



SWIRE PACIFIC

2006 Interim Results



10 August 2006
HONG KONG



SWIRE PACIFIC

Financial Summary

HK\$ Million	1H05	1H06	% Change
Attributable profit	7,326	7,916	+8%
Underlying profit	3,261	3,482	+7%
Cash generated from operations	1,655	2,698	+63%
Interim dividend per 'A' share (HK\$)	\$0.60	\$0.63	+5%
Equity attributable per 'A' share (HK\$)	\$55.4	\$65.9	+19%



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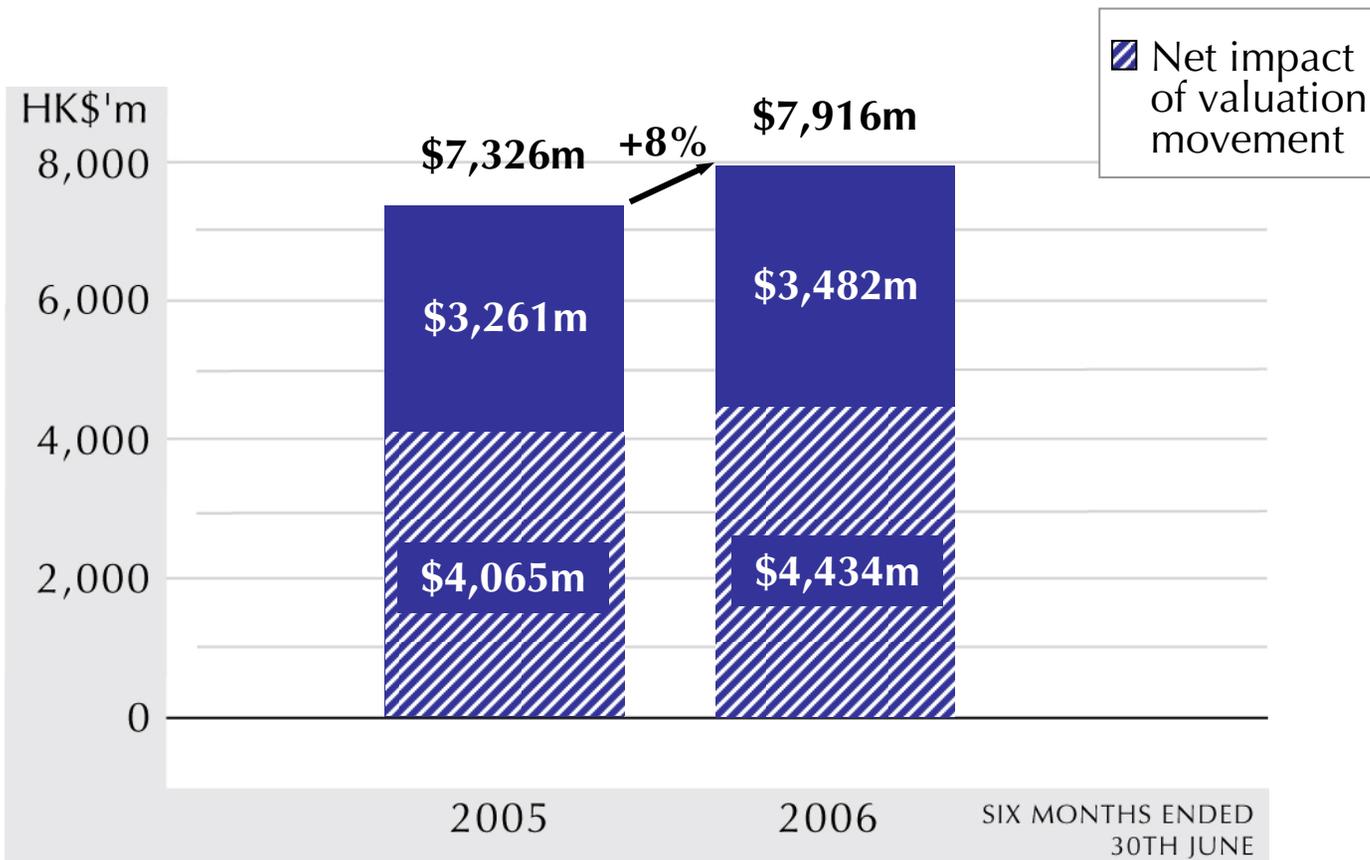
Interim Highlights

