

financial summary

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

Consolidated Profit and Loss Account	2005 HK\$M	2004 Restated HK\$M	Increase/ (Decrease) HK\$M	%	Commentary
Turnover	11,622	11,407	215	1.9	This increase is mainly due to an increase in electricity sales in Hong Kong.
Other Revenue and Net Income	1,059	938	121	12.9	This increase is mainly due to dividend income received from unlisted securities.
Direct and Other Operating Costs	4,926	4,759	167	3.5	This increase is mainly due to higher Government rent and rates, fuel costs and depreciation.
Finance Costs	588	569	19	3.3	This increase is mainly due to higher interest rates but partly offset by a reduction of Group's external borrowings.
Profit on Disposal of Interest in Associates	1,560	–	1,560	–	It represents the profit on disposal of approximately 22.07% attributable interest in Australian associates.
Share of Profits less Losses of Associates	1,050	419	631	150.6	This increase is mainly due to the strong performance of our Australian associates.
Income Tax	1,215	1,180	35	3.0	This increase is mainly due to higher profit before taxation.
Scheme of Control Transfers	–	–	–	–	
Profit Attributable to Equity Shareholders					
- Local Activities	5,508	5,521	(13)	-0.2	This decrease is mainly due to higher Government rent and rates, fuel costs and depreciation.
- Overseas Activities	3,054	735	2,319	315.5	This increase is mainly due to a profit on disposal of attributable interest in Australian associates and the strong performance of our Australian associates.
Profit for the Year	8,562	6,256	2,306	36.9	

Consolidated Balance Sheet	2005 HK\$M	2004 Restated HK\$M	Increase/ (Decrease) HK\$M	%	Commentary
Fixed Assets	46,258	45,276	982	2.2	The Group's capital expenditure for the year amounted to HK\$3,005 million, invested principally in generation, transmission and distribution assets. Depreciation and amortisation charges for the year were HK\$1,964 million. Total disposals of fixed assets amounted to HK\$59 million (net book value).
Interest in Associates	5,780	8,914	(3,134)	-35.2	The decrease is mainly due to a disposal of 22.07% attributable interest in Australian associates in 2005.
Other Assets	9,070	4,493	4,577	101.9	This increase is mainly due to additional cash inflow generated by the disposal of interest in Australian associates and purchase of an unlisted security – Northern Gas Networks Limited.
Bank Loans and Other Borrowings	10,645	12,997	(2,352)	-18.1	This decrease is mainly due to reduction of financing requirements for overseas businesses.
Current and Deferred Taxation	5,602	5,466	136	2.5	This increase is mainly due to higher deferred tax provision.
Other Liabilities	3,176	2,648	528	19.9	This increase is mainly due to the inclusion of derivative financial instruments liability and higher employee retirement benefit liability.
Rate Reduction Reserve and Development Fund	–	–	–	–	
Net Assets	41,685	37,572	4,113	10.9	
Net Loss Not Recognised in Consolidated Profit and Loss Account			(671)		Exchange differences arising on the translation of the Group's investment in overseas' subsidiaries and associates, cash flow hedge of derivative financial instruments and actuarial gains and losses of employee retirement benefit schemes which were debited directly to reserves.
Dividends Paid			(3,778)		Previous year's final dividend and current year's interim dividend, which were approved and paid during the year.
Profit for the Year			8,562		