



SWIRE PACIFIC

2005 Final Results



9 March 2006

HONG KONG



SWIRE PACIFIC | 2005 Summary

- Attributable earnings of HK\$18.8bn including net property revaluations of HK\$10.0bn and HK\$2.3bn profit on disposal of MTL
- Encouraging growth in rental income with much improved occupancies at the year end
- Strong turnover growth at Cathay Pacific only partially offsets record high fuel prices
- Excellent performance from the other divisions with total profits growing 16% to HK\$1.76bn

Earnings Analysis | Underlying Profit

HK\$ Million	2004	2005
Attributable profit	18,818	18,757
Property valuation gains under HKAS 40 and HKAS-Int 21 net of tax	(12,280)	(10,015)
Underlying profit	6,538	8,742
Interest on Taikoo Shing land premium	412	130
Ocean shores property provision write back	(299)	-
Profits from asset realisations:		
Albany	(654)	(444)
Modern Terminals Limited	-	(2,270)
Others	(36)	(10)
Other provision movements	48	(6)
Recurring profit	6,009	6,142

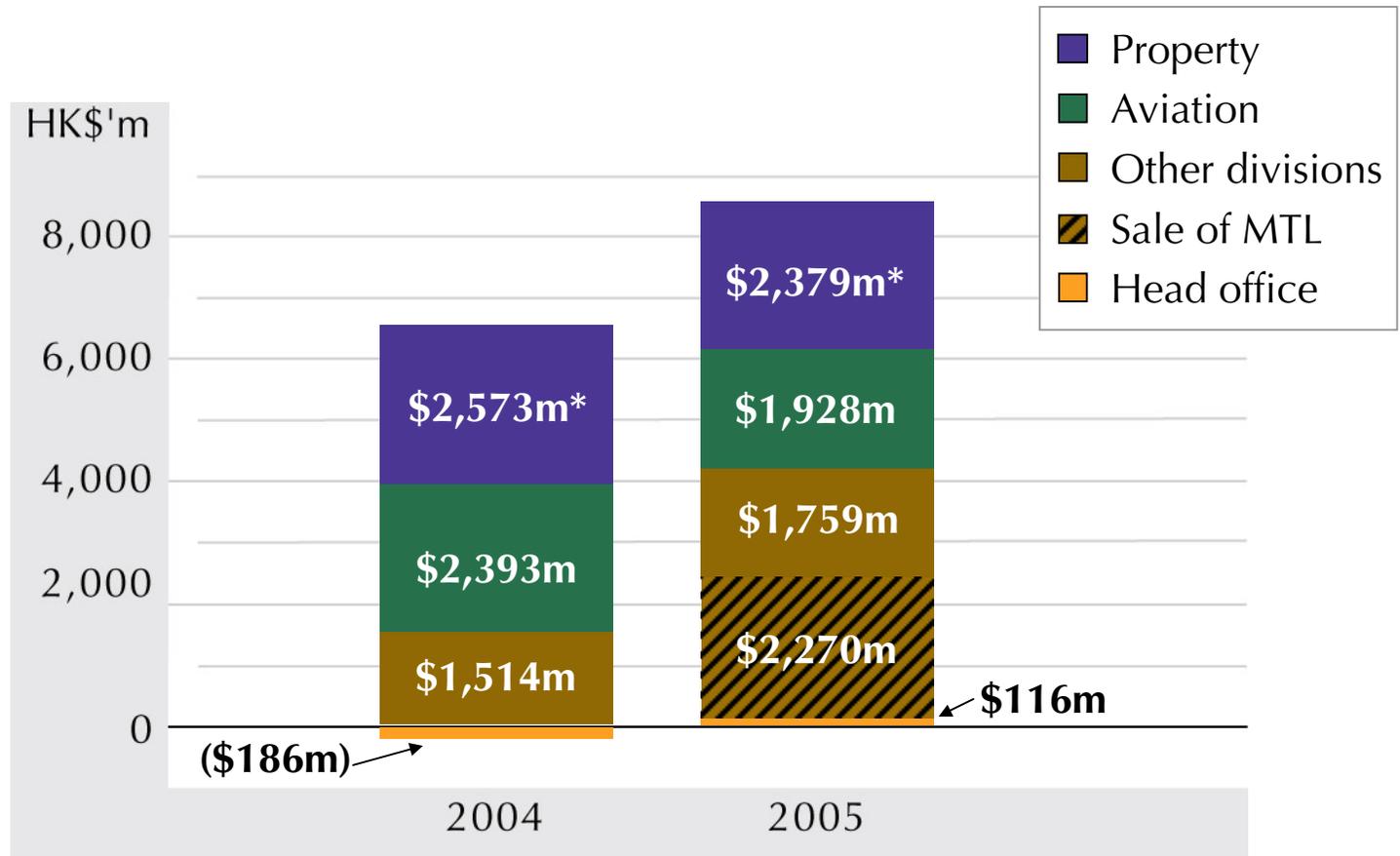


SWIRE PACIFIC

Financial Summary

HK\$ Million	2004	2005	% Change
Attributable profit	18,818	18,757	-
Underlying profit	6,538	8,742	34%
Cash generated from operations	6,064	5,030	-17%
HK\$ per 'A' share			
Final dividend	\$1.42	\$1.46	3%
Total dividend	\$2.00	\$2.06	3%
Equity attributable to shareholders	78,625	94,843	21%
Consolidated net debt	8,262	5,448	-34%

Attributable Profit Summary by Division



* Excluding revaluation gains

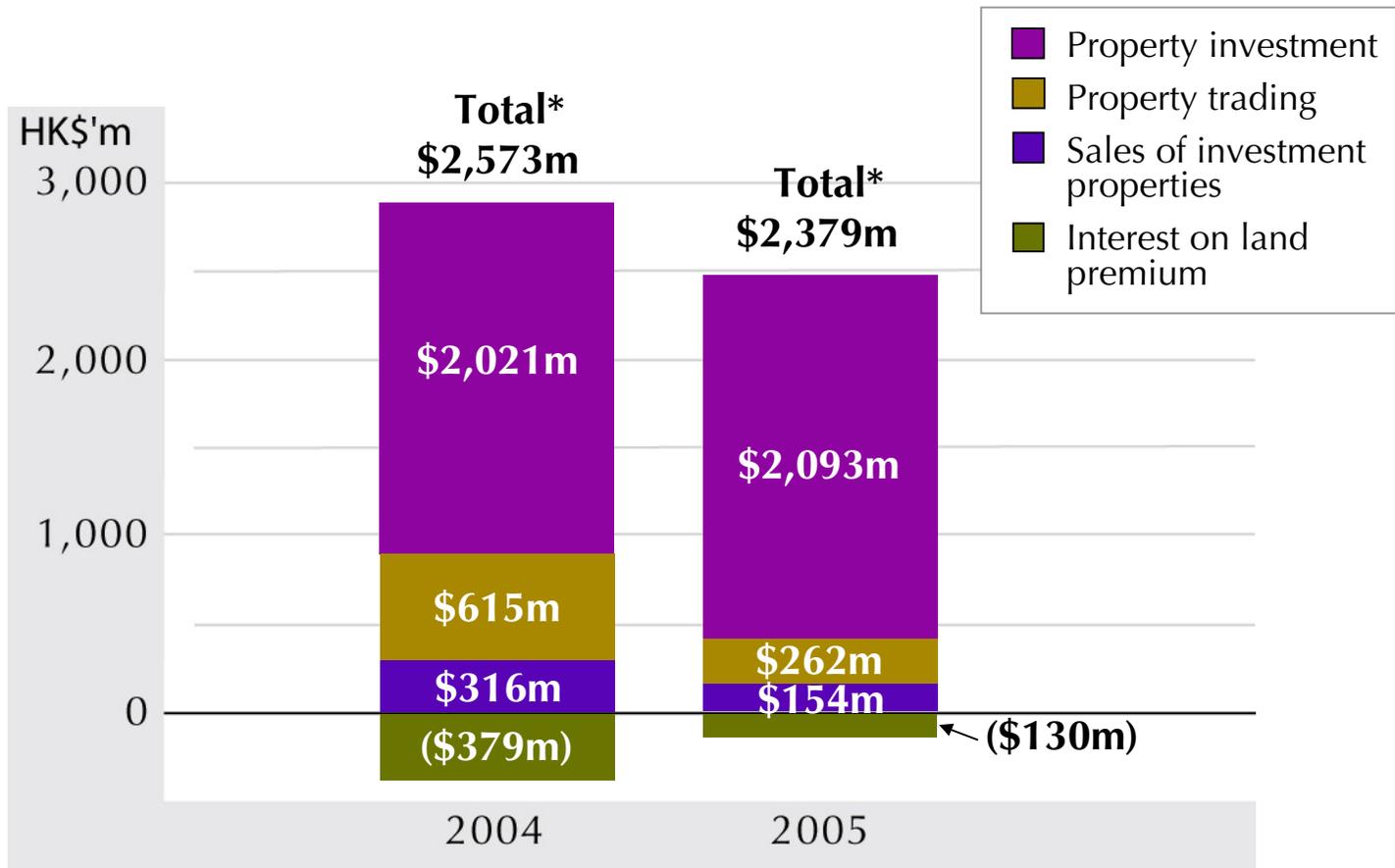


Highlights | Property Division

- Gross rental income growth of 7.9% to HK\$4.4bn
- Office occupancy level at the year end of 94%
- Overall profits declined due to reduction in profits from property sales (Albany in Hong Kong and Jade in the USA) and absence of provision write backs (Ocean Shores)
- Significant pick up in capital commitments with investment portfolio set to grow to over 19 million square feet in 2009