- Strong underlying growth from the core
- Attributable profit of HK\$7.9bn, including net property valuation movements of HK\$4.4bn
- Rental income growth of 12%; office occupancy now 97%
- Strong passenger and cargo demand at Cathay Pacific offset by persistently high fuel prices
- Exceptionally high capacity utilisation at HAECO enabling profit growth of 38%
- New capacity and improved charter rates lead to record profits at SPO
- Good growth in Beverages Division offsets modest decline in profits from vehicle sales



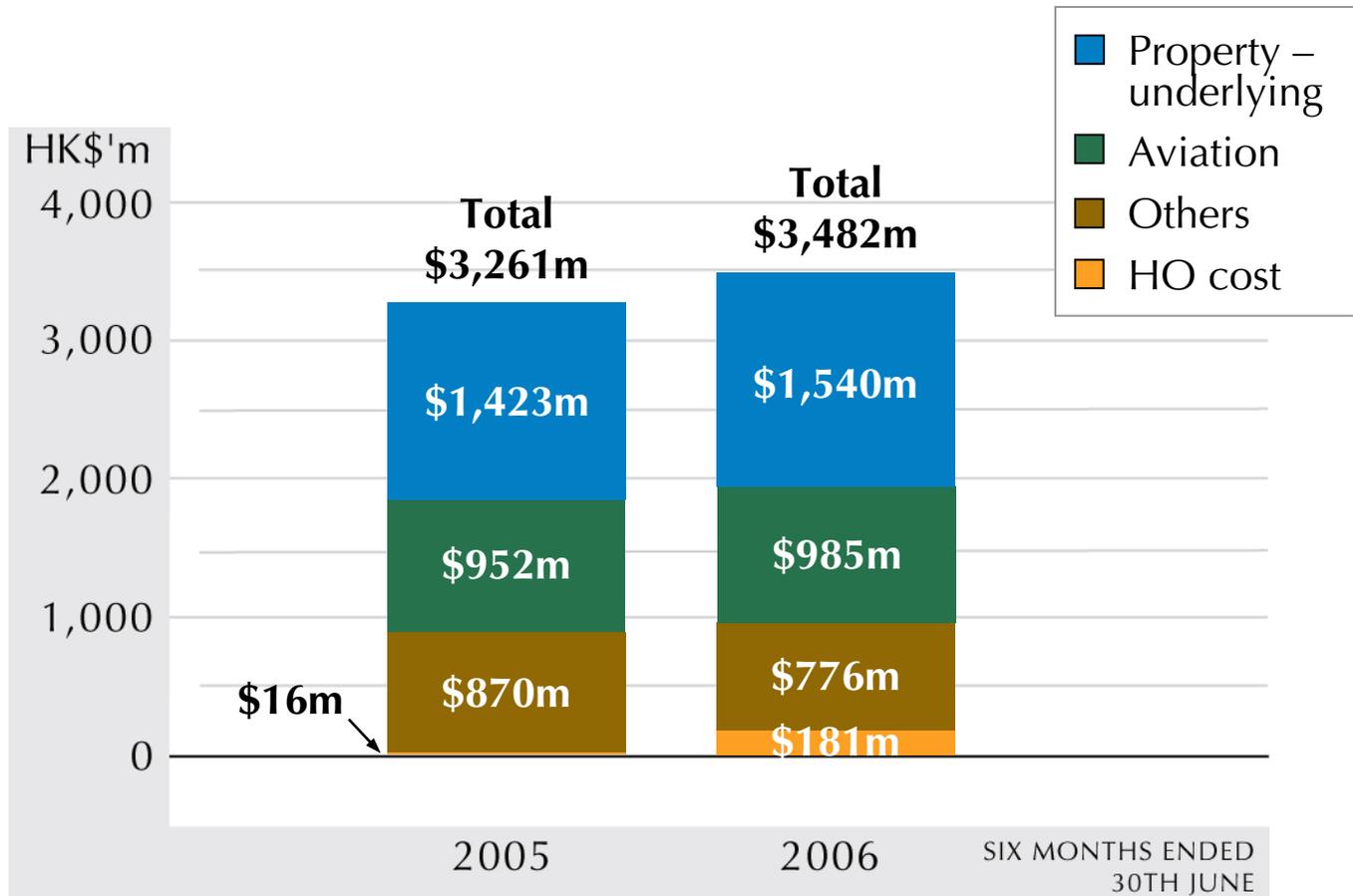
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Attributable Profit



