

Financial Summary

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

Consolidated Profit and Loss Account	2004 HK\$M	2003 HK\$M	Increase/ (Decrease) HK\$M	%	Commentary
Turnover	11,407	11,250	157	1.4	This increase is mainly due to an increase in electricity sales in Hong Kong.
Other Revenue and Net Income	938	1,283	(345)	-26.9	This decrease is mainly due to a net gain on disposal of fixed assets recorded in 2003, but partly offset by an increase in income from our Australian investments.
Direct and Other Operating Costs	4,759	4,493	266	5.9	This increase is mainly due to an increase in Government rent and rates, and depreciation charges.
Finance Costs	569	646	(77)	-11.9	This decrease is due to a reduction of Group's external borrowings and lower interest rates.
Share of Results of Associates	314	241	73	30.3	This increase is mainly due to the strong performance of our Australian businesses.
Income Tax	1,051	1,711	(660)	-38.6	A one-off increase in deferred tax provision was recorded in 2003 due to a change in Hong Kong tax rates, and a one-off reduction in deferred tax provision was recorded in 2004 due to a change in tax rules in Australia.
Scheme of Control Transfers	–	133	(133)	–	The Scheme of Control ("SOC") Transfers are calculated in accordance with the SOC Agreement.
Profit Attributable to Shareholders					
- Local Activities	5,521	5,620	(99)	-1.8	This decrease results from an increase in Government rent and rates and a net gain on disposal of fixed assets recorded in 2003, partly offset by an increase in sales of electricity and lower tax charges and provisions.
- Overseas Activities	759	437	322	73.7	This increase reflects good growth within the Group's Australian businesses and lower tax provisions.
Profit Attributable to Shareholders - Total	6,280	6,057	223	3.7	

Consolidated Balance Sheet	2004 HK\$M	2003 HK\$M	Increase/ (Decrease) HK\$M	%	Commentary
Fixed Assets	45,276	45,024	252	0.6	The Group's capital expenditure for the year amounted to HK\$2,246 million, invested principally in generation, transmission and distribution assets. Depreciation charges for the year were HK\$1,948 million. Total disposals of fixed assets amounted to HK\$46 million (net book value).
Interest in Associates	9,198	8,425	773	9.2	This increase is mainly due to profit retained in our Australian associates and a strengthening of the Australian dollar.
Other Assets	4,493	3,263	1,230	37.7	This increase is mainly due to an increase in bank balances and other liquid funds and inventories.
Bank Loans and Other Borrowings	12,997	13,599	(602)	-4.4	This decrease is mainly due to a reduction in financing requirements for our local business.
Current and Deferred Taxation	5,466	5,406	60	1.1	This increase is mainly due to an increase in assessable profits and less provisional Hong Kong profits tax paid.
Other Liabilities	2,648	2,391	257	10.7	This increase is mainly due to an increase of accruals for capital expenditure and inventories.
Rate Reduction Reserve and Development Fund	–	5	(5)	–	
Net Assets	37,856	35,311	2,545	7.2	
Net Loss Not Recognised in Profit and Loss Account			(85)		Exchange differences arising on the translation of the Group's investment in overseas' subsidiaries and associates, which were debited directly to reserves.
Dividends Paid			(3,650)		Previous year's final dividend and current year's interim dividend, which were approved and paid during the year.
Profit Attributable to Shareholders			6,280		