Media Information

14 August 2013

FOR IMMEDIATE RELEASE

CATHAY PACIFIC ANNOUNCES 2013 INTERIM RESULTS

		1H2013	1H2012 (restated)	Change
Turnover	*HK$ million*	**48,584**	48,861	**-0.6%**
Profit/(loss) attributable to the owners of Cathay Pacific	*HK$ million*	**24**	(929)	**+102.6%**
Earnings/(loss) per share	*HK cents*	**0.6**	(23.6)	**+102.5%**
Dividend per share	*HK$*	**0.06**	-	**+100.0%**

The Cathay Pacific Group reported an attributable profit of HK$24 million for the first six months of 2013. This compares to a restated loss of HK$929 million in the first half of 2012. Earnings per share were HK0.6 cents compared to a restated loss per share of HK23.6 cents in the first half of 2012. Turnover for the period fell by 0.6% to HK$48,584 million.

The Directors have declared a first interim dividend of HK$0.06 per share (2012: nil) for the six months ended 30th June 2013. The interim dividend which totals HK$236 million (2012: nil) will be paid on 3rd October 2013.

The Group continued to operate in a challenging business environment in the first half of 2013, though there was improvement in its passenger business. Demand in the major air cargo markets remained weak. The persistently high price of jet fuel continued to have an adverse effect on business. Share of losses from associated companies increased.

In 2012, the Group introduced measures designed to protect its business, in particular from the high price of jet fuel. It changed schedules, reduced capacity and withdrew older, less fuel-efficient aircraft from service. The fuel and aircraft maintenance components of our operating costs in the first half of 2013 were significantly lower and financial performance improved as a result. But the Group did not allow cost reductions to compromise the brand or quality of service offered by Cathay Pacific and Dragonair, and it continued to make major investments in new aircraft, new products and the new cargo terminal at Hong Kong International Airport which will benefit the business in the long term.

In the first half of 2013, the Group's net fuel costs decreased by 8.5% compared to the same period in 2012. Notwithstanding this reduction, fuel remains the Group's most significant cost, accounting for 38.8% of total operating costs during the period. Managing the risk associated with high and volatile fuel prices remains a high priority. In April 2013 Cathay Pacific took advantage of a brief drop in fuel prices to extend its fuel hedging into 2016.

The passenger business of Cathay Pacific and Dragonair improved in the first half of 2013 compared to the same period in 2012. Revenue increased by 0.8% to HK$34,978 million, although capacity decreased by 4.8%. The load factor increased by 1.2 percentage points to 81.3%. Yield also improved by 4.4% to HK69.0 cents. Passenger demand was strong on long-haul routes in all classes of travel. However, demand on regional routes did not match the increase in capacity on these routes, which put yield under pressure.

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The airlines' cargo business has been affected by weak demand since April 2011. The Group's cargo revenue for the first half of 2013 was down by 5.2% to HK$11,278 million compared to the same period in 2012. Capacity for Cathay Pacific and Dragonair was down by 1.8%. The load factor was down by 1.9 percentage points to 62.4%. Yield was down by 3.3% to HK$2.33. Freighter capacity was adjusted in line with demand. We carried more cargo in the bellies of passenger aircraft in order to reduce costs. On the plus side, our new cargo terminal at Hong Kong International Airport is expected to be fully operational by the last quarter of 2013, which will reduce costs and improve efficiency in the Group's cargo business.

The Group continued to modernise its fleet, taking delivery of six new aircraft - two Airbus A330-300 aircraft, three Boeing 777-300ER aircraft and one Boeing 747-8F freighter – in the first six months of 2013. Four Boeing 747-400 passenger aircraft were retired during the period. In March 2013, the Group entered into agreements in relation to its cargo fleet as part of a package of transactions among The Boeing Company, Cathay Pacific, Air China Cargo Co., Ltd. and Air China. Under these transactions, Cathay Pacific agreed to purchase three Boeing 747-8F freighters, for delivery in the second half of 2013, cancelled orders for eight Boeing 777-200F freighters, acquired options to purchase five Boeing 777-200F freighters and agreed to sell four Boeing 747-400BCF converted freighters. Three of the converted freighters have already left the fleet.

All of the long-haul passenger frequencies that were cancelled as part of 2012's cost reductions are restored by September 2013. A fifth daily frequency was added to London in June and the airline will, subject to government approval, add a new four-times-weekly service to Male in the Maldives in October 2013 and a new daily service to Newark in the U.S.A. in March 2014. Dragonair continued to strengthen its regional network, adding services to Da Nang, Wenzhou, Yangon and Zhengzhou and will, subject to government approval, add a new three-times-weekly seasonal service to Siem Reap in Cambodia in October 2013. Guadalajara in Mexico will be added to the cargo network in the last quarter of 2013.

On the product side, the new Premium Economy Class, introduced in 2012, is growing in popularity and has helped to improve Economy Class yield. In January 2013 Cathay Pacific began to introduce its new Regional Business Class seat. Installation in the regional fleet will be completed by December 2014. Cathay Pacific started a programme to improve its First Class seats on Boeing 777-300ER aircraft beginning from July. Dragonair has also begun upgrading its cabins with new Business and Economy Class seats and a new inflight entertainment system. At Hong Kong International Airport Cathay Pacific reopened its renovated First Class lounge at The Wing in February. The Group's fifth departure lounge at Hong Kong International Airport, The Bridge, will open later in 2013.

Cathay Pacific Chairman Christopher Pratt said: "While we continued to operate in a difficult environment in the first six months of 2013, it was pleasing to see some improvement in our business. This improvement mainly reflected stronger passenger business and cost reductions. Our financial position remains strong and we will continue to invest to make our business stronger. We will remain focused on our long-term goals while managing short-term challenges. The business outlook for the rest of 2013 remains unclear, but our core strengths – a superb team, a strong international network, exceptional standards of customer service, a strong relationship with Air China and our position in Hong Kong – remain firmly in place."

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CATHAY PACIFIC

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CATHAY PACIFIC AIRWAYS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00293)

Announcement
2013 Interim Results

Financial and Operating Highlights

Group Financial Statistics

		2013	2012 (restated)	**Change**
Results		Six months ended 30th June		
Turnover	*HK$ million*	**48,584**	48,861	**-0.6%**
Profit/(loss) attributable to the owners of Cathay Pacific	*HK$ million*	**24**	(929)	**+102.6%**
Earnings/(loss) per share	*HK cents*	**0.6**	(23.6)	**+102.5%**
Dividend per share	*HK$*	**0.06**	-	**+100.0%**
Profit/(loss) margin	*%*	**0.1**	(1.9)	**+2.0%pt**

Financial position		**30th June**	31st December (restated)	
Funds attributable to the owners of Cathay Pacific	*HK$ million*	**57,924**	56,021	**+3.4%**
Net borrowings	*HK$ million*	**34,784**	35,364	**-1.6%**
Shareholders' funds per share	*HK$*	**14.7**	14.2	**+3.5%**
Net debt/equity ratio	*Times*	**0.60**	0.63	**-0.03 times**

Operating Statistics – Cathay Pacific and Dragonair

		2013	2012 (restated)	**Change**
		Six months ended 30th June		
Available tonne kilometres ("ATK")	*Million*	**12,520**	12,944	**-3.3%**
Available seat kilometres ("ASK")	*Million*	**62,187**	65,351	**-4.8%**
Passengers carried	*'000*	**14,497**	14,312	**+1.3%**
Passenger load factor	*%*	**81.3**	80.1	**+1.2%pt**
Passenger yield	*HK cents*	**69.0**	66.1	**+4.4%**
Cargo and mail carried	*'000 tonnes*	**741**	754	**-1.7%**
Cargo and mail load factor	*%*	**62.4**	64.3	**-1.9%pt**
Cargo and mail yield	*HK$*	**2.33**	2.41	**-3.3%**
Cost per ATK (with fuel)	*HK$*	**3.69**	3.72	**-0.8%**
Cost per ATK (without fuel)	*HK$*	**2.23**	2.18	**+2.3%**
Aircraft utilisation	*Hours per day*	**11.6**	12.0	**-3.3%**
On-time performance	*%*	**77.7**	76.8	**+0.9%pt**

Capacity, load factor and yield - Cathay Pacific and Dragonair

	Capacity ASK/ATK (million)#			Load factor (%)			Yield
	2013	2012	**Change**	**2013**	2012	**Change**	**Change**
Passenger services							
India, Middle East, Pakistan and Sri Lanka	**5,356**	5,605	**-4.4%**	**75.5**	77.3	**-1.8%pt**	**+2.5%**
Southwest Pacific and South Africa	**8,783**	9,482	**-7.4%**	**78.5**	75.2	**+3.3%pt**	**+2.3%**
Southeast Asia	**9,001**	8,612	**+4.5%**	**79.5**	80.3	**-0.8%pt**	**+3.6%**
Europe	**10,316**	10,812	**-4.6%**	**86.8**	84.0	**+2.8%pt**	**+4.9%**
North Asia	**13,973**	13,616	**+2.6%**	**73.9**	72.2	**+1.7%pt**	**-5.0%**
North America	**14,758**	17,224	**-14.3%**	**89.3**	87.4	**+1.9%pt**	**+13.6%**
Overall	**62,187**	65,351	**-4.8%**	**81.3**	80.1	**+1.2%pt**	**+4.4%**
Cargo services	**6,607**	6,729	**-1.8%**	**62.4**	64.3	**-1.9%pt**	**-3.3%**

Capacity is measured in available seat kilometres (“ASK”) for passenger services and available tonne kilometres (“ATK”) for cargo services.

Passenger services

- The high price of jet fuel continued to affect the profitability of our passenger services, particularly on long-haul routes. However, its effect was mitigated to an extent by 2012’s reduction in some long-haul frequencies which were gradually restored in 2013 and by operating more long-haul services using fuel-efficient Boeing 777-300ER aircraft.
- The weakness of a number of operating currencies relative to the Hong Kong and United States dollars had a negative impact on yields. However, the beneficial effect on traffic (for example on the Japan routes) resulted in an overall improvement in revenue.
- Our passenger business started the year slowly. There was no pre-Chinese New Year rush. But from February to April, leisure traffic was strong over the Chinese New Year and Easter holidays and during the Hong Kong Sevens rugby competition. Business traffic was also strong during this period.
- Business in May and June was not as strong as expected, particularly on regional routes. On these routes, demand in the first half of 2013 did not match the increase in capacity, which put yields under pressure. Travel within the Asia Pacific region was affected by H7N9 avian flu and political issues in Northeast Asia.
- There was an overall reduction in capacity on long-haul routes. Reduced capacity on long-haul routes increased load factors and yields.
- All of the long-haul passenger frequencies that were cancelled as part of 2012’s cost reductions are restored by September 2013. We restored flights to Los Angeles (to three times daily from June) and Toronto (to 10 flights per week from March). We intend to restore flights to New York to four times daily from September.
- In the first six months of 2013, Dragonair introduced services to four new destinations – Da Nang, Wenzhou, Yangon and Zhengzhou – and increased frequencies on the Chiang Mai, Kaohsiung, Kota Kinabalu and Wuhan routes. The service to Da Nang increased from three to four flights a week from July.
- Cathay Pacific’s new premium economy class, introduced in 2012, is growing in popularity with passengers and has helped to improve economy class yield. By 30th June 2013, premium economy class was available on 68 of our long-haul aircraft. By the end of the year it will be available on 85 aircraft.
- Demand for leisure travel from Hong Kong was robust in the first half of 2013. Our weekly “fanfares” promotion (which started in October 2012) is popular with price sensitive customers. Demand for business travel from Hong Kong was stronger than in the first half of 2012.
- There was an increase in traffic derived from the Pearl River Delta region, but competition for this traffic from other airlines is strong.

- Demand for travel to and from Mainland China was reasonably robust up to April. However, demand for travel to Mainland China (and particularly Eastern China) reduced sharply following the outbreak of H7N9 avian flu. Demand for travel from Mainland China was less affected. We cancelled flights on an ad hoc basis in April and May, with a view to aligning capacity with demand.
- Yield on Taiwan routes was under considerable pressure in the first half of 2013 as a result of intense competition.
- Demand for travel to Korea, which had been strong for much of 2012, weakened in the first half of 2013. The weakness of the yen increased the popularity of Japan as a leisure destination at the expense of Korea. Demand for travel from Korea to and through Hong Kong remained reasonably firm.
- Demand for travel to Japan benefited from the weakness of the yen in the first half of 2013, with more flights being put on during holiday periods. Demand for travel from Japan was adversely affected by the country's economic situation.
- We will introduce a new four-time-weekly service to Male in the Maldives in October and a new daily service to Newark in the U.S.A. in March 2014, subject to government approval.
- Dragonair's new Da Nang and Chiang Mai routes have performed well. Demand on most other routes in Southeast Asia was in line with expectations. A new three-times-weekly seasonal service to Siem Reap in Cambodia will be introduced in October, subject to government approval.
- Demand for travel to and from the Philippines was robust.
- Demand for travel to and from Mumbai and Delhi was robust. Passengers have responded well to the introduction of the new business class seats and the new premium economy class on these routes. The Kolkata route has performed strongly since its introduction in 2012. The performance of the Hyderabad route is gradually improving.
- Load factors on the Middle Eastern routes benefited from strong demand from foreigners working in the Middle East.
- The Africa route performed reasonably well but revenues were affected by the depreciation of the South African currency. We are facing strong competition from Mainland China carriers on the Africa route.
- Traffic on the Australia routes was reasonably strong, reflecting the country's generally robust economy and its attractiveness as a leisure destination. Business on the New Zealand route benefited from the alliance with Air New Zealand, which started in January.
- Demand for travel on our four United States routes was strong throughout the first half of 2013, in all classes of travel. Frequencies are being restored on the Los Angeles and New York routes in line with demand.
- Our Canada routes continued to be affected by strong competition. However, stronger demand for travel to and from Toronto led to the restoration of frequencies on this route to 10 flights per week.
- Demand for travel to and from London was consistently strong in all classes. We added a fifth daily flight on the route in June. Demand for travel to and from other European destinations held up well despite the economic problems of the region.

Cargo services

- In the first half of 2013 we did our best to align capacity with demand and to maintain load factor and yield. We reduced our schedules and made ad hoc flight cancellations. We carried more cargo in the bellies of passenger aircraft in order to reduce costs.
- Demand for cargo shipments from our main market, Hong Kong, remained weak. In the light of increasing competition on European routes, we merged flights in order to manage capacity. Demand on transpacific routes was more robust but was still below expectations. Demand on routes within Asia was relatively robust, but yields were under pressure due to surplus capacity made available by other airlines.
- Competition for shipments from Shanghai remained strong. We merged our Chengdu and Chongqing routes in order to reduce costs and to make ourselves more competitive. We reduced the Zhengzhou schedule from six flights a week to three due to reduced demand from major hi-tech manufacturers.

- In North Asia, demand for shipments from Japan was significantly weaker. The depreciation of the yen has not, as yet, helped to revive exports. The performance of our Taiwan and Korea routes was below expectations.
- In Southeast Asia, demand for shipments of hi-tech consumer products from Hanoi was strong. We split the Hanoi-Dhaka service to enable more tonnage to be carried from both places. We also put on additional Hanoi services.
- Weak demand for shipments from Hong Kong itself resulted in more space being available on transpacific flights from Hong Kong. Some of this space was used for shipments transiting Hong Kong from the Indian sub-continent.
- Demand for shipments (particularly, from May, of perishables) from North America was relatively strong.
- Subject to government approval, we will start flying to Guadalajara in Mexico in the last quarter of 2013. We will operate two flights a week using our Boeing 747-8F freighters. We expect to carry shipments of automotive parts and hi-tech products to Guadalajara, and shipments of automotive products and perishables from Guadalajara.
- Demand for shipments to and from the Southwest Pacific was steady, particularly for shipments of perishables destined for Asian markets.
- We suspended cargo services to Brussels and Stockholm in February, due to continued weak demand for cargo shipments to and from Europe.
- In Europe, we focused on priority and special cargo, for example pharmaceuticals and aircraft engines, in an effort to maintain yield.
- High fuel prices continued to affect the financial performance of our cargo operations, particularly on long-haul routes. We continued to improve the efficiency of our freighter fleet.
- In March 2013, we entered into agreements in relation to our cargo fleet as part of a package of transactions among The Boeing Company, Cathay Pacific, Air China Cargo and Air China. Under these transactions, we agreed to purchase three Boeing 747-8F freighters, for delivery in the second half of 2013, cancelled orders for eight Boeing 777-200F freighters, acquired options to purchase five Boeing 777-200F freighters and agreed to sell four Boeing 747-400BCF converted freighters. Three of the converted freighters have already left our fleet.
- By June we have taken delivery of nine Boeing 747-8F freighters, and the tenth in August. With the addition of the three freighters ordered in March, we will operate 13 of these highly fuel-efficient aircraft by the end of 2013.
- In May we parked one of our standard Boeing 747-400 freighters in response to continued weak demand. A Boeing 747-400BCF converted freighter was parked in August.
- Despite the current market conditions, we remain confident about the long-term prospects of our airfreight business and Hong Kong's future as an international air cargo hub.
- This confidence is demonstrated by the opening in February of the HK$5.9 billion Cathay Pacific cargo terminal at Hong Kong International Airport. The terminal began by handling high value cargo, transit civil mail and transshipments for Cathay Pacific and Dragonair. In June the terminal started to handle imports for Cathay Pacific, Dragonair and Air Hong Kong. It is expected to be fully operational by the last quarter of 2013.

Chairman's Letter

The Cathay Pacific Group reported an attributable profit of HK$24 million for the first six months of 2013. This compares to a restated loss of HK$929 million in the first half of 2012. Earnings per share were HK0.6 cents compared to a restated loss per share of HK23.6 cents in the first half of 2012. Turnover for the period fell by 0.6% to HK$48,584 million.

The Directors have declared a first interim dividend of HK$0.06 per share (2012: nil) for the six months ended 30th June 2013. The interim dividend which totals HK$236 million (2012: nil) will be paid on 3rd October 2013.

We continued to operate in a challenging business environment in the first half of 2013, though there was improvement in our passenger business. Demand in the major air cargo markets remained weak. Our cargo business has been affected by weak demand for more than two years, which is unprecedented. The persistently high price of jet fuel continued to affect our business adversely. Share of losses from associated companies increased.

In 2012, we introduced measures designed to protect our business, in particular from the high price of jet fuel. We changed schedules, reduced capacity and withdrew older, less fuel-efficient aircraft from service. The fuel and aircraft maintenance components of our operating costs in the first half of 2013 were significantly lower and financial performance improved as a result. But we did not allow cost reductions to compromise our brand or the quality of our service, and we continued to make major investments in new aircraft, new products and our new cargo terminal at Hong Kong International Airport which will benefit the business in the long term.

In the first half of 2013 our net fuel costs decreased by 8.5% compared to the same period in 2012. Notwithstanding this reduction, fuel remains the Group's most significant cost, accounting for 38.8% of our total operating costs during the period. Managing the risk associated with high and volatile fuel prices remains a high priority. In April 2013 we took advantage of a brief drop in fuel prices to extend our fuel hedging into 2016.

Our passenger business in the first half of 2013 improved compared to the same period in 2012. Revenue increased by 0.8% to HK$34,978 million, although capacity decreased by 4.8%. The load factor increased by 1.2 percentage points to 81.3%. Having fewer seats available enabled us to improve revenue management. Yield also improved by 4.4% to HK69.0 cents. Passenger demand was strong on long-haul routes in all classes of travel. However, demand on regional routes did not match the increase in capacity on these routes, which put yield under pressure. Travel within the Asia Pacific region was affected by H7N9 avian flu and political issues in Northeast Asia.

Our cargo business has been affected by weak demand since April 2011. There is still no sign of sustained improvement. The Group's cargo revenue for the first half of 2013 was down by 5.2% to HK$11,278 million compared to the same period in 2012. Capacity for Cathay Pacific and Dragonair was down by 1.8%. The load factor was down by 1.9 percentage points to 62.4%. Yield was down by 3.3% to HK$2.33. Capacity was adjusted in line with demand. We reduced our schedules and made ad hoc flight cancellations. We carried more cargo in the bellies of passenger aircraft in order to reduce costs. On the plus side, our new cargo terminal at Hong Kong International Airport is expected to be fully operational by the last quarter of 2013, which will reduce costs and improve efficiency in our cargo business.

In the first six months of 2013 we took delivery of six new aircraft: two Airbus A330-300 aircraft, three Boeing 777-300ER aircraft and one Boeing 747-8F freighter. Four Boeing 747-400 passenger aircraft were retired during the period. In March 2013, we entered into agreements in relation to our cargo fleet as part of a package of transactions among The Boeing Company, Cathay Pacific, Air China Cargo Co., Ltd. ("Air China

Cargo") and Air China. Under these transactions, we agreed to purchase three Boeing 747-8F freighters, for delivery in the second half of 2013, cancelled orders for eight Boeing 777-200F freighters, acquired options to purchase five Boeing 777-200F freighters and agreed to sell four Boeing 747-400BCF converted freighters. Three of the converted freighters have already left our fleet. As part of the same package of transactions, Air China Cargo agreed to purchase eight Boeing 777-200F freighters and to sell seven Boeing 747-400BCF converted freighters. This will greatly improve the efficiency of Air China Cargo's fleet.

All of the long-haul passenger frequencies that were cancelled as part of 2012's cost reductions are restored by September 2013. We restored flights to Los Angeles and Toronto and will restore flights to New York from September. We introduced a fifth daily frequency to London in June and will, subject to government approval, introduce a new four-times-weekly service to Male in the Maldives in October and a new daily service to Newark in the U.S.A. in March 2014. We continued to strengthen Dragonair's regional network, adding services to Da Nang, Wenzhou, Yangon and Zhengzhou and will, subject to government approval, introduce a new three-times-weekly seasonal service to Siem Reap in Cambodia in October. We suspended cargo services to Brussels and Stockholm in February, due to continued weak demand for cargo shipments to and from Europe. We intend to add Guadalajara to the cargo network in the last quarter of 2013, with a view to offering cargo services between Mexico and Hong Kong and the rest of Asia.

Our new premium economy class, introduced in 2012, is growing in popularity with passengers and has helped to improve our economy class yield. By 30th June 2013, premium economy class was available on 68 of our long-haul aircraft. By the end of the year, it will be available on 85 aircraft. In January 2013 we began to introduce our new regional business class seat. The new seats had been installed in four of our aircraft by 30th June 2013. Installation in the regional fleet will be completed by December 2014. Our new business and economy class seats have been installed in 32 Boeing 777-300ER and 24 Airbus A330-300 long-haul aircraft. We started to improve our first class seats on the Boeing 777-300ER aircraft in July. Dragonair is installing new business and economy class seats and a new inflight entertainment system in its aircraft. By 30th June 2013, the new products had been installed on eight Dragonair aircraft. They will have been installed on 20 Dragonair aircraft by March 2014. At Hong Kong International Airport we reopened our renovated first class lounge at The Wing in February. Our fifth departure lounge at Hong Kong International Airport, The Bridge, will open later in 2013.

We continue to strengthen our strategic partnership with Air China. A new ground-handling company, Shanghai International Airport Services Co., Limited, began operations in February 2013. This joint venture between Cathay Pacific, Air China, the Shanghai Airport Authority and Shanghai International Airport Co. Ltd. provides ground-handling services at Shanghai's two international airports, Hongqiao and Pudong. We are working to improve the financial performance of Air China Cargo, our cargo joint venture with Air China.

While we continued to operate in a difficult environment in the first six months of 2013, it was pleasing to see some improvement in our business. This improvement mainly reflected stronger passenger business and cost reductions. Our financial position remains strong. We will continue to invest to make our business stronger. We will remain focused on our long-term goals while managing short-term challenges. The business outlook for the rest of 2013 remains unclear, but our core strengths – a superb team, a strong international network, exceptional standards of customer service, a strong relationship with Air China and our position in Hong Kong – remain firmly in place.

Christopher Pratt

Chairman

Hong Kong, 14th August 2013

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30th June 2013 – Unaudited

	Note	2013 HK$M	2012 (restated) HK$M
Turnover			
Passenger services		**34,978**	34,713
Cargo services		**11,278**	11,897
Catering, recoveries and other services		**2,328**	2,251
Total turnover	*3*	**48,584**	48,861
Expenses			
Staff		**(8,432)**	(8,046)
Inflight service and passenger expenses		**(1,986)**	(1,979)
Landing, parking and route expenses		**(6,668)**	(6,714)
Fuel, net of hedging gains		**(18,674)**	(20,407)
Aircraft maintenance		**(3,861)**	(4,643)
Aircraft depreciation and operating leases		**(4,565)**	(4,415)
Other depreciation, amortisation and operating leases		**(889)**	(669)
Commissions		**(386)**	(388)
Others		**(2,088)**	(1,911)
Operating expenses		**(47,549)**	(49,172)
Operating profit/(loss)	*5*	**1,035**	(311)
Finance charges		**(658)**	(681)
Finance income		**116**	300
Net finance charges		**(542)**	(381)
Share of losses of associates		**(155)**	(71)
Profit/(loss) before taxation		**338**	(763)
Taxation	*6*	**(173)**	(57)
Profit/(loss) for the period		**165**	(820)
Non-controlling interests		**(141)**	(109)
Profit/(loss) attributable to the owners of Cathay Pacific		**24**	(929)
Profit/(loss) for the period		**165**	(820)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges		**1,806**	(18)
Revaluation of available-for-sale financial assets		**26**	(1)
Share of other comprehensive income of associates		**137**	50
Exchange differences on translation of foreign operations		**225**	(314)
Other comprehensive income for the period, net of taxation	*7*	**2,194**	(283)
Total comprehensive income for the period		**2,359**	(1,103)
Total comprehensive income attributable to			
Owners of Cathay Pacific		**2,218**	(1,212)
Non-controlling interests		**141**	109
		2,359	(1,103)
Earnings/(loss) per share (basic and diluted)	*8*	**0.6¢**	(23.6)¢