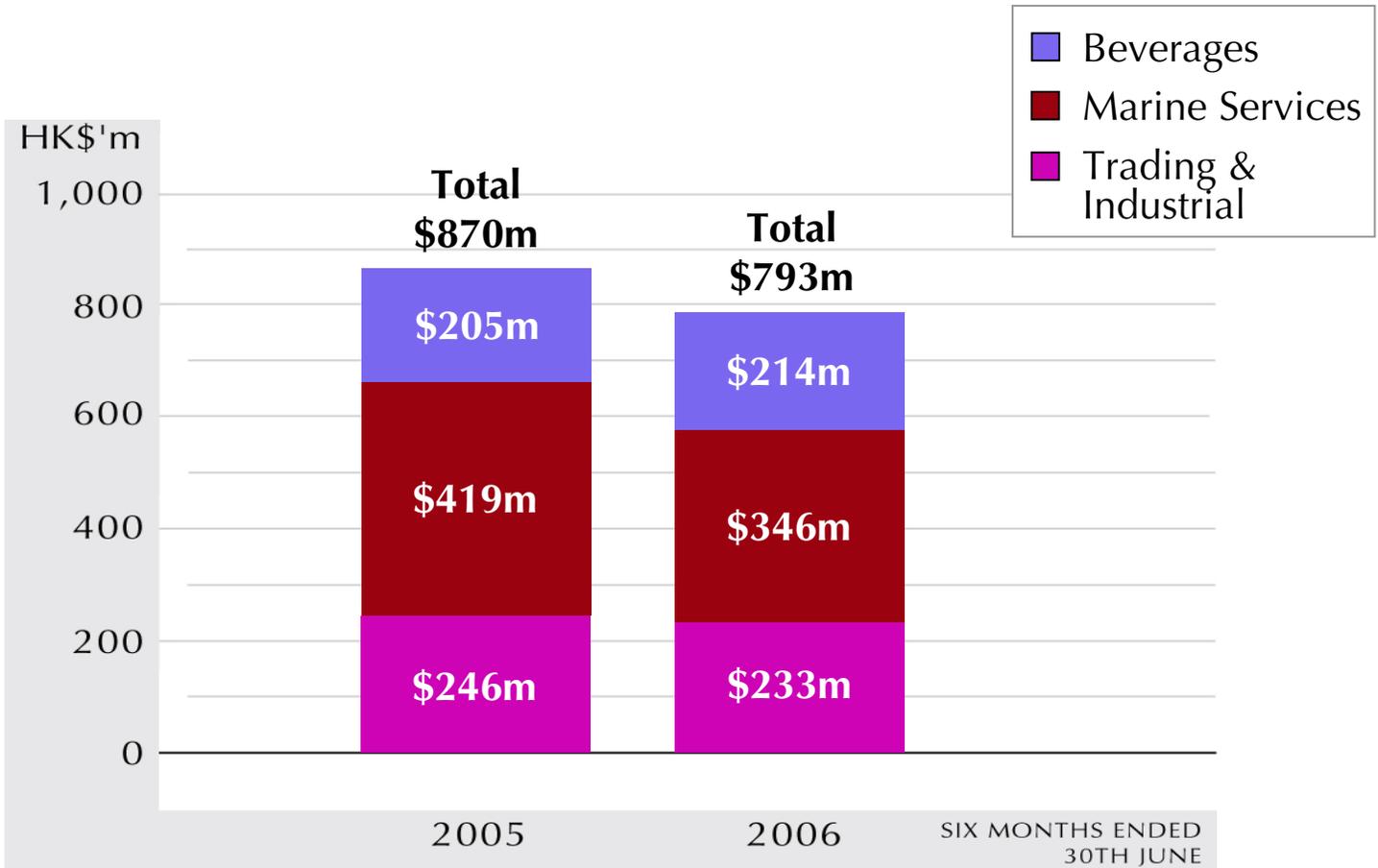
Underlying Profit

Summary by Division



Underlying attributable profit has adjusted for the impact of adopting HKAS 40 and HKAS-Int 21

