the accounts for further details.

(b) This represents the net revaluation movements as shown in the consolidated income statement plus the Group's share of net revaluation movements of jointly controlled and associated companies.

(c) This represents deferred tax on the Group's net revaluation movements plus the Group's share of deferred tax on the net revaluation movements of jointly controlled and associated companies.

(d) Prior to the implementation of HKAS 40, changes in the fair value of investment properties were recorded in the revaluation reserve rather than the consolidated income statement. On sale, the revaluation gains were transferred from the revaluation reserve to the consolidated income statement.

(e) Prior to the implementation of HKAS 40, no depreciation was charged on investment properties occupied by the Group.

(f) Under HKAS 40, hotel properties are stated in the accounts at cost less accumulated depreciation and any provision for impairment losses, rather than at fair value. If HKAS 40 did not apply, those wholly-owned or jointly controlled hotel properties held for the long-term as part of mixed-use property developments would be accounted for as investment properties. Accordingly, any increase or write-down in their value would be recorded in the revaluation reserve rather than the consolidated income statement.

Commentary on major balances and year on year variances in the Accounts

References are to "Notes to the Accounts" on pages 109 to 154.

Consolidated Income Statement

	2009 HK$M	2008 HK$M	Reference
Turnover	**24,909**	24,670	Notes 4 and 7
The increase in turnover of HK$239 million compared to 2008 was principally derived from the Property Division (HK$385 million) and the Beverages Division (HK$398 million), which more than offset decreases in turnover from the Swire Pacific Offshore group ("SPO") (HK$115 million) and the Trading & Industrial Division (HK$426 million). In the Property Division, gross rental income from property investment increased by HK$610 million, principally reflecting full year contributions from One Island East and The Village South at Sanlitun, which opened in March 2008 and July 2008 respectively. Rental reversions for both the office and retail portfolio were generally positive despite the weaker market in the first half of 2009. Turnover from property trading fell. In the Beverages Division, turnover increased in Hong Kong (HK$105 million), Taiwan (HK$131 million) and Mainland China (HK$114 million), with all three markets benefiting from strong growth in sales of still beverages, in particular Minute Maid. Turnover in the USA improved marginally (HK$48 million) as the positive effect of pricing increases was mostly offset by a fall in sales of sparkling beverages and bottled water. At SPO, the effect of a reduction in charter hire and utilisation rates in the second half of 2009 and a reduction in non-charter hire income was only partly offset by an increase in revenue from additional capacity. In the Trading & Industrial Division, the Taikoo Motors group's turnover in Taiwan fell by HK$376 million. A reduction in sales of Audi and KIA cars, reflecting the expiry of the group's distributorship agreements during 2009, was partly offset by growth in sales of Volkswagen cars. Turnover from the Swire Resources group increased by HK$59 million with retail sales in Hong Kong and Mainland China growing by 2% and 9% respectively.			

Consolidated Income Statement (continued)

	2009 HK$M	2008 HK$M	Reference
Operating Profit The increase in operating profit of HK$12,580 million compared to 2008 was principally derived from the Property Division (HK$14,278 million) and the Beverages Division (HK$109 million), which more than offset decreases in operating profit at SPO (HK$156 million) and the Trading & Industrial Division (HK$1,647 million). In the Property Division, net valuation gains on investment properties were HK$14,199 million higher than in 2008. Income from property investment rose by HK$595 million, including profits of HK$130 million on sale of a house at 36A Island Road and eight units at Westlands Centre in Quarry Bay. Property trading profit fell by HK$128 million, reflecting fewer unit closings at Asia, although this was partly offset by unit closings at Island Lodge. The hotel business incurred losses of HK$474 million due to the write-off of pre-operating costs on the two new hotels in Hong Kong and the adverse effect of the global economic conditions, particularly in the first half of 2009. The results include impairment losses on hotels of HK$267 million. The higher operating profit in the Beverages Division reflects higher turnover and lower raw material costs. The fall in operating profit for SPO reflects the absence of profits on vessel sales, the effect of lower charter hire and utilisation rates in the second half of 2009 and a reduction in non-charter hire income, offset in part by profits earned in respect of additional vessels. Operating profit from the Trading & Industrial Division increased by HK$74 million, disregarding the profit on disposal of its interest in Swire SITA of HK$1,721 million in 2008. This reflects the exit from loss-making stores in Mainland China by the Swire Resources group and lower operating costs in the Taikoo Motors group.	**21,733**	9,153	Notes 5 and 7
Net Finance Charges The increase reflects the higher level of borrowings in the Group to finance the acquisition of additional interests in Cathay Pacific and HAECO, investment properties under construction and new vessels. This was partially offset by a gain of HK$107 million from the recognition, and the movement in fair value of, a put option in relation to the minority interest in Sanlitun Village.	**940**	912	Note 9
Share of Profits Less Losses of Jointly Controlled Companies In the Property Division, lower net valuation gains were recorded on investment properties held by jointly controlled companies. The Mandarin Oriental Hotel in Miami incurred an operating loss in 2009 compared to a small profit in 2008, reflecting the global economic downturn. Contributions from jointly controlled companies in the Beverages Division increased by HK$94 million due to strong volume growth in Mainland China and lower raw material costs. In the Trading & Industrial Division, the share of profits from jointly controlled companies fell as a result of the absence of contribution from Swire SITA. Akzo Nobel Swire Paints reported a higher profit in 2009 due to sales volume growth in Mainland China and lower raw material costs. The contribution from CROWN Beverage Cans group fell, principally due to a fall in sales volume in Mainland China and Hong Kong.	**624**	638	Notes 7 and 20