Consolidated Statement of Financial Position

at 30th June 2013 - Unaudited

	Note	30th June 2013 HK$M	31st December 2012 (restated) HK$M
ASSETS AND LIABILITIES			
Non-current assets and liabilities			
Fixed assets		**86,519**	84,278
Intangible assets		**9,610**	9,425
Investments in associates		**19,037**	18,522
Other long-term receivables and investments		**6,674**	6,254
Deferred tax assets		**219**	95
		122,059	118,574
Long-term liabilities		**(50,666)**	(52,753)
Related pledged security deposits		**1,224**	1,364
Net long-term liabilities		**(49,442)**	(51,389)
Other long-term payables		**(2,575)**	(3,205)
Deferred tax liabilities		**(8,521)**	(8,156)
		(60,538)	(62,750)
Net non-current assets		**61,521**	55,824
Current assets and liabilities			
Stock		**1,246**	1,194
Trade, other receivables and other assets	*10*	**10,242**	9,922
Assets held for sale	*11*	**231**	911
Liquid funds		**23,384**	24,182
		35,103	36,209
Current portion of long-term liabilities		**(9,146)**	(10,758)
Related pledged security deposits		**420**	2,601
Net current portion of long-term liabilities		**(8,726)**	(8,157)
Trade and other payables	*12*	**(17,907)**	(17,470)
Unearned transportation revenue		**(11,307)**	(9,581)
Taxation		**(634)**	(687)
		(38,574)	(35,895)
Net current (liabilities)/assets		**(3,471)**	314
Total assets less current liabilities		**118,588**	118,888
Net assets		**58,050**	56,138
CAPITAL AND RESERVES			
Share capital	*13*	**787**	787
Reserves		**57,137**	55,234
Funds attributable to the owners of Cathay Pacific		**57,924**	56,021
Non-controlling interests		**126**	117
Total equity		**58,050**	56,138

Notes:

1. Basis of preparation and accounting policies

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *"Interim Financial Reporting"*, issued by the Hong Kong Institute of Certified Public Accountants. It was authorised for issue on 14th August 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual accounts, except for the accounting policy changes that are expected to be reflected in the 2013 annual accounts. Details of these changes in accounting policies are set out in note 2 below.

2. Changes in accounting policies

The HKICPA has issued a number of new Hong Kong Financial Reporting Standards ("HKFRS") and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's accounts:

- HKFRSs (Amendment) "Annual Improvements 2009-2011 Cycle"
- Amendments to HKAS 1 "Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income"
- Amendments to HKFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities"
- HKFRS 10 "Consolidated Financial Statements"
- HKFRS 11 "Joint Arrangements"
- Revised HKAS 19 "Employee Benefits"
- HKFRS 13 "Fair Value Measurement"

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The annual improvements to HKFRSs 2009 to 2011 Cycle consist of six amendments to five existing standards, including an amendment to HKAS 34. The amendment aligns the disclosure requirements for segment assets and liabilities in interim financial report with those in HKFRS 8 "Operating Segments". It has had no significant impact on the results and financial position of the Group.

The amendment to HKAS 1 "Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income" focuses on improving the presentation of components of other comprehensive income items. It requires items presented in other comprehensive income to be grouped on the basis of whether they are potentially reclassifiable to the statement of profit or loss subsequently or not. The Group's presentation of other comprehensive income in these interim accounts has been modified accordingly.

The amendments to HKFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 "Financial instruments: Presentation" and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32. The adoption of the amendments does not have an impact on the Group's interim financial report.

2. Changes in accounting policies (continued)

HKFRS 10 “Consolidated Financial Statements” builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1st January 2013.

HKFRS 11 “Joint Arrangements” which replaces HKAS 31 “Interests in Joint Ventures”, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator’s interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group’s consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

The adoption of HKFRS 11, which converges with International Financial Reporting Standard (“IFRS”) 11 “Joint Arrangements”, has affected the Group’s share of losses of associates. One of the Group’s associates, on adoption of IFRS 11 in the current interim period, has changed its accounting policy with respect to the interests in joint ventures, for which proportionate consolidation was previously applied. This change in accounting policy has been applied retrospectively by restating the balances at 31st December 2012 and the result for the six months ended 30th June 2012 as summarised in the below table.

HKAS 19 “Employee Benefits” was amended in 2011. The impact on the Group’s defined benefit plans and post employment benefits is as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability. In addition, it removes the accounting policy choice that previously permitted the recognition of only those actuarial gains and losses outside the 10% “corridor” in the statement of profit or loss. Instead all such remeasurements are required to be recognised in other comprehensive income when they occur. The above change is required to be applied retrospectively. Some of the Group’s associates also made certain adjustments to their opening retained profit as at 1st January 2012 on adopting the revised HKAS 19.

2. Changes in accounting policies (continued)

The effect of the adoption of the revised HKAS 19 and HKFRS/IFRS 11 is summarised in the below table.

	As previously reported HK$M	Effect of adopting revised HKAS 19 HK$M	Effect of adopting HKFRS/ IFRS 11 HK$M	As restated HK$M
Consolidated statement of profit or loss and other comprehensive income for the six months ended 30th June 2012:				
Staff expenses	(7,956)	(90)	-	(8,046)
Share of losses of associates	(167)	1	95	(71)
Taxation	(57)	10	(10)	(57)
Loss attributable to the owners of Cathay Pacific	(935)	(79)	85	(929)
Exchange differences on translation of foreign operations	(182)	-	(132)	(314)
Total comprehensive income attributable to the owners of Cathay Pacific	(1,086)	(79)	(47)	(1,212)
Consolidated statement of financial position as at 31st December 2012:				
Investments in associates	18,481	(9)	50	18,522
Retirement benefit assets/(liabilities)	363	(1,346)	-	(983)
Deferred tax assets	79	16	-	95
Deferred tax liabilities	(8,277)	133	(12)	(8,156)
Reserves	(56,399)	1,203	(38)	(55,234)
Non-controlling interests	(120)	3	-	(117)

HKFRS 13 “Fair Value Measurement” aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use in all relevant HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how fair value should be measured where its use is already required or permitted by other standards in HKFRSs. It also provides new disclosure requirements. The adoption of HKFRS 13 only affects disclosures of fair value measurements of financial assets and financial liabilities in the Group’s interim accounts.

3. Turnover

Turnover comprises revenue and surcharges from transportation services, airline catering, recoveries and other services provided to third parties.

