



SWIRE PACIFIC

2007 Interim Results



9 August 2007

HONG KONG



SWIRE PACIFIC

Financial Summary

	HY06	HY 07	% Change
Attributable profit (HK\$M)	7,916	12,493	+58%
Underlying profit (HK\$M)	3,482	5,255	+51%
Cash generated from operations (HK\$M)	2,698	2,588	-4%
Interim dividend per 'A' share (HK\$)	\$0.63	\$0.90	+43%
Equity attributable per 'A' share (HK\$)	\$65.88	\$80.88	+23%
	YE 06		
Shareholders funds and minority interests (HK\$M)	115,034	123,827	+8%
Net borrowing (HK\$M)	11,930	17,333	+45%
Gearing ratio (per accounts)	10%	14%	4pts



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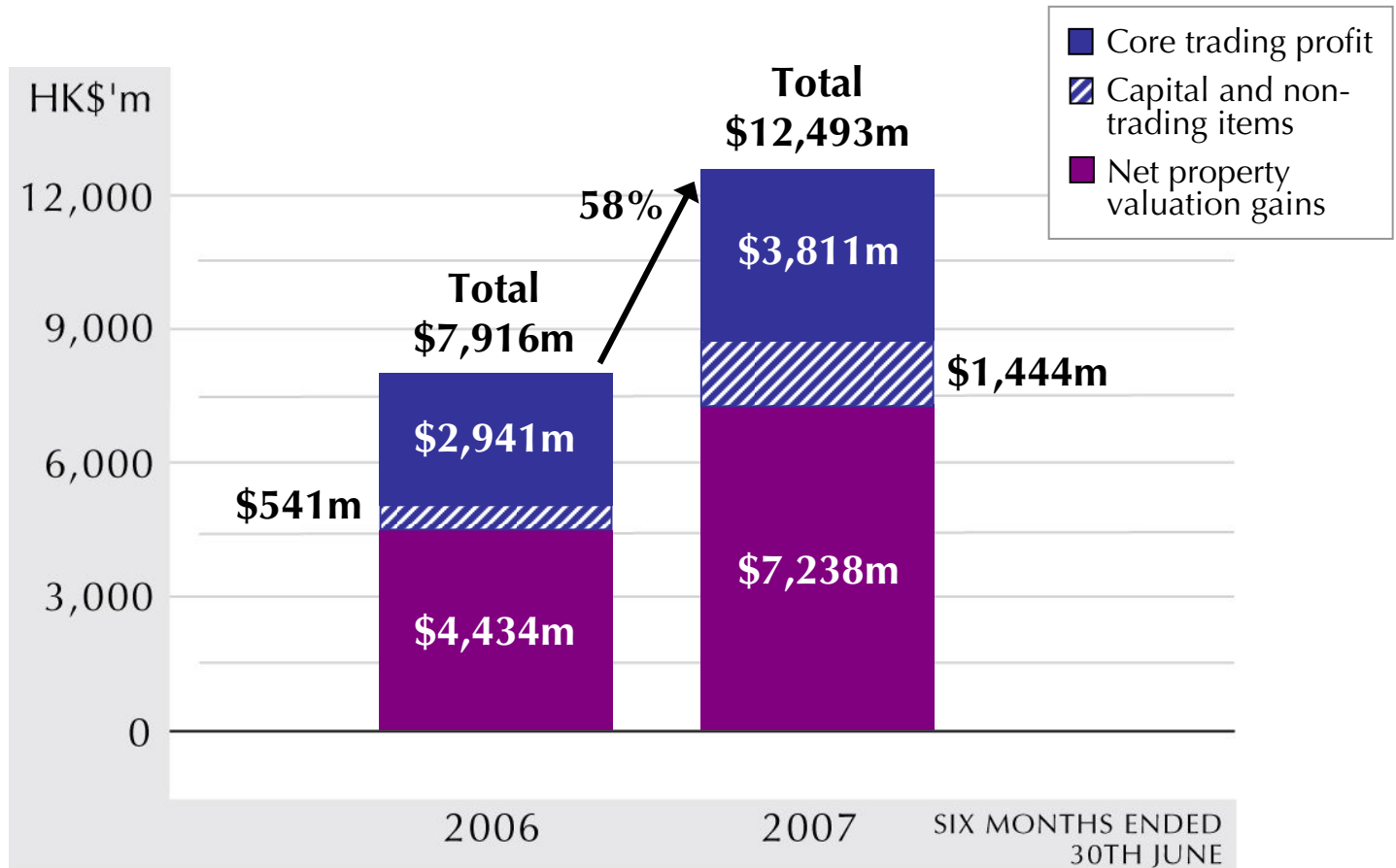
2007 Interim Highlights