Attributable Profit | Property Division



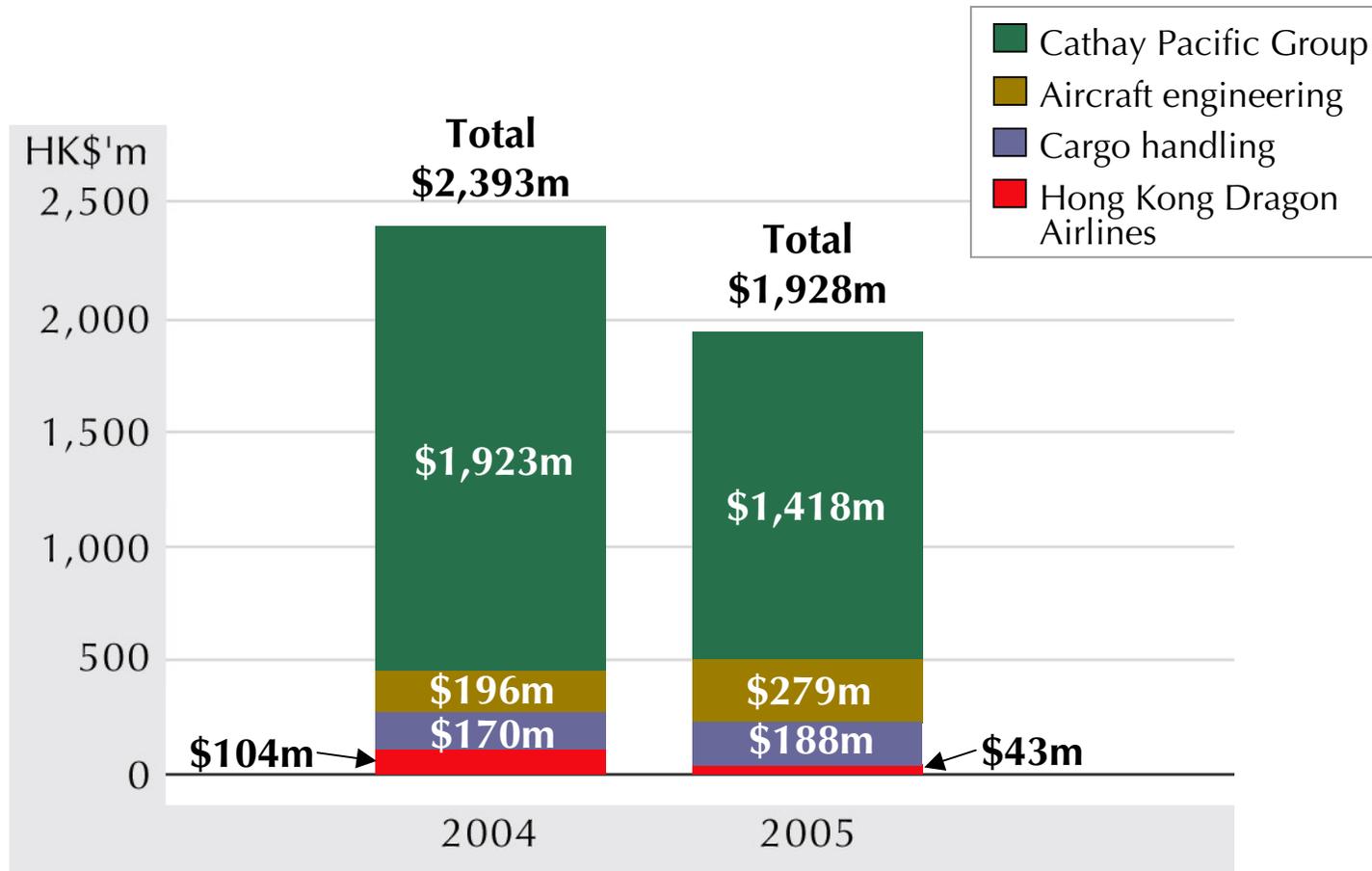
* Excluding revaluation gains

Highlights | Aviation Division

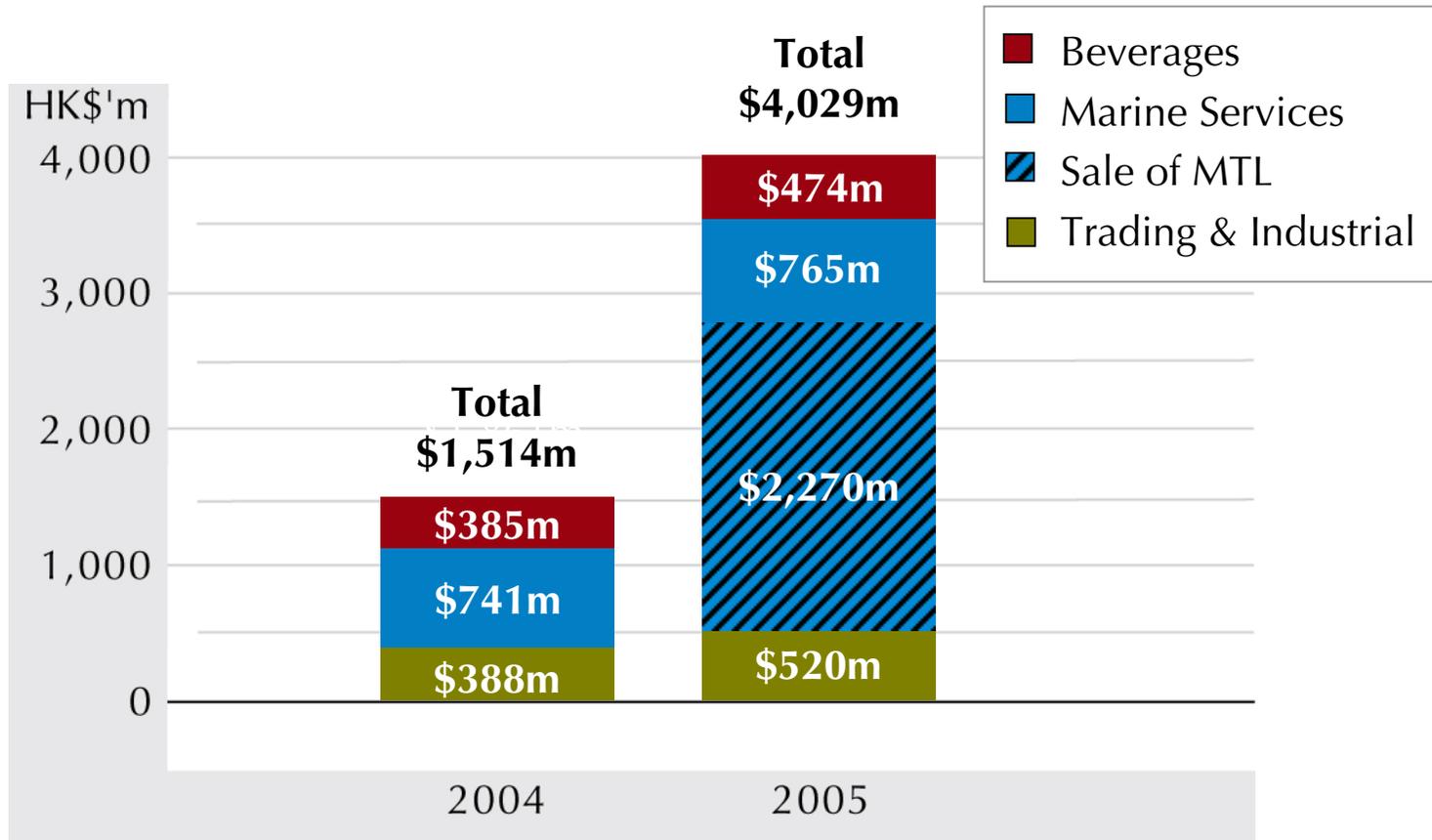
- Turnover growth of 19% at Cathay Pacific unable to compensate for 33% increase in fuel costs
- Cost per ATK up 5.8% to HK\$2.19
- Cost per ATK without fuel down 1.9% to HK\$1.55
- Excellent profit growth in HAECO on strong demand for heavy maintenance services
- HACTL volume growth of 7.5% with similar rise in attributable profit



Attributable Profit | Aviation Division



Attributable Profit | Other Divisions





Highlights | Beverages Division

- Profit up 23% to HK\$474m
- Sales volumes increased 14%, exceeding 500 million unit cases for first time
- Strong growth in profit for USA operations following improved pricing and lower tax charges
- Price competition is intense in other markets
- High material and fuel costs have been offset by volume gains on the Mainland
- The product portfolio continues to expand with new NCB product launches