4. Segment information

(a) Segment results

	Six months ended 30th June							
	Airline business		Non-airline business		Unallocated		Total	
	2013	2012 (restated)	**2013**	2012 (restated)	**2013**	2012 (restated)	**2013**	2012 (restated)
	HK$M	HK$M	**HK$M**	HK$M	**HK$M**	HK$M	**HK$M**	HK$M
Sales to external customers	**48,025**	48,340	**559**	521			**48,584**	48,861
Inter-segment sales	**4**	4	**1,165**	857			**1,169**	861
Segment revenue	**48,029**	48,344	**1,724**	1,378			**49,753**	49,722
Segment results	**1,391**	(372)	**(356)**	61			**1,035**	(311)
Net finance charges	**(535)**	(378)	**(7)**	(3)			**(542)**	(381)
	856	(750)	**(363)**	58			**493**	(692)
Share of losses of associates					**(155)**	(71)	**(155)**	(71)
Profit/(loss) before taxation	**856**	(750)	**(363)**	58	**(155)**	(71)	**338**	(763)
Taxation	**(235)**	(33)	**62**	(24)			**(173)**	(57)
Profit/(loss) for the period							**165**	(820)

The Group's two reportable segments are classified according to the nature of the business. The airline business segment comprises the Group's passenger and cargo operations. The non-airline business segment includes mainly catering, ground handling, aircraft ramp handling services and cargo terminal operations. The unallocated results represent the Group's share of losses of associates.

The major revenue earning asset is the aircraft fleet which is used both for passenger and cargo services. Management considers that there is no suitable basis for allocating such assets and related operating costs between the two services. Accordingly, passenger and cargo services are not disclosed as separate business segments.

Inter-segment sales are based on prices set on an arm's length basis.

(b) Geographical information

	Six months ended 30th June	
	2013	2012
	HK$M	HK$M
Turnover by origin of sale:		
North Asia		
- Hong Kong and Mainland China	**22,499**	21,366
- Japan, Korea and Taiwan	**5,560**	6,384
India, Middle East, Pakistan and Sri Lanka	**2,506**	2,268
Southwest Pacific and South Africa	**3,284**	3,494
Southeast Asia	**3,927**	3,956
Europe	**4,301**	4,415
North America	**6,507**	6,978
	48,584	48,861

India, Middle East, Pakistan and Sri Lanka includes the Indian sub-continent, the Middle East, Pakistan, Sri Lanka and Bangladesh. Southeast Asia includes Singapore, Indonesia, Malaysia, Thailand, the Philippines, Vietnam and Cambodia. Southwest Pacific and South Africa includes Australia, New Zealand and Southern Africa. Europe includes continental Europe, the United Kingdom, Scandinavia, Russia, the Baltic states and Turkey. North America includes U.S.A., Canada and Latin America. A geographic analysis of segment results is not disclosed for the reasons set out in the 2012 Annual Report.

5. Operating profit/(loss)

	Six months ended 30th June **2013** HK$M	2012 HK$M
Operating profit/(loss) has been arrived at after charging/(crediting):		
Depreciation of fixed assets		
- leased	**1,231**	1,093
- owned	**2,237**	2,219
Amortisation of intangible assets	**73**	42
Operating lease rentals		
- land and buildings	**426**	399
- aircraft and related equipment	**1,471**	1,314
- others	**16**	17
Provision for impairment of assets held for sale	**12**	37
Loss on scrapping an aircraft	**-**	247
Loss/(gain) on disposal of fixed assets, net	**53**	(34)
Cost of stock expensed	**1,026**	1,087
Exchange differences, net	**236**	(11)
Auditors' remuneration	**5**	4
Dividend income from unlisted investments	**(7)**	(56)

6. Taxation

	Six months ended 30th June **2013** HK$M	2012 (restated) HK$M
Current tax expenses		
- Hong Kong profits tax	**77**	62
- overseas tax	**108**	142
- over provision for prior years	**(35)**	(135)
Deferred tax		
- origination and reversal of temporary differences	**23**	(12)
	173	57

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the period. Overseas tax is calculated at rates of tax applicable in countries in which the Group is assessable for tax. Tax provisions are reviewed regularly to take into account changes in legislation, practice and the status of negotiations (see note 22(d) to the accounts in the 2013 Interim Report).

7. Other comprehensive income

	Six months ended 30th June **2013** HK$M	2012 (restated) HK$M
Cash flow hedges		
- recognised during the period	**2,113**	241
- reclassified to profit or loss	**(92)**	(291)
- deferred tax recognised	**(215)**	32
Revaluation of available-for-sale financial assets	**26**	(1)
Share of other comprehensive income of associates		
- recognised during the period	**126**	50
- reclassified to profit or loss	**11**	-
Exchange differences on translation of foreign operations		
- recognised during the period	**259**	(314)
- reclassified to profit or loss	**(34)**	-
Other comprehensive income for the period	**2,194**	(283)

8. Earnings/(loss) per share (basic and diluted)

Earnings per share is calculated by dividing the profit attributable to the owners of Cathay Pacific of HK$24 million (2012: a loss of HK$929 million (restated)) by the daily weighted average number of shares in issue throughout the period of 3,934 million (2012: 3,934 million) shares.

9. Dividend

The Directors have declared a first interim dividend of HK$0.06 per share (2012: nil) for the six months ended 30th June 2013. The interim dividend which totals HK$236 million (2012: nil) will be paid on 3rd October 2013 to shareholders registered at the close of business on the record date, being Friday, 6th September 2013. Shares of the Company will be traded ex-dividend as from Wednesday, 4th September 2013. This interim dividend has not been recognised as a liability at the reporting date.

The register of members will be closed on Friday, 6th September 2013, during which day no transfer of shares will be effected. In order to qualify for entitlement to the first interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 5th September 2013.

10. Trade, other receivables and other assets

	30th June 2013 HK$M	31st December 2012 HK$M
Trade debtors	**5,884**	5,600
Derivative financial assets - current portion	**1,221**	1,094
Other receivables and prepayments	**3,105**	3,141
Due from associates and other related companies	**32**	87
	10,242	9,922

	30th June 2013 HK$M	31st December 2012 HK$M
Analysis of trade debtors (net of allowance for doubtful debts) by age:		
Current	**5,820**	5,467
One to three months overdue	**52**	115
More than three months overdue	**12**	18
	5,884	5,600

The Group normally grants a credit term of 30 days to customers or follows the relevant local industry standard, with debts in certain circumstances being partially secured by bank guarantees or other monetary collateral.

11. Assets held for sale

	30th June 2013 HK$M	31st December 2012 HK$M
Assets held for sale	**231**	911
	231	911

12. Trade and other payables

	30th June 2013 HK$M	31st December 2012 HK$M
Trade creditors	**7,700**	7,357
Derivative financial liabilities – current portion	**813**	1,087
Other payables	**9,072**	8,716
Due to associates	**134**	56
Due to other related companies	**188**	254
	17,907	17,470

	30th June 2013 HK$M	31st December 2012 HK$M
Analysis of trade creditors by age:		
Current	**7,413**	7,039
One to three months overdue	**271**	298
More than three months overdue	**16**	20
	7,700	7,357

The Group's general payment terms are one to two months from the invoice date.