Attributable Profit | Other Divisions





Highlights | Property Division

- Underlying profit of HK\$1,540m, an increase of 8% from last year
- Strong demand for office and rental space with gross rental income increasing by 12% to HK\$2,267m
- Office occupancy currently 97%
- Completion of acquisition of 50% interest in Festival Walk in March 2006
- Construction work of One Island East commenced with completion expected in the first half of 2008

Highlights | Aviation Division

- Strong passenger and cargo growth at Cathay Pacific (up 12% and 11% respectively) offset by a 12% increase in fuel costs (after hedging gains and surcharges)
- KA incurred a small loss as a result of high fuel prices
- HAECO Group experienced strong profit growth (38%) on the back of strong demand and increased capacity following the opening of the 4th hangar in Xiamen
- Hactl profit increased by 5% as a result of increased throughput

Highlights | Beverages Division

- Overall profit attributable to shareholders rose 4% to HK\$214m on volume growth of 16%
- Sales growth of 22% in mainland China largely offset by higher material costs resulting in 4% profit increase to HK\$73m
- Sales in the US increased by 7% with strong sales of energy drinks; profit up 10% to HK\$102m
- Hong Kong brands performed strongly with sales increasing by 8%, however margin pressure from increased material costs offset this gain
- Taiwan continues to suffer from weak demand for CSDs

Highlights

Marine Services Division

- Overall profit attributable to shareholders up by 21% to HK\$346m, excluding earnings from MTL sold in August 2005
- Swire Pacific Offshore is benefiting from a sustained increase in global oil exploration activity with profit increasing 33% to HK\$273m; 13 vessels are currently on order for delivery over the next two years. Further orders are likely to be placed soon.
- Shekou Container Terminals has been adversely affected by the increase in berthing facilities in Shenzhen



Highlights | Trading & Industrial Division

- Attributable profit down 5% to HK\$233m
- Swire Resources enjoyed 77% sales growth in Mainland China; the company profits increased by 25%
- Motor vehicles sales in Taiwan down by 15% reflecting credit tightening in the budget sector
- Industrial joint ventures experienced mixed fortunes:
 - ICI Swire Paints experienced strong growth in China.
 - Swire SITA stable
 - Crown Can lower margins on sharp increase in raw material costs



SWIRE PACIFIC | Outlook

- Strong demand for office and retail space expected to continue
- Aviation business enjoying strong growth in passenger and cargo demand but concerns remain at high oil price
- Expect demand in the Beverages Division to remain strong throughout the year
- Swire Pacific Offshore well placed to benefit from increased oil exploration and new capacity
- Strong pick-up in capital expenditure likely to continue

Appendix

Financial Highlights

Balance Sheet

HK\$ Million	Dec 2005	Jun 2006	% Change
Shareholders' funds and minority interests	100,772	101,397	+ 1%
Net borrowings	5,448	12,508	+ 130%
Gearing ratio (per accounts)	5%	12%	+ 7%

Financial Highlights | Liquidity

HK\$ Million	Dec 2005	Jun 2006
Facilities available		
- Committed	11,190	16,082
- Uncommitted	3,769	3,756
	14,959	19,838
Interest cover (underlying)	12.8 x	8.8 x
Cash interest cover (underlying)	11.6 x	7.2 x

Attributable Profit | Aviation Division

Six months ended 30th June

HK\$ Million	2005	2006	% Change
Cathay Pacific Group	722	723	0%
Hong Kong Dragon Airlines	15	-7	n.m.
Aircraft engineering	130	180	38%
Cargo handling	85	89	5%
Total	952	985	3%

