

Cathay Pacific Airways Limited – Abridged Financial Statements

To provide shareholders with information on the results and financial position of the Group's significant listed associated company, Cathay Pacific Airways Limited, the following is a summary of its audited consolidated statement of profit or loss and consolidated statement of other comprehensive income for the year ended 31st December 2014 and consolidated statement of financial position at 31st December 2014, modified to conform to the Group's financial statements presentation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December 2014

	2014 HK\$M	2013 HK\$M
Revenue	105,991	100,484
Operating expenses	(101,556)	(96,724)
Operating profit	4,435	3,760
Finance charges	(1,460)	(1,370)
Finance income	302	351
Net finance charges	(1,158)	(1,019)
Share of profits less losses of associated companies	772	838
Profit before taxation	4,049	3,579
Taxation	(599)	(675)
Profit for the year	3,450	2,904
Profit for the year attributable to:		
– Cathay Pacific's shareholders	3,150	2,620
– Non-controlling interests	300	284
	3,450	2,904
Dividends		
Interim – paid	393	236
Second interim – declared/paid	1,023	629
	1,416	865
	HK¢	HK¢
Earnings per share for profit attributable to Cathay Pacific's shareholders (basic and diluted)	80.1	66.6

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31st December 2014

	2014 HK\$M	2013 HK\$M
Profit for the year	3,450	2,904
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Defined benefit plans	(316)	997
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	(12,468)	3,170
Net fair value gains on available-for-sale assets	67	53
Share of other comprehensive income of associated companies	(52)	89
Net translation differences on foreign operations	(527)	491
Other comprehensive income for the year, net of tax	(13,296)	4,800
Total comprehensive income for the year	(9,846)	7,704
Total comprehensive income attributable to:		
Cathay Pacific's shareholders	(10,144)	7,418
Non-controlling interests	298	286
	(9,846)	7,704

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December 2014

	2014 HK\$M	2013 HK\$M
ASSETS AND LIABILITIES		
Non-current assets		
Fixed assets	98,471	94,935
Intangible assets	10,318	9,802
Investments in associates	22,918	20,314
Other long-term receivables and investments	6,372	7,135
Deferred tax assets	428	204
	138,507	132,390
Current assets		
Stock	1,589	1,511
Trade, other receivables and other assets	10,780	9,938
Liquid funds	21,098	27,736
	33,467	39,185
Current liabilities		
Current portion of long-term liabilities	10,002	11,179
Related pledged security deposits	(221)	(961)
Net current portion of long-term liabilities	9,781	10,218
Trade and other payables	23,543	18,206
Unearned transportation revenue	12,238	11,237
Taxation	199	1,116
	45,761	40,777
Net current assets/(liabilities)	(12,294)	(1,592)
Total assets less current liabilities	126,213	130,798
Non-current liabilities		
Long-term liabilities	55,814	57,460
Related pledged security deposits	(499)	(626)
Net long-term liabilities	55,315	56,834
Other long-term payables	9,354	1,318
Deferred taxation	9,691	9,633
	74,360	67,785
NET ASSETS	51,853	63,013
EQUITY		
Share capital	17,106	787
Reserves	34,616	62,101
Equity attributable to Cathay Pacific's shareholders	51,722	62,888
Non-controlling interests	131	125
TOTAL EQUITY	51,853	63,013

Notes to the Financial Statements

At 31st December 2014

Contingencies

- (a) Cathay Pacific Airways ("Cathay Pacific") has under certain circumstances undertaken to maintain specified rates of return within the Cathay Pacific group's leasing arrangements. The Directors of Cathay Pacific do not consider that an estimate of the potential financial effect of these contingencies can practically be made.
- (b) At 31st December 2014, contingent liabilities existed in respect of guarantees given by the Cathay Pacific group on behalf of associated companies and staff relating to lease obligations, bank loans and other liabilities of up to HK\$4,344 million (2013: HK\$2,017 million).
- (c) Cathay Pacific operates in many jurisdictions and in certain of these there are disputes with the tax authorities. Provisions have been made to cover the expected outcome of the disputes to the extent that outcomes are likely and reliable estimates can be made. However, the final outcomes are subject to uncertainties and resulting liabilities may exceed provisions.
- (d) Cathay Pacific remains the subject of antitrust proceedings in various jurisdictions and continues to defend itself vigorously. The proceedings are focused on issues relating to pricing and competition. Cathay Pacific is represented by legal counsel in connection with these matters. For further information refer to note 37(b) of the Swire Pacific Limited financial statements.