- Attributable earnings of HK\$12,493 million, including net property valuation movements of HK\$7,342 million and profit of HK\$1,078 million on sale of Shekou Container Terminals
- Property investment income grew 38%; office occupancy at 97% with retail portfolio fully let
- Strong passenger demand at Cathay Pacific offset weak cargo results. High fuel prices remain a concern and hedging challenge
- Dragonair integration progressing well
- High capacity utilisation at HAECO drove profit growth of 33% from aviation maintenance activities
- Improved charter rates and asset sales drive record profits at Swire Pacific Offshore (SPO) of HK\$625 million
- Profits were flat in the Beverages Division as strong volume growth has been offset by continuing high material costs and an increase in indirect selling costs
- Attributable profit from Trading & Industrial Division consistent with prior year on a like-for-like basis



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Attributable Profit



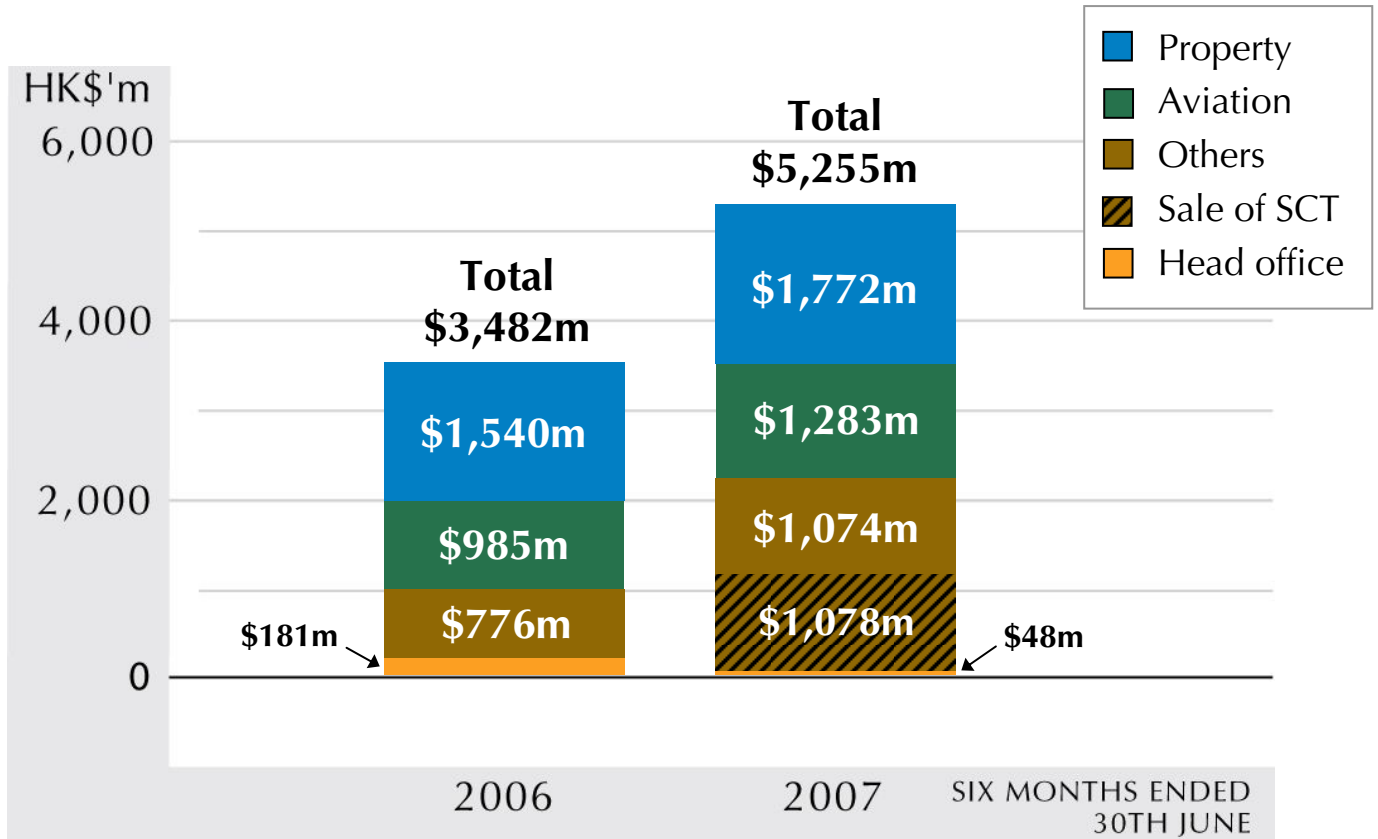
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Earnings Analysis