Consolidated Income Statement (continued)

	2009 HK$M	2008 HK$M	Reference
Share of Profits Less Losses of Associated Companies The Cathay Pacific group contributed a profit of HK$1,349 million, including unrealised mark-to-market fuel hedging gains of HK$847 million. Premium passenger demand fell substantially though economy class passenger numbers held up well. Cargo demand was exceptionally weak in the first half of 2009, but was stronger from October onwards. The share of profit from HAECO fell by HK$191 million, reflecting reduced demand for airframe heavy maintenance services in Hong Kong and Xiamen, less line maintenance work at Hong Kong International Airport and fewer jet engines being serviced by HAESL. In the Property Division, the share of valuation gain on PCCW Tower was HK$50 million (after deferred tax) against a valuation loss of HK$21 million in 2008. The three associate hotels at Pacific Place contributed lower profits due to pressure on occupancy levels and room rates, particularly during the first half of 2009. In the Beverages Division, the share of profit from Coca-Cola Bottlers Manufacturing Holdings Limited increased by HK$18 million. The contribution from PUMA in the Trading & Industrial Division fell by 15% to HK$39 million as the brand's momentum slowed.	**2,154**	(2,606)	Notes 7 and 21
Taxation The increase primarily reflects the deferred tax charge on the valuation gains on investment properties held by the Group.	**3,407**	47	Notes 7 and 10
Profit Attributable to the Company's Shareholders The increase in attributable profit is mainly due to the valuation gains on investment properties and the increased contribution from the Cathay Pacific group, partially offset by the absence of significant capital profits.	**19,917**	5,853	Note 7

Consolidated Statement of Financial Position

	2009 HK$M	2008 HK$M	Reference
Property, Plant and Equipment The decrease is mainly due to the transfer of properties under construction, namely The Village North at Sanlitun and TaiKoo Hui in Guangzhou (totalling HK$3,887 million) to investment properties at the start of 2009 following the adoption of the revised HKAS 40. Additions during the year mainly include development costs at the new hotels in Hong Kong and at TaiKoo Hui, the acquisition of vessels by SPO and the purchase of production, marketing and distribution equipment in the Beverages Division.	**14,549**	17,010	Note 14
Investment Properties The increase reflects net valuation gains (before deferred tax) of HK$14,406 million and the transfer of The Village North at Sanlitun and TaiKoo Hui from property, plant and equipment and leasehold land (totalling HK$4,336 million) as noted in the paragraphs above and below. Additions during the year mainly include construction costs incurred on The Village North and TaiKoo Hui as well as renovation costs at The Mall at Pacific Place.	**154,493**	134,625	Note 15
Leasehold Land and Land Use Rights The decrease represents the transfer of the land element of The Village North and TaiKoo Hui (totalling HK$449 million) to investment properties at the start of 2009 following the adoption of the revised HKAS 40.	**2,234**	2,586	Note 16
Investments in Jointly Controlled Companies The increase primarily reflects further capital injections into the joint venture project at Jiang Tai (Beijing) and loans advanced to the Mandarin Oriental Hotel in Miami.	**9,048**	8,505	Note 20

Consolidated Statement of Financial Position (continued)

