

# Financial Summary

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

Consolidated Profit and Loss Account	2008 HK\$M	2007 HK\$M	Increase/ (Decrease) HK\$M	%	Commentary
Turnover	12,773	12,524	249	2.0	The increase is mainly due to higher basic tariff.
Other Revenue and Other Net Income	1,020	1,547	(527)	-34.1	The decrease is mainly due to a curtailment gain relating to a defined benefit retirement scheme recorded in 2007 and lower interest income from cash deposits in 2008.
Direct and Other Operating Costs	4,723	5,202	(479)	-9.2	The decrease is mainly due to lower depreciation charges as a result of the extension of useful lives for some categories of fixed assets.
Finance Costs	463	634	(171)	-27.0	The decrease is mainly due to lower interest rates and lower loan balances.
Share of Profits less Losses of Associates	732	524	208	39.7	The increase is mainly due to the full year results from Stanley Power Inc. acquired in December 2007 and earnings from Ratchaburi Power Company, Limited which started operations in stages in March and June 2008.
Income Tax	1,000	1,296	(296)	-22.8	The decrease is mainly due to adjustments to deferred tax on the reduction in tax rate.
Scheme of Control Transfers	310	15	295	1966.7	Scheme of Control ("SOC") Transfers are calculated in accordance with the SOC Agreement.
<b>Profit Attributable to Equity Shareholders</b>					
- Hong Kong Operations	7,008	6,727	281	4.2	The increase is mainly due to higher turnover and the adjustments to deferred tax on the reduction in tax rate but partly offset by lower interest income from cash deposits.
- International Operations	1,021	721	300	41.6	The increase is mainly due to contributions from investments in Thailand, Canada and New Zealand.
<b>Profit for the Year</b>	<b>8,029</b>	<b>7,448</b>	<b>581</b>	<b>7.8</b>	

Consolidated Balance Sheet	2008 HK\$M	2007 HK\$M	Increase/ (Decrease) HK\$M	%	Commentary
<b>Fixed Assets</b>	<b>46,488</b>	46,058	430	0.9	The Group's capital expenditure for 2008 amounted to HK\$2,084 million, invested principally in generation, transmission and distribution assets. Depreciation and amortisation charges for the year were HK\$1,617 million. Total disposals of fixed assets amounted to HK\$37 million (net book value).
<b>Interest in Associates</b>	<b>9,921</b>	9,053	868	9.6	The increase is mainly due to investments in Canada, New Zealand, Thailand and the United Kingdom.
<b>Interest in Jointly Controlled Entities</b>	<b>159</b>	18	141	783.3	The increase is mainly due to wind power projects in mainland China.
<b>Other Assets</b>	<b>11,872</b>	15,546	(3,674)	-23.6	The decrease is mainly due to lower cash deposits.
<b>Bank Loans and Other Borrowings</b>	<b>10,667</b>	13,495	(2,828)	-21.0	The decrease is mainly due to less financing requirements for the Hong Kong electricity business and lower Hong Kong Dollar equivalent for bank loans denominated in Australian Dollars.
<b>Current and Deferred Taxation</b>	<b>5,667</b>	5,868	(201)	-3.4	The decrease is mainly due to the reduction in tax rate.
<b>Other Liabilities</b>	<b>4,454</b>	3,193	1,261	39.5	The increase is mainly due to the higher employee retirement benefit liabilities and customers' deposits balance.
<b>Development Fund and Rate Reduction Reserve</b>	<b>325</b>	15	310	2066.7	The balances are calculated in accordance with the SOC Agreement.
<b>Net Assets</b>	<b>47,327</b>	48,104	<b>(777)</b>	-1.6	
			↑		
<b>Net Loss Not Recognised in Consolidated Profit and Loss Account</b>			<b>(4,431)</b>		Unrealised losses arising on the translation of the Group's investments in overseas subsidiaries and associates, revaluation of cash flow hedge derivative financial instruments and actuarial adjustments to employee retirement schemes which were debited directly to reserves.
			↑		
<b>Dividends Paid</b>			<b>(4,375)</b>		Previous year's final dividend and current year's interim dividend, which were approved and paid during 2008.
			↑		
<b>Profit for the Year</b>			<b>8,029</b>		