13. Share capital

During the period under review, the Group did not purchase, sell or redeem any of its shares. At 30th June 2013, 3,933,844,572 shares were in issue (31st December 2012: 3,933,844,572 shares).

14. Corporate governance

Cathay Pacific is committed to maintaining a high standard of corporate governance. The Company complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting period covered by the interim report with the following exceptions which it believes do not benefit shareholders:

- **Sections A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee.** The Board has considered the merits of establishing a nomination committee but has concluded that it is in the best interests of the Company and potential new appointees that the Board collectively reviews and approves the appointment of any new Director as this allows a more informed and balanced decision to be made by both the potential Director and the Board as to suitability for the role.

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules.

On specific enquiries made, all Directors have confirmed that, in respect of the accounting period covered by the interim report, they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

The 2013 interim results have been reviewed by the Audit Committee of the Company and by the external auditors. Details on Corporate Governance can be found in the 2012 Annual Report and in the 2013 Interim Report.

15. Interim report

The 2013 Interim Report containing all the information required by the Listing Rules will be published on the Stock Exchange website and the Company website www.cathaypacific.com on or before 29th August 2013. Printed copies will be sent to shareholders who have elected to receive printed copies on 30th August 2013.

Operating expenses

	Group			Cathay Pacific and Dragonair		
	Six months ended 30th June			Six months ended 30th June		
	2013 HK$M	2012 (restated) HK$M	**Change**	**2013 HK$M**	2012 (restated) HK$M	**Change**
Staff	**8,432**	8,046	**+4.8%**	**7,590**	7,306	**+3.9%**
Inflight service and passenger expenses	**1,986**	1,979	**+0.4%**	**1,986**	1,979	**+0.4%**
Landing, parking and route expenses	**6,668**	6,714	**-0.7%**	**6,563**	6,586	**-0.3%**
Fuel, net of hedging gains	**18,674**	20,407	**-8.5%**	**18,245**	19,958	**-8.6%**
Aircraft maintenance	**3,861**	4,643	**-16.8%**	**3,703**	4,542	**-18.5%**
Aircraft depreciation and operating leases	**4,565**	4,415	**+3.4%**	**4,448**	4,346	**+2.3%**
Other depreciation, amortisation and operating leases	**889**	669	**+32.9%**	**632**	546	**+15.8%**
Commissions	**386**	388	**-0.5%**	**386**	388	**-0.5%**
Others	**2,088**	1,911	**+9.3%**	**2,118**	2,189	**-3.2%**
Operating expenses	**47,549**	49,172	**-3.3%**	**45,671**	47,840	**-4.5%**
Net finance charges	**542**	381	**+42.3%**	**518**	359	**+44.3%**
Total operating expenses	**48,091**	49,553	**-3.0%**	**46,189**	48,199	**-4.2%**

- The Group's total operating expenses decreased by 3.0% to HK$48,091 million.
- The combined cost per ATK (with fuel) of Cathay Pacific and Dragonair decreased from HK$3.72 to HK$3.69.

Cathay Pacific and Dragonair operating results analysis

	Six months ended 30th June	
	2013 HK$M	2012 (restated) HK$M
Airlines' profit/(loss) before taxation	**452**	(1,053)
Tax (charge)/credit	**(171)**	16
Airlines' profit/(loss) after taxation	**281**	(1,037)
Share of (losses)/profits from subsidiaries and associates	**(257)**	108
Profit/(loss) attributable to the owners of Cathay Pacific	**24**	(929)

Cathay Pacific and Dragonair operating results analysis (continued)

The changes in the interim airlines' profit/(loss) before taxation can be analysed as follows:

	HK$M	
2012 interim airlines' loss before taxation (restated)	**(1,053)**	
Passenger and cargo turnover	**(551)**	**Passenger** - Increased due to a 1.2% points increase in load factor and a 4.4% increase in yield offset by a 4.8% decrease in capacity. **Cargo** - Decreased due to a 1.8% decrease in capacity, a 1.9% points decrease in load factor and a 3.3% decrease in yield.
Fuel	**1,713**	- Fuel costs decreased due to a 3.7% decrease in the average into-plane fuel price and a 5.0% decrease in consumption.
Landing, parking and route expenses	**23**	- Decreased mainly due to a decrease in operations in cargo business.
Aircraft maintenance	**839**	- Decreased mainly due to retirement of older aircraft resulting in reduced requirement for maintenance.
Depreciation, amortisation and operating leases	**(188)**	- Increased mainly due to additional operating lease rental.
Staff	**(284)**	- Increased mainly due to increases in headcount and salaries.
Others	**(47)**	- Increased mainly due to an increase in net finance charges.
2013 interim airlines' profit before taxation	**452**	

Fuel expenditure and hedging

A breakdown of the Group's fuel cost is shown below:

	Six months ended 30th June	
	2013	2012
	HK$M	HK$M
Gross fuel cost	**18,974**	20,798
Fuel hedging gains	**(300)**	(391)
Net fuel cost	**18,674**	20,407

Financial position

- Additions to fixed assets were HK$6,543 million, comprising HK$6,181 million for aircraft and related equipment and HK$362 million for other equipment and buildings.
- Borrowings decreased by 2.3% to HK$58,168 million. These are fully repayable by 2025 and are mainly denominated in United States dollars, Hong Kong dollars, Japanese yen and Euros, with 69.0% at fixed rates of interest after taking into account the effect of related derivatives.
- Liquid funds, 75.8% of which are denominated in United States dollars, decreased by 3.3% to HK$23,384 million.
- Net borrowings decreased by 1.6% to HK$34,784 million.
- Funds attributable to the owners of Cathay Pacific increased by 3.4% to HK$57,924 million. The net debt/equity ratio decreased to 0.60 times from 0.63 times (restated).
- The Group’s policies in relation to financial risk management and the management of currency, interest rate and fuel price exposures are set out in the 2012 Annual Report.