	2009 HK$M	2008 HK$M	Reference
Investments in Associated Companies The increase is largely due to the acquisition of additional interests in Cathay Pacific (2%) and HAECO (12.45%) in September and October 2009 and profits retained by these companies. The Beverages Division also made a further capital injection into a manufacturing plant for still beverages in Dongguan, Mainland China.	**23,454**	18,442	Note 21
Properties for Sale The increase is principally due to the reclassification of properties under development for sale at Seymour Road, Hong Kong of HK$1,335 million from the investment properties category. The construction costs for the unsold units at Island Lodge, previously recorded in trade and other receivables, were also reclassified to properties for sale. The effect of these reclassifications was partially offset by unit closings at the Asia development in Miami.	**3,272**	1,842	Note 25
Available-for-sale Assets The decrease mainly reflects the receipt of the monies in escrow (HK$1,888 million) in respect of the disposal of Swire SITA and the sale of a small number of listed investments held by the Beverages Division and Head Office. These were partially offset by mark-to-market gains on the remaining listed investments held by the Group at 31st December 2009.	**392**	2,188	Note 23
Cash and Cash Equivalents The reduction is primarily attributable to the uplift of HK$1.9 billion of deposits during the year for repayment of bank loans.	**2,322**	4,146	Note 28
Trade and Other Payables The increase is mainly due to the recognition of the financial liability of HK$690 million in respect of the put option exercisable by the minority interest in Sanlitun Village. Additional accruals of HK$305 million for construction costs on investment properties also account for the increase during the year.	**8,865**	7,717	Note 29
Bank Overdrafts and Short-term Loans The decrease represents the repayment of short-term loans.	**1,083**	2,083	Note 32
Long-term Loans and Bonds The increase represents additional borrowings to finance the Group's property developments and the acquisition of new vessels.	**29,624**	29,196	Note 32
Deferred Tax Liabilities The increase is principally attributable to net valuation gains on investment properties held by the Group.	**20,303**	17,382	Note 33
Equity Attributable to the Company's Shareholders The increase represents the total comprehensive income for the year attributable to the Group (HK$20,892 million) less the dividends paid to shareholders.	**152,503**	134,741	Notes 35 and 36
Minority Interests The decrease principally reflects the derecognition of the minority interest in Sanlitun Village at 1st January 2009, following the recording of the financial liability in respect of the put option exercisable by the minority interest.	**846**	1,447	Note 37

Consolidated Statement of Cash Flows

	2009 HK$M	2008 HK$M	Reference
Cash Generated from Operations The increase mainly represents higher net rental income and higher operating profits from the Beverages and Trading & Industrial Divisions (disregarding the effect of the profit on disposal of Swire SITA in 2008), which more than offset a reduction in operating profit at SPO and lower proceeds from sales of trading properties.	**8,740**	7,580	Note 42(a)
Interest Paid The increase in interest paid is attributable to the higher level of borrowings to finance the acquisition of additional interests in Cathay Pacific and HAECO and capital expenditure.	**1,449**	1,389	
Dividends Received from Jointly Controlled and Associated Companies and Available-for-sale Assets The decrease is due to the fact that Cathay Pacific did not declare any 2008 final or 2009 interim dividends. The dividends received from Cathay Pacific during 2008 amounted to HK$975 million.	**890**	1,812	
Purchase of Property, Plant and Equipment The additions in 2009 mainly represent the construction costs of The Upper House and EAST hotels in Hong Kong and the hotel at TaiKoo Hui in Guangzhou. They also include the purchase of vessels by SPO and of plant and equipment by the Beverages Division.	**2,228**	3,686	Note 42(b)
Additions of Investment Properties The additions in 2009 include the construction costs of TaiKoo Hui and The Village North at Sanlitun and the renovation costs at The Mall at Pacific Place.	**2,300**	3,680	
Purchase of Shares in Jointly Controlled Companies The outflow mainly represents further amounts injected into the joint venture property project at Jiang Tai in Beijing.	**282**	–	
Purchase of Shares in Associated Companies The outflow represents the acquisition of further interests in Cathay Pacific (2%) and HAECO (12.45%) for HK$1,016 million and HK$1,904 million respectively. It also includes a further capital injection into a manufacturing plant for still beverages in Dongguan, Mainland China.	**3,065**	543	
Loans to Jointly Controlled Companies The decrease principally reflects lower amounts advanced to the joint venture property projects at Dazhongli and Jiang Tai compared to 2008. This was partially offset by a shareholder loan advanced to the HUD group for the period March to November 2009 (refer to "Repayment of loans by jointly controlled companies" below).	**741**	2,988	
Repayment of Loan from a Jointly Controlled Company This represents loan repayment to a jointly controlled company in the Property Division.	**3,500**	–	
Repayment of Loans by Jointly Controlled Companies This principally represents the repayment of a loan by a jointly controlled company in relation to a completed Hong Kong trading property, as well as the repayment of a shareholder loan by the HUD group (refer to "Loans to jointly controlled companies" above).	**4,184**	535	
Proceeds from Disposals of Available-for-sale Assets The proceeds from the sale of the Group's interest in Swire SITA (HK$1,888 million) were received in the second half of the year. In addition, proceeds were received on the sale of a small number of investments listed in Hong Kong.	**1,948**	–	
Loans Drawn and Refinancing This represents additional financing raised during the year, including new bonds issued under the Medium-Term Note Programme and additional bank loans, and the draw-down of existing financing. Refer to the Financing section on page 64 for further details.	**8,263**	12,161	