Highlights | Marine Services Division

- Profit up 3.2% to HK\$765m excluding a HK\$2,270m gain on the sale of 17.6% in Modern Terminals Limited
- Swire Pacific Offshore has benefited from increased global oil exploration activity with profits up 43% on 2004 at HK\$467m
- A 22% increase in Swire Pacific Offshore's fleet is planned over the next three years
- Shekou Container Terminals should benefit from good trade growth in the region although this will be tempered by new capacity introduced by competing ports





Highlights | Trading & Industrial Division

- Profit up 34% to HK\$520m
- Strong performances from:
 - Motor vehicles in Taiwan : profit up 72%
 - Swire Resources : profit up 33%
 - ICI Swire Paints : profit up 108%
 - Crown Beverage Cans : profit up 22%
- Other units performed in line with prior year



SWIRE PACIFIC | Outlook

- Firm demand for retail and office space expected to continue
- Acquisition of CITIC Pacific's interest in Festival Walk completed recently
- Strong demand for airline services is expected to continue however profitability hampered by high fuel prices
- Continued, although more modest, growth expected across all other divisions
- Group continues to actively seek opportunities for core business on the Mainland
- Significant pick up in capital commitments in 2006 in particular for investment properties and offshore support vessels

Appendix



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P&L impact of new Accounting Standards

HK\$ Million	2005
HKAS 40	
1. Fair value changes:	11,887
- JCC share	95
- Associates share	19
	<hr/>
	12,001
2. Sale of property (Albany)	(352)
3. Owner occupied properties	(7)
4. Taikoo Shing Arbitration:	
- Land premium provision write back	692
- Interest	158
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	C/F 12,492
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P&L impact of new Accounting Standards

HK\$ Million

	B/F	12,492
HKAS-Int 21		
5. Deferred tax adjustment		(2,128)
		10,364
Less: Minorities		(349)
Net impact on underlying profit		10,015
HKAS 1		
6. Financial instruments: Remeasurement of financial liabilities and change in fair value of derivatives		170
Net impact		10,185

Financial Highlights | Balance Sheet

HK\$ Billion	2004	2005
Shareholders' funds and minority interests	84.6	100.8
Consolidated net debt	8.3	5.5
Net cashflow before Financing	4.7	6.7
Gearing ratio	10%	5%

Financial Highlights | Liquidity

HK\$ Billion	2004	2005
Undrawn facilities		
- Committed	3.9	4.0
- Uncommitted	2.5	3.5
	6.4	7.5
Interest cover (underlying)	5.3	12.8
Cash interest cover	6.7	15.0

Financial Highlights | Cashflow

HK\$ Million	2004	2005
Cash generated from operations before Taikoo Shing land premium payment	6,064	5,030
Taikoo Shing land premium payment	(2,027)	(1,531)
Net interest paid	(680)	(466)
Tax paid	(688)	(319)
Dividends received	2,239	2,152
Net cash (out)/inflow from investing activities	(186)	1,827
Net cash inflow before financing	4,722	6,693

Attributable Profit | Aviation Division

HK\$ Million	2004	2005	% Change
Cathay Pacific Group	1,923	1,418	-26.3%
Hong Kong Dragon Airlines	104	43	-58.7%
Aircraft engineering	196	279	42.3%
Cargo handling	170	188	10.6%
Total	2,393	1,928	-19.4%

Attributable Profit | Beverages Division

HK\$ Million	2004	2005	% Change
Hong Kong	119	121	1.7%
Taiwan	50	52	4.0%
USA	122	203	66.4%
Mainland	124	127	2.4%
Central costs	(30)	(29)	-3.3%
Total	385	474	23.1%

Attributable Profit | Marine Services Division

HK\$ Million	2004	2005	% Change
Ship owning & operating	326	467	43.3%
Container handling	365	268	-26.6%
Ship repair, engineering & towage	50	30	-40.0%
Sale of Modern Terminals Limited	-	2,270	n/a
Total	741	3,035	309.6%

Attributable Profit | Trading & Industrial Division

HK\$ Million	2004	2005	% Change
Car distribution	106	182	71.7%
Shoe and apparel distribution	80	106	32.5%
Waste services	86	83	-3.5%
Beverage can supply	55	67	21.8%
Paint supply	36	75	108.3%
Other*	25	7	-72.0%
Total	388	520	34.0%

* Other includes property valuation gains of \$6m in 2005 (\$10m: 2004)



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