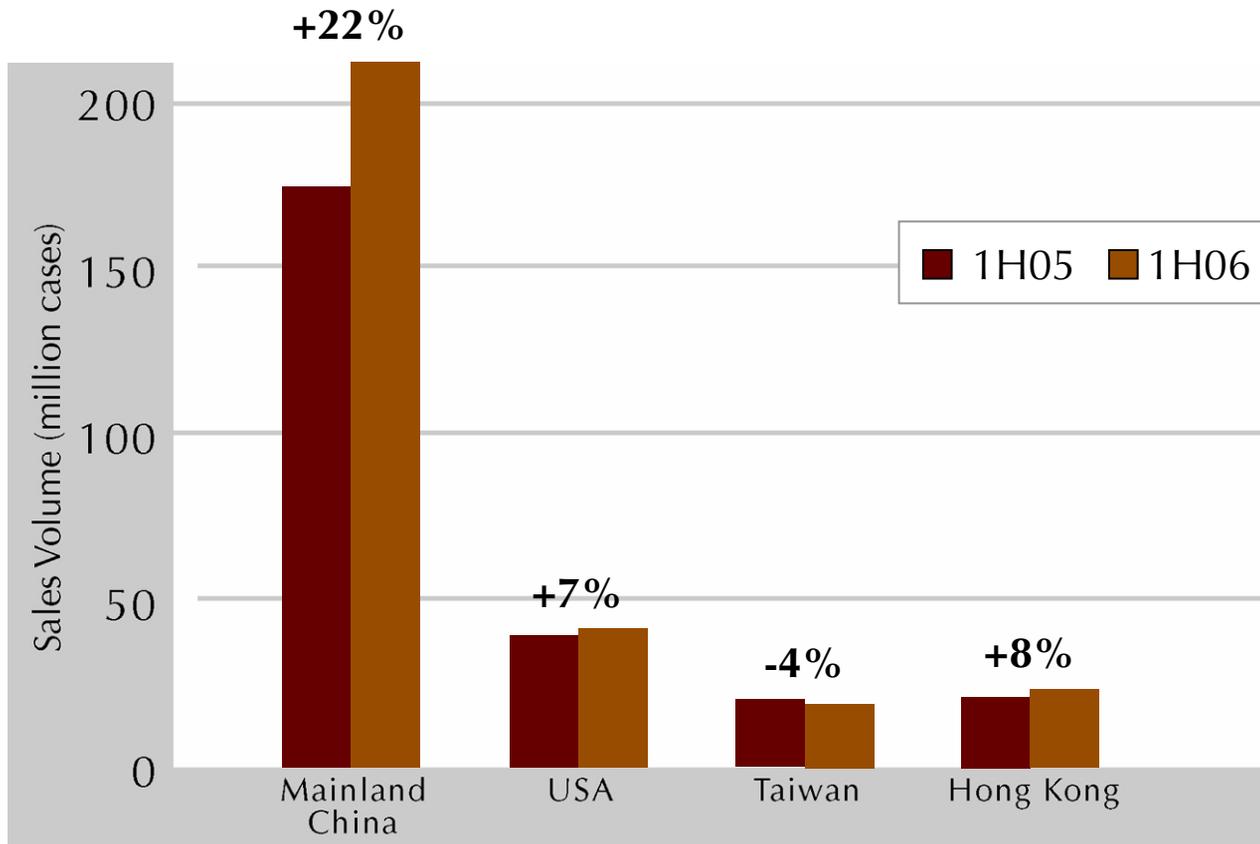
Attributable Profit

Beverages Division

Six months ended 30th June

HK\$ Million	2005	2006	% Change
Hong Kong	39	40	3%
Taiwan	17	16	-6%
USA	93	102	10%
Mainland China	70	73	4%
HO costs	-14	-17	21%
Total	205	214	4%

Sales Volume | Beverages Division



Attributable Profit

Marine Services Division

HK\$ Million	Six months ended 30th June		
	2005	2006	% Change
Ship owning & operating	205	273	33%
Container handling	191	40	-79%
Ship repair, engineering & towage	23	33	43%
Total	419	346	-17%

Attributable Profit | Trading & Industrial Division

HK\$ Million	Six months ended 30th June		
	2005	2006	% Change
Car distribution	105	70	-33%
Shoe and apparel distribution	52	65	25%
Waste services	35	30	-14%
Beverage can supply	26	17	-35%
Paint supply	34	33	-3%
Other	-6	18	n.m.
Total	246	233	-5%



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