Investment Appraisal and Performance Review

	Net assets employed		Capital commitments*	
	2009 HK$M	2008 HK$M (Restated)	**2009 HK$M**	2008 HK$M
Property investment				
– at cost	**65,761**	62,635	**10,326**	11,220
– valuation surplus	**96,001**	81,636	**–**	–
– deferred taxation	**(20,087)**	(17,125)	**–**	–
– other net liabilities	**(1,878)**	926	**–**	–
	139,797	128,072	**10,326**	11,220
Property trading	**3,808**	2,602	**–**	–
Hotels	**5,471**	3,957	**1,044**	2,521
Property – overall	**149,076**	134,631	**11,370**	13,741
Aviation	**21,654**	17,016	**–**	–
Beverages	**4,570**	4,040	**251**	176
Marine Services	**7,882**	7,430	**2,803**	3,295
Trading & Industrial	**1,527**	3,629	**48**	64
Head Office	**321**	(112)	**–**	–
Total net assets employed	**185,030**	166,634	**14,472**	17,276
Less net debt	**(31,681)**	(30,446)		
Less minority interests	**(846)**	(1,447)		
Equity attributable to the Company's shareholders	**152,503**	134,741		

	Equity attributable to the Company's shareholders**		Return on average equity attributable to the Company's shareholders**	
	2009 HK$M	2008 HK$M (Restated)	**2009**	2008 (Restated)
Property investment	**108,637**	96,494	**15.3%**	4.3%
Property trading	**1,420**	1,605	**1.5%**	7.1%
Hotels	**4,131**	2,627	**-9.8%**	3.9%
Property – overall	**114,188**	100,726	**14.3%**	4.3%
Aviation	**21,617**	16,991	**9.4%**	-15.2%
Beverages	**3,511**	2,955	**23.3%**	20.4%
Marine Services	**8,421**	6,814	**21.5%**	26.9%
Trading & Industrial	**1,948**	1,887	**18.3%**	19.8%
– including profit on sale of Swire SITA	**–**	1,721	**–**	75.8%
Head Office	**2,818**	3,647	**–**	–
Total	**152,503**	134,741	**13.9%**	4.3%

* The capital commitments represent the Group's capital commitments plus the Group's share of the capital commitments of jointly controlled companies.

** Refer to Glossary on page 192 for definition.

Swire Pacific focuses on the long-term development of businesses where it can add value through its industry-specific expertise and particular knowledge of the Greater China region. The Group endeavours to create value for shareholders by making investments which exceed the target rate of return appropriate for each of its businesses.

The tables on page 62 show where the Group's net assets are employed, capital commitments by division and changes in returns on equity attributable to the Company's shareholders.

Property Division

Net assets employed in property investment increased by HK$11,725 million (9.2%) during the year, principally due to continued investment in property projects in Mainland China, capital expenditure on The Upper House and EAST hotels and the cost of the Pacific Place design improvement project.

Capital commitments at the year-end include the Group's share of the capital commitments of the property projects in Mainland China, as well as amounts relating to the Pacific Place design improvement project.

The increase in the return on average equity from property investment from 4.3% in 2008 to 15.3% in 2009 reflects the rise in attributable profit resulting from the property valuation gains in 2009.

The increase in net assets employed in property trading was principally due to the transfer of certain investment properties under construction to the trading property portfolio, partly offset by closings at the Island Lodge and Asia residential developments.

Aviation Division

Net assets employed in aviation increased by HK$4,638 million (27.3%) reflecting the share of profit from the Cathay Pacific and HAECO groups, as well as the acquisition of further interests in these associates.

The return on average equity improved from -15.2% in 2008 to 9.4% in 2009.

Beverages Division

Net assets employed increased by HK$530 million (13.1%), principally as a result of the investment in Coca-Cola Bottlers Manufacturing Holdings and additional retained profits in the jointly controlled and associated companies in Mainland China.

The return on average equity increased from 20.4% in 2008 to 23.3% in 2009 reflecting the 29% increase in attributable profit.

Marine Services Division

Net assets employed increased by HK$452 million (6.1%). The increase principally reflects the instalments paid on vessels under construction.

The return on average equity fell from 26.9% in 2008 to 21.5% in 2009 reflecting the 7% reduction in attributable profit.

Trading & Industrial Division

Net assets employed fell by HK$2,102 million (57.9%), reflecting the receipt during 2009 of the monies in escrow (HK$1,888 million) in respect of the disposal of the Group's interest in Swire SITA.

The return on average equity, excluding the effect of the profit on disposal of Swire SITA, fell from 19.8% in 2008 to 18.3% in 2009 reflecting the 8% reduction in attributable profit.