Fleet profile *

Aircraft type	Number as at 30th June 2013				Firm orders				Expiry of operating leases						Options
		Leased													
	Owned	Finance	Operating	Total	'13	'14	'15 and beyond	Total	'13	'14	'15	'16	'17	'18 and beyond	
Aircraft operated by Cathay Pacific:															
A330-300	14	15	8[a]	37	3	5	3	11			2	1	3	2	
A340-300	6	5		11											
A350-900							22[b]	22							
A350-1000							26	26							
747-400	13		1	14							1				
747-400F	3[c]	3		6											
747-400BCF	1[d]		1[e]	2										1	
747-400ERF		6		6											
747-8F		9		9	4			4[d]							
777-200	5			5											
777-200F															5[d]
777-300	7	5		12											
777-300ER	5	11	16	32	6	8	4	18					2	14	
Total	54	54	26	134	13	13	55	81			3	1	5	17	5
Aircraft operated by Dragonair:															
A320-200	5		10[f]	15							2	2		6	
A321-200	2		4[f]	6		2[g]		2			2	2			
A330-300	4	1	13[h]	18					3	5	1	2	2		
Total	11	1	27	39		2		2	3	5	5	6	2	6	
Aircraft operated by Air Hong Kong:															
A300-600F	2	6		8											
747-400BCF			3	3								1	2		
Total	2	6	3	11								1	2		
Grand total	**67**	**61**	**56**	**184**	**13**	**15**	**55**	**83**	**3**	**5**	**8**	**8**	**9**	**23**	**5**

* Includes parked aircraft. The table does not reflect aircraft movements after 30th June 2013.

(a) One aircraft was transferred to Dragonair in July 2013.
(b) Including two aircraft on 12-year operating leases.
(c) One aircraft was parked in May 2013.
(d) Four Boeing 747-400BCF aircraft were agreed to be sold to The Boeing Company in March 2013. Three of these aircraft were delivered in the first half of 2013. One will be delivered in August 2013. An order for eight Boeing 777-200F aircraft was cancelled in March 2013. At the same time, three new Boeing 747-8F aircraft were agreed to be purchased (for delivery in the second half of 2013) and options to purchase five Boeing 777-200F aircraft were acquired.
(e) Aircraft was parked in August 2013.
(f) The operating leases of three Airbus A320-200 and three Airbus A321-200 aircraft were extended in July 2013. The leases of these aircraft will expire after 2018.
(g) In February, the Group agreed to lease two new Airbus A321-200 aircraft. These aircraft will be delivered in February and October 2014.
(h) One aircraft was returned to the lessor in July 2013.

Review of other subsidiaries and associates

- AHK Air Hong Kong Limited achieved an increase in profit in the first half of 2013 compared with the first half of 2012.
- Cathay Pacific Catering Services (H.K.) Limited reported a decrease in profit in the first half of 2013 compared to the first half of 2012 mainly due to higher operating costs.
- Cathay Pacific Services Limited reported a loss for the first half of 2013 during the ramp up period before it becomes fully operational by the last quarter of 2013.
- The financial results of Hong Kong Airport Services Limited ("HAS") for the first half of 2013 deteriorated compared to those of the first half of 2012. The deterioration primarily reflected cost increases in a highly competitive environment at Hong Kong International Airport.
- The Group's share of Air China Limited's ("Air China") results is based on its accounts drawn up three months in arrear and consequently the 2013 interim results include Air China's results for the six months ended 31st March 2013. The Group recorded a decrease in profit from Air China's results in the first half of 2013. This primarily reflected reduced demand and pressure on yields.
- Air China Cargo Co., Ltd. ("Air China Cargo"), in which Cathay Pacific owns an equity and an economic interest, is the leading provider of cargo services in Mainland China. The Group recorded a decrease in loss from Air China Cargo's results in the first half of 2013. This was mainly due to a decrease in fuel costs.
- HAECO ITM Limited ("HAECO ITM"), in which Cathay Pacific has a 30% interest, offers aircraft inventory technical management services to Cathay Pacific and other airlines. The financial results of HAECO ITM for the first half of 2013 were satisfactory.
- Shanghai International Airport Services Co., Limited ("SIAS") is a joint venture between Shanghai Airport Authority (10%), Shanghai International Airport Co. Ltd. (41%), HAS (25%) and Air China (24%). SIAS started to provide airport ground handling services at Shanghai Pudong International Airport and Shanghai Hongqiao International Airport in December 2012. The financial results of SIAS for the first half of 2013 were not as good as expected, principally because fewer flights were serviced than expected.

Corporate Responsibility

- Our Sustainable Development Report 2012 is to be published before the end of August. An associated website is also to be introduced before the end of August.
- Cathay Pacific continues to engage with regulators and groups involved in shaping aviation policy in relation to climate change. We work with the International Civil Aviation Organization (ICAO) and International Air Transport Association (IATA) to increase awareness of climate change and to develop appropriate solutions for the aviation industry.
- In compliance with European Union's Emissions Trading Scheme (EU ETS), our emissions data for 2012 were externally verified and our emissions report for 2012 was submitted to the UK Environment Agency at the end of March.
- Cathay Pacific continued to support UNICEF through its "Change for Good" inflight fundraising programme. In June 2013, we announced that the airline's passengers had contributed HK$14.3 million in 2012 to help improve the lives of disadvantaged children around the world. Since it started in 1991, "Change for Good" has raised more than HK$133 million for UNICEF.
- At the end of June, the Cathay Pacific Group employed some 29,900 people worldwide. More than 22,800 of these staff are based in Hong Kong. We regularly review our human resources and remuneration policies in the light of legislation, industry practice, market conditions and the performance of individuals and the Group.

Extract of the Review Report

The Company's auditor has qualified its review conclusion on the Group's interim financial report for the six months ended 30th June 2013, an extract of which is as follows:

Basis for qualified conclusion

Our review conclusion on the Group's interim financial report for the six months ended 30th June 2012 was qualified as we were unable to carry out sufficient review procedures to enable us to express a conclusion as to whether anything had come to our attention that caused us to believe that the carrying amount of the Group's investment in Air China Limited ("Air China") and the Group's share of Air China's results as included in the Group's interim financial report as at and for the six months ended 30th June 2012 were not prepared, in all material respects, in accordance with HKAS 34. Air China is an associate of the Group accounted for under the equity method. As this limitation in the scope of our review with respect to the Group's share of the results of Air China for the six months ended 30th June 2012 still exists, our conclusion on the current period's interim financial report is also qualified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures in the consolidated statement of profit or loss and other comprehensive income.

Qualified conclusion

Based on our review, except for the possible effects on the corresponding figures of the matters described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the interim financial report as at 30th June 2013 is not prepared, in all material respects, in accordance with HKAS 34.

As at the date of this announcement, the Directors of the Company are:

Executive Directors: Christopher Pratt (Chairman), James Barrington, Ivan Chu, Martin Murray and John Slosar;

Non-Executive Directors: Cai Jianjiang, Fan Cheng, James W.J. Hughes-Hallett, Peter Kilgour, Ian Shiu, Merlin Swire, Wang Changshun and Zhao Xiaohang; and

Independent Non-Executive Directors: Irene Lee, Jack So, Tung Chee Chen and Peter Wong.

By Order of the Board

Cathay Pacific Airways Limited

Christopher Pratt

Chairman

Hong Kong, 14th August 2013

Website: http://www.cathaypacific.com