

Financial Summary

Commentary on the consolidated income statement and balance sheet

Consolidated income statement	2011 HK\$M	2010 HK\$M	Increase/ (decrease) HK\$M	%	Commentary
Turnover	10,201	10,371	(170)	-1.6	The decrease is mainly due to lower electricity sales income due to a reduction in basic tariff.
Other revenue and other net income	1,625	1,063	562	52.9	The increase is mainly due to higher interest income from associates as a result of loans advanced to associates in the United Kingdom in 2010.
Direct and other operating costs	5,514	4,752	762	16.0	The increase is mainly due to higher depreciation charges and other fees and expenses.
Finance costs	617	391	226	57.8	The increase is mainly due to the higher average loan balance as well as the higher exchange rates for foreign currency interest expenses.
Share of profits less losses of associates	3,717	1,391	2,326	167.2	The increase is mainly due to full year contributions from investments in the United Kingdom made in 2010.
Share of profits less losses of jointly controlled entities	476	508	(32)	-6.3	The decrease is mainly due to higher fuel costs and taxes.
Income tax	858	937	(79)	-8.4	The decrease is mainly due to a higher tax credit in relation to United Kingdom operations and lower tax expenses for Hong Kong operations.
Scheme of Control transfers	(45)	59	(104)	-176.3	Scheme of Control ("SOC") Transfers are calculated in accordance with the SOC Agreement.
Profit attributable to equity shareholders					
– Hong Kong operations	4,512	4,659	(147)	-3.2	The decrease is mainly due to higher expenses but partly offset by higher SOC earnings as a result of the higher average net fixed assets balance.
– Operations outside Hong Kong	4,563	2,535	2,028	80.0	The increase is mainly due to a full year contribution from investments made in the United Kingdom in 2010 and higher average exchange rates.
Profit for the year	9,075	7,194	1,881	26.1	

Consolidated balance sheet	2011 HK\$M	2010 HK\$M	Increase/ (decrease) HK\$M	%	Commentary
Fixed assets	48,799	47,924	875	1.8	The Group's capital expenditure for 2011 amounted to HK\$2,890 million, invested principally in generation, transmission and distribution assets. Depreciation and amortisation charges for the year were HK\$1,947 million. Total disposals of fixed assets amounted to HK\$68 million (net book value).
Interest in associates	30,071	29,472	599	2.0	The increase is mainly due to higher undistributed profits from investments in the United Kingdom.
Interest in jointly controlled entities	5,626	5,984	(358)	-6.0	The decrease is mainly due to lower undistributed profits from investments in mainland China.
Other assets	10,234	9,323	911	9.8	The increase is mainly due to higher derivative financial instrument assets, inventories and cash deposits.
Bank loans and other borrowings	23,626	25,773	(2,147)	-8.3	The decrease is mainly due to repayment of a bridge loan but partly offset by the issue of fixed rate notes.
Current and deferred tax liabilities	6,101	5,934	167	2.8	The increase is mainly due to higher deferred tax relating to depreciation allowances in excess of the related depreciation charges.
Other liabilities	6,632	4,312	2,320	53.8	The increase is mainly due to higher trade and other payables and employee retirement benefit liabilities.
Tariff Stabilisation Fund and Rate Reduction Reserve	498	547	(49)	-9.0	The balances are calculated in accordance with the SOC Agreement.
Net assets	57,873	56,137	1,736	3.1	
Dividends paid			(4,503)		The previous year's final dividend and the current year's interim dividend were approved and paid during 2011.
Other comprehensive income			(2,836)		Actuarial adjustments to employee retirement schemes and the effect of financial derivative hedges which were debited directly to reserves.
Profit for the year			9,075		