Power Assets Holdings Ltd.
電能實業有限公司
於香港註冊成立的有限公司
Incorporated in Hong Kong with limited liability
股份代號 Stock Code: 6

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2012 INTERIM RESULTS

CHAIRMAN'S STATEMENT

Half Year Results

The Group's unaudited profit for the six months ended 30th June 2012 was HK$4,333 million, an increase of 6.8% over the same period last year. The first half 2012 results were a record high for the Group.

Earnings from the Group's operations outside Hong Kong were HK$2,579 million, 13.4% higher than the HK$2,275 million recorded in the first half of 2011. The higher earnings were due to the overall increase in operating performance of those operations. Earnings from operations outside Hong Kong represented 60% of total Group profit and were the driving force behind the record half year results achieved by the Group.

Earnings from the Group's Hong Kong operations were HK$1,754 million (2011: HK$1,781 million) and included earnings from The Hongkong Electric Co., Ltd. (HK Electric) after scheme of control transfers of HK$1,736 million (2011: HK$1,746 million). The lower HK Electric earnings were primarily due to higher interest expense and deferred tax adjustment.

Interim Dividend

The board of directors has declared an interim dividend for 2012 of HK$0.62 (2011: HK$0.62) per share. The dividend will be payable on 29th August 2012, to shareholders whose names appear in the Company's Register of Members on 28th August 2012.

Operations outside Hong Kong

The Group has interests in electricity distribution networks in the United Kingdom, Australia and New Zