

# Financial Summary

## Commentary on variances in the Consolidated Profit and Loss Account and Balance Sheet

Consolidated Profit and Loss Account	2003 HK\$M	2002 restated HK\$M	Increase/ (Decrease) HK\$M	%	Commentary
<b>Turnover</b>	<b>11,250</b>	11,605	(355)	-3.1	Turnover for 2002 benefitted from a one-off adjustment arising from a change in the method of recognising units consumed in each year.
<b>Other Revenue and Net Income</b>	<b>1,283</b>	878	405	46.1	This increase is mainly due to a net gain on disposal of fixed assets recorded in 2003 and an increase in income from our Australian investments.
<b>Direct and Other Operating Costs</b>	<b>4,493</b>	4,241	252	5.9	This increase is mainly due to an increase in depreciation charges and higher Government rent and rates, and an increase in insurance premiums.
<b>Finance Costs</b>	<b>646</b>	565	81	14.3	This increase is mainly due to higher interest costs on our Australian dollar loans resulting from the strengthening of the Australian dollar.
<b>Share of Results of Associates</b>	<b>241</b>	163	78	47.9	This increase is mainly due to the stronger performance of our Australian businesses.
<b>Income tax</b>	<b>1,711</b>	1,204	507	42.1	An increase in tax rates resulted in an increase in current tax charges and a one-off provision for deferred tax.
<b>Scheme of Control Transfers</b>	<b>133</b>	(12)	145	–	The Scheme of Control (“SOC”) Transfers are calculated in accordance with the SOC Agreement.
<b>Profit Attributable to Shareholders</b>					
- Local Activities	<b>5,620</b>	6,289	(669)	-10.6	This decrease results from a reduction in electricity sales and higher tax charges and provisions, but partly offset by a net gain on disposal of fixed assets.
- Overseas Activities	<b>437</b>	335	102	30.4	This increase reflects good growth within the Group’s Australian businesses and a strengthening Australian dollar.
<b>Profit Attributable to Shareholders – Total</b>	<b>6,057</b>	6,624	(567)	-8.6	

Consolidated Balance Sheet	2003 HK\$M	2002 restated HK\$M	Increase/ (Decrease) HK\$M	%	Commentary
<b>Fixed Assets</b>	<b>45,024</b>	45,202	(178)	-0.4	The Group's capital expenditure for the year amounted to HK\$2,106 million, invested principally in generation, transmission and distribution assets. Depreciation charges for the year were HK\$1,927 million. Total disposals of fixed assets amounted to HK\$357 million (net book value).
<b>Interest in Associates</b>	<b>8,425</b>	7,910	515	6.5	This increase is mainly due to profit retained in our Australian associates and a strengthening of the Australian dollar.
<b>Other Assets</b>	<b>3,263</b>	3,456	(193)	-5.6	This decrease is mainly due to the disposal of listed securities during the year, a reduction in inventory levels and less fuel clause rebates to customers, but partly offset by an increase in bank balances and other liquid funds.
<b>Bank Loans and Other Borrowings</b>	<b>13,599</b>	16,354	(2,755)	-16.8	This decrease is mainly due to a reduction in financing requirements for both local and overseas businesses.
<b>Current and Deferred Taxation</b>	<b>5,406</b>	5,024	382	7.6	This increase is mainly due to the effect of an increase in profits tax rates on both current and deferred tax.
<b>Other Liabilities</b>	<b>2,391</b>	2,561	(170)	-6.6	This decrease is mainly due to a reduction of accruals for capital expenditure.
<b>Rate Reduction Reserve and Development Fund</b>	<b>5</b>	149	(144)	-	
<b>Net Assets</b>	<b>35,311</b>	32,480	<b>2,831</b>	8.7	
			↑		
<b>Net Gains Not Recognised in Profit and Loss Account</b>			<b>424</b>		Exchange differences arising on the translation of the Group's investment in overseas' subsidiaries and associates, which were credited directly to reserves.
			↑		
<b>Dividends Paid</b>			<b>(3,650)</b>		Previous year's final dividend and current year's interim dividend, which were approved and paid during the year.
			↑		
<b>Profit Attributable to Shareholders</b>			<b>6,057</b>		