HK\$ Million	HY06	HY 07
Attributable profit	7,916	12,493
Net investment property adjustments	(4,434)	(7,238)
Underlying profit	3,482	5,255
Capital and non-trading items:		
Ocean shores property provision write back	(116)	-
One-off receipt conversion of distribution licence	(25)	-
Profits from asset realisations:		
Shekou Container Terminals	-	(1,078)
Properties	(296)	(212)
Ocean Marine Services	-	(44)
Vessels	(62)	(110)
Other	(42)	-
Core trading profit	2,941	3,811

Underlying Profit

Summary by Division

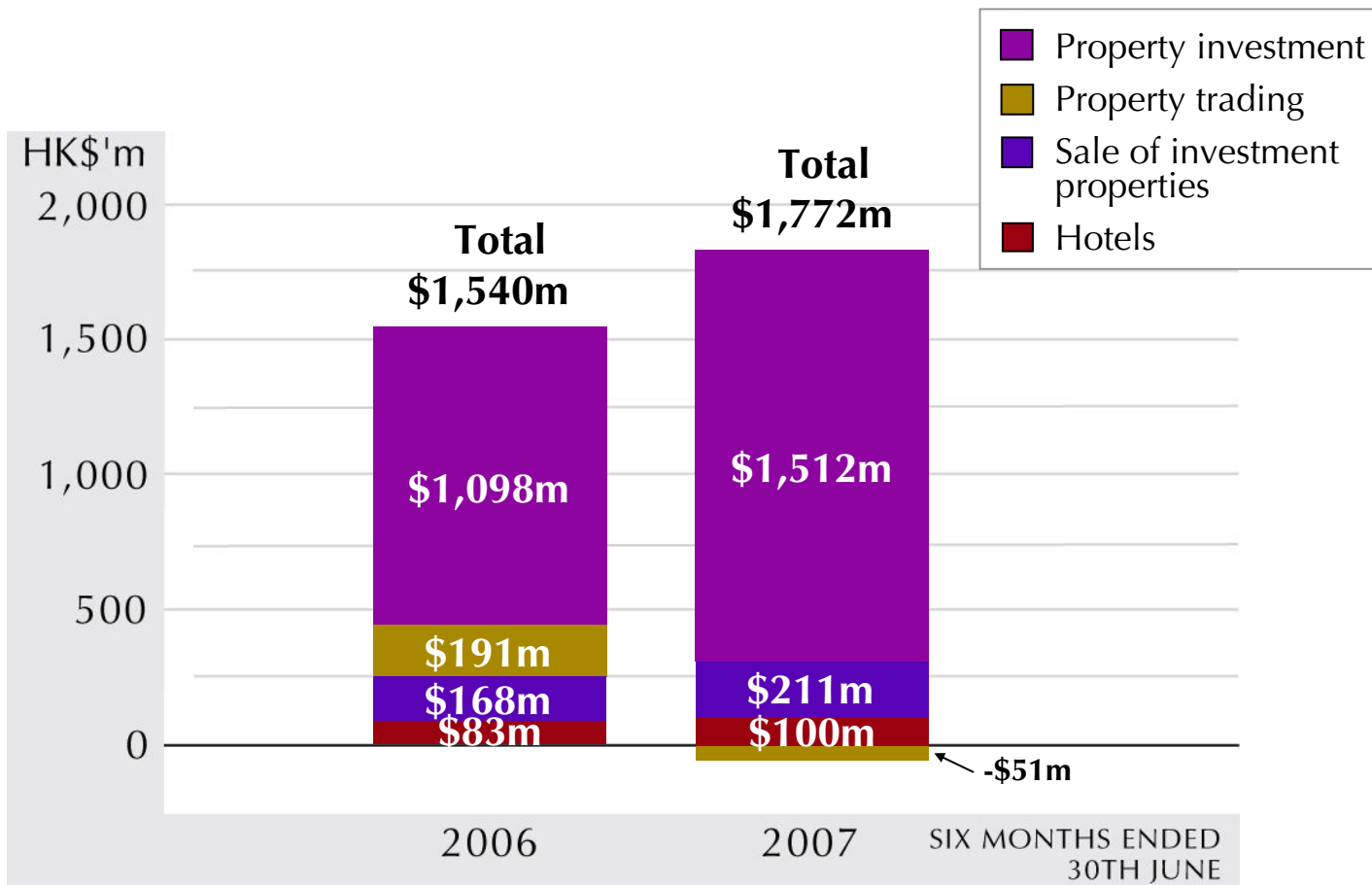


Underlying attributable profit adjusts for the impact of HKAS 40 and HKAS-Int 21 on investment property and deferred tax respectively



Underlying Profit

Property Division

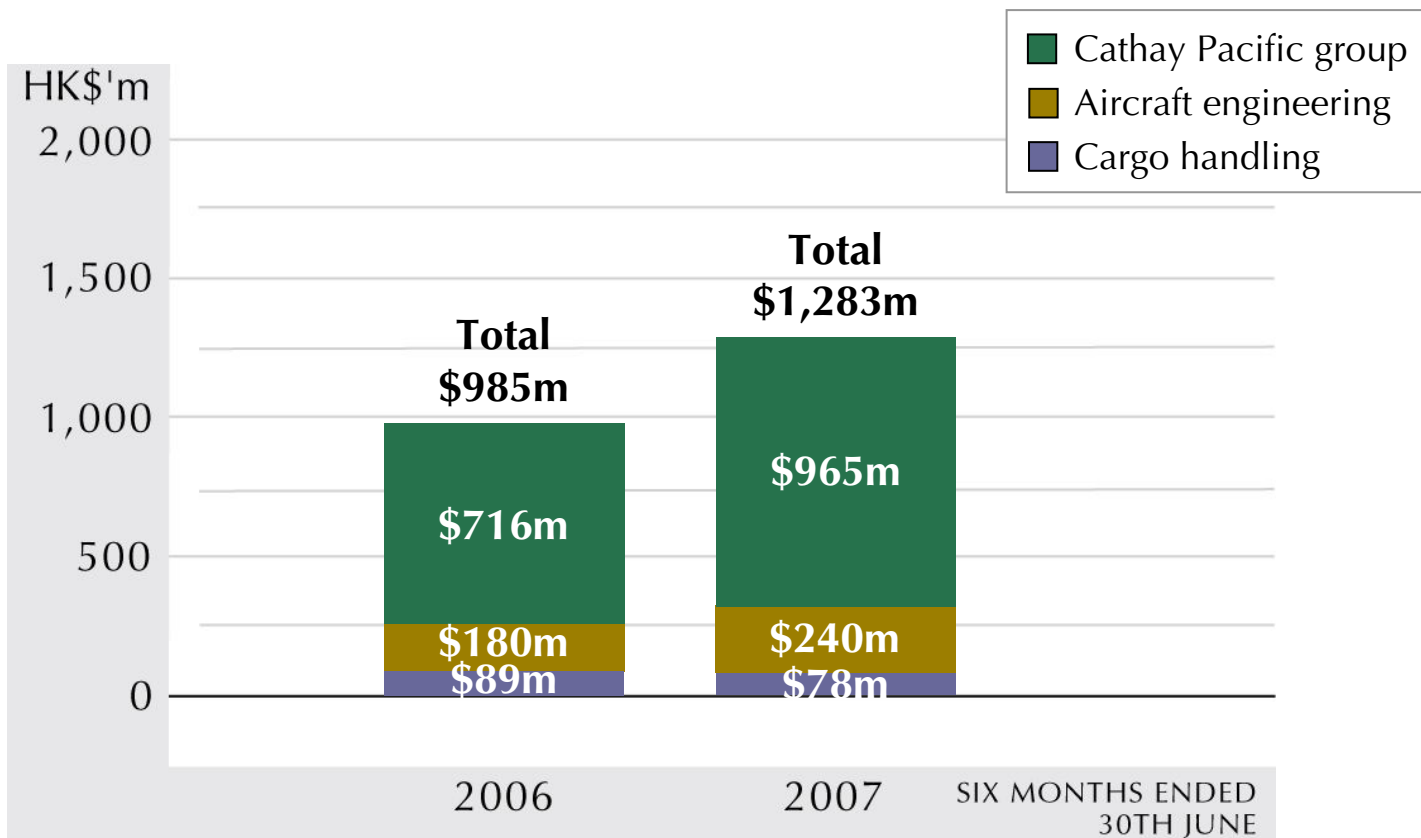


- Underlying profit of HK\$1,772million, an increase of 15% from last year
- Strong demand for office and retail space with gross rental income increasing by 17% to HK\$2,646 million
- Office occupancy currently 97%; retail portfolio fully let
- Investment property gross revaluation gain of HK\$8.9 billion. Portfolio value increased by 9% in the period
- One Island East, Hong Kong and Sanlitun, Beijing projects nearing completion and will be available in the first half of 2008



Underlying Profit

Aviation Division



Highlights

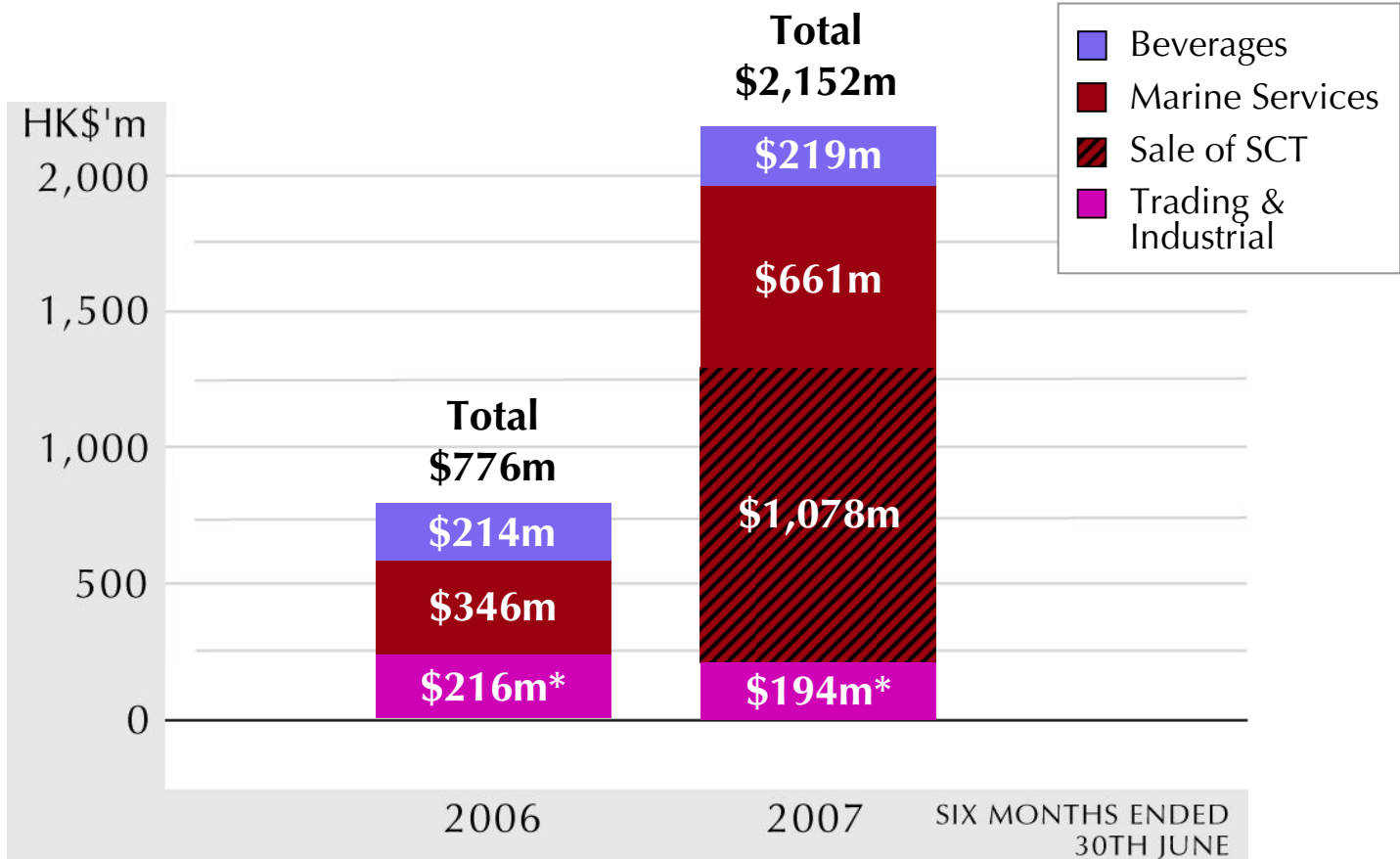
Aviation Division

- Strong passenger growth at Cathay Pacific group drives a 30% increase in profit for the division
- Cargo business has been relatively weak in light of increased regional capacity and high fuel cost
- Fuel costs remain high and volatile
- Synergies being realised from the acquisition of Dragonair
- Profit growth of 33% from aviation maintenance activities, with continued strong demand and increased capacity following the opening of the second hangar in Hong Kong
- Operating profits at Hactl grew in line with throughput



Underlying Profit

Other Divisions



* Reported profit in the first-half 2007 is HK\$209 million (2006: HK\$233 million) which includes net revaluation gains on investment properties of HK\$15 million (2006: HK\$17 million)

Highlights | Beverages Division

- Overall, profit attributable to shareholders increased 2% to HK\$219 million
- Volume growth of 18% and selective selling price increases in Mainland China improved operating profit despite continued high material costs. This was offset by higher indirect selling and finance costs and profit fell slightly to HK\$70 million
- In the US profit up 13% to HK\$115 million as a favourable sales mix and marginal increase in volume offset significant material cost increases
- Strong volume growth of 11% in Hong Kong offset high material costs as profit grew 18% to HK\$47 million
- Despite volume growth of 12% in Taiwan, continued pricing pressure and high material costs resulted in profit falling to HK\$7 million

Highlights

Marine Services Division

- Overall profit attributable to shareholders up by 91% to HK\$661 million, excluding HK\$1,078 million profit on disposal of Shekou Container Terminals in February
- Demand for Swire Pacific Offshore's services has been robust with significant increases in charter rates the primary driver of strong operating profit growth. Fixed asset and investment disposals contributed an additional HK\$92 million compared to the prior period resulting in a profit increase of 129% to HK\$625 million
- Fleet expansion and modernisation is progressing; eight new vessels will be received within the next 18 months and a further eight in 2009 to 2011



Highlights | Trading & Industrial Division

- An absence of non-recurring profits in the current period resulted in a 10% fall in profit attributable to shareholders
- Taikoo Motors profit fell 14%, against a 15% fall in the Taiwanese vehicle market, on the back of continuing weak economic sentiment and contraction in consumer credit
- Swire Resources sales grew 79% in Mainland China and on a like-for-like basis profit increased 10% to HK\$44 million
- Industrial joint ventures continue to perform well with a 33% increase in profit at Swire SITA the highlight



SWIRE PACIFIC | Outlook

- Strong demand across the property portfolio expected to continue
- Significant focus by Swire Properties on successful launch of current projects with potential new investments in Mainland China being pursued
- Strong passenger demand expected to continue although the high and volatile price of fuel will continue to put pressure on margins and impact demand for air cargo services
- Work continues to realise synergies from the acquisition of Dragonair
- Swire Pacific Offshore is expected to perform well in the second half as charter rates remain strong and utilisation is improving
- Demand in the Beverages Division is expected to remain firm although high material and selling costs are putting pressure on margins
- Trading & Industrial division operations in Mainland China are expected to continue to perform well

Appendix

Financial Highlights | Liquidity

	YE06	HY07
Facilities available (HK\$ million)		
- Committed	18,573	21,793
- Uncommitted	3,940	4,031
	<u>22,513</u>	<u>25,824</u>
Undrawn facilities (HK\$ million)		
- Committed	4,838	3,682
- Uncommitted	3,495	2,680
	<u>8,333</u>	<u>6,362</u>
Underlying interest cover (times)	13.4	21.8
Underlying cash interest cover (times)	9.6	11.2

Attributable Profit | Aviation Division

HK\$ Million	HY06	HY07	% Change
Cathay Pacific group	716	965	35%
Aircraft engineering	180	240	33%
Cargo handling	89	78	-12%
Total	985	1,283	30%

Attributable Profit | Beverages Division

HK\$ Million	HY06	HY07	% Change
Hong Kong	40	47	18%
Taiwan	16	7	-56%
USA	102	115	13%
Mainland China	73	70	-4%
Central costs	(17)	(20)	18%
Total	214	219	2%

Attributable Profit | Marine Services Division

HK\$ Million	HY06	HY07	% Change
Ship owning & operating	273	625	129%
Container handling	40	8	-80%
Ship repair, engineering & towage	33	28	-15%
Total	346	661	91%
Sale of Shekou Container Terminals	-	1,078	
Total	346	1,739	

Attributable Profit | Trading & Industrial Division

HK\$ Million	HY06	HY07	% Change
Car distribution	70	60	-14%
Shoe and apparel distribution	65	44	-32%
Waste services	30	40	33%
Beverage can supply	17	16	-6%
Paint supply	33	37	12%
Other	18	12	-33%
Total	233	209	-10%



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