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# Quiet Logistics (A)

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*Cathay Pacific Airways Balance Sheet For  
31 December 2003 and 2004 (HK\$ Million)*

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	2004	2003
<b>Assets &amp; Liabilities</b>		
<b>Non-current Assets</b>		
Fixed Assets	\$ 51,808	\$ 51,357
Intangible Assets	348	405
Investments in associated companies	1,743	1,661
Other long-term receivables and investments	4,076	1,263
	\$ 57,975	\$ 54,686
<b>Current Assets</b>		
Stock	\$ 524	\$ 398
Trade and other receivables	5,311	4,753
Liquid funds	11,474	15,200
	\$ 17,309	\$ 20,351
<b>Total Assets</b>	\$ 75,284	\$ 75,037
<b>Non-current Liabilities</b>		
Long-term liabilities	\$ (27,698)	\$ (33,022)
Related pledged security deposits	10,036	11,604
Net long-term liabilities	(17,662)	(21,418)
Retirement benefits obligations	(102)	(181)
Deferred taxation	(7,280)	(7,262)
	\$ (25,044)	\$ (29,361)
<b>Current Liabilities</b>		
Current portion of long-term liabilities	\$ (7,096)	\$ (6,754)
Related pledged security deposits	2,127	1,875
Net current portion of long-term liabilities	(4,969)	(4,879)
Trade and other payables	(7,163)	(5,543)
Unearned transportation revenue	(3,622)	(2,839)
Taxation	(1,497)	(1,259)
	\$ (17,251)	\$ (14,520)
<b>Total Liabilities</b>	\$ (42,295)	\$ (43,881)
<b>Total Assets Total Liabilities (Total Equity)</b>	\$ 32,989	\$ 31,156
<b>Financed by</b>		
Share Capital	\$ 674	\$ 669
Reserves	32,181	30,383
Minority Interest	134	104
	\$ 32,989	\$ 31,156

	<u>2004</u>		<u>2003</u>		<u>Average</u>
<b>Total Assets</b>	\$ 75,284	\$	75,037	\$	75,160.50
<b>Total Liabilities</b>	\$ (42,295)	\$	(43,881)	\$	(43,088.00)
<b>Total Equity</b>	\$ 32,989	\$	31,156	\$	32,072.50

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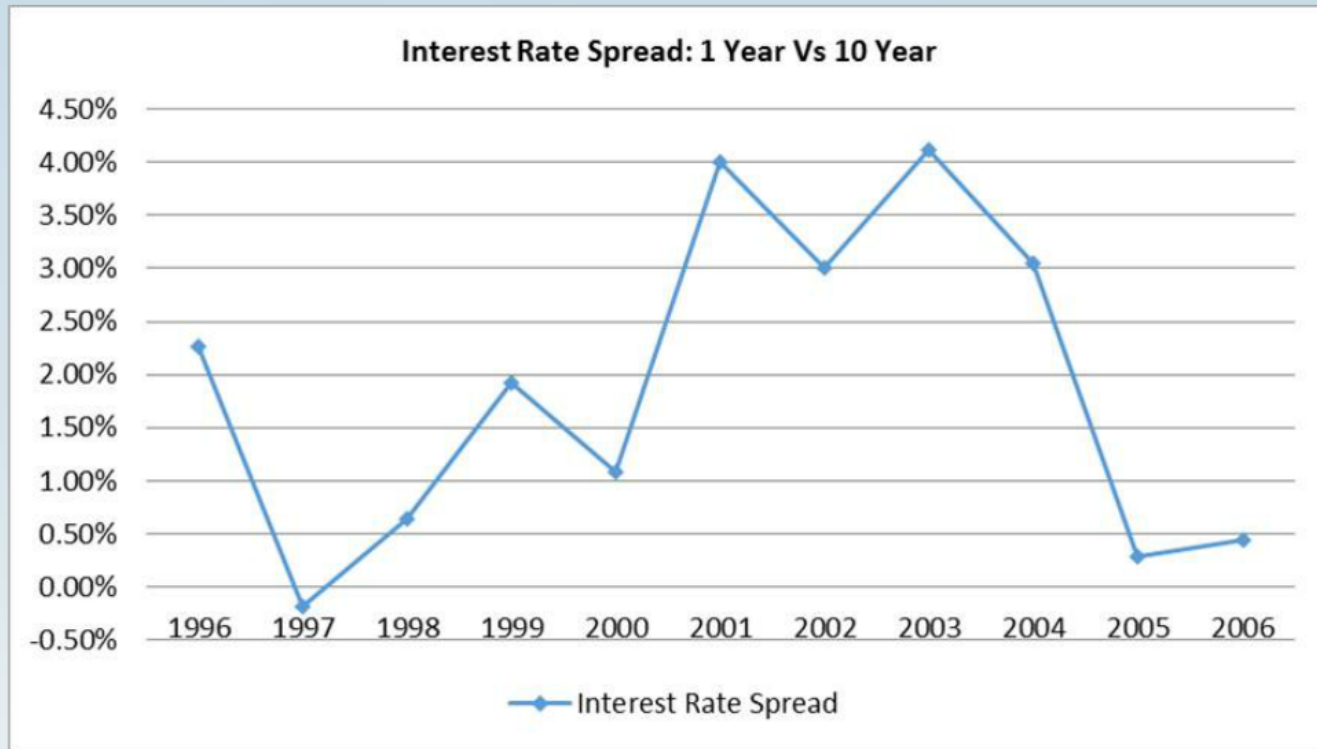
**$W_d = 0.573280$**

**$W_e = 0.426720$**

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Year	1-Year Hong Exchange Fund Bill	10 - Year Hong Kong Exchange Fund Note	Best Lending Rate	Interest rate spread	1 Year Spread to Best	10 Year Spread to Best
1996	5.00%	7.27%	8.50%	2.27%	3.50%	1.23%
1997	9.41%	9.22%	9.50%	-0.19%	0.09%	0.28%
1998	5.72%	6.36%	9.00%	0.64%	3.28%	2.64%
1999	5.82%	7.74%	8.50%	1.92%	2.68%	0.76%
2000	5.38%	6.46%	9.50%	1.08%	4.12%	3.04%
2001	2.22%	6.22%	5.13%	4.00%	2.91%	-1.09%
2002	1.39%	4.39%	5.00%	3.00%	3.61%	0.61%
2003	0.26%	4.37%	5.00%	4.11%	4.74%	0.63%
2004	0.58%	3.63%	5.00%	3.05%	4.42%	1.37%
2005	3.90%	4.18%	7.75%	0.28%	3.85%	3.57%
2006	3.74%	4.18%	7.42%	0.44%	3.68%	3.24%
<i>Weighted Moving Average</i>				1.50%	3.82%	2.31%

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<b>From Balance Sheet:</b>	<b>2004</b>
Long-term liabilities	\$ 27,698
Current portion of long-term liabilities	\$ 7,096
Assumed Long Term Rate	10.15%
Assumed Short Term Rate	9.15%
	<b>Cost of Debt 9.95%</b>
	<b>Multiplied by (1-T) 8.21%</b>

Tax Rate= 17.50%

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*Real Risk Free Rate*  
**3.74%**

*Market Risk Premium*  
**5.16%**

*Inflation Rate*

*Maturity Risk Premium*  
**1.00%**

	2003	2004	2005	2006
Hong Kong	3.0	-2.6	-0.3	0.9
	Average:			0.25

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**Final Calculation**

Risk Free Rate	3.74%
Inflation Rate	0.25%
Market Risk Premium	5.16%
Maturity Risk Premium	1.00%
<b>Long Term Rate</b>	<b>10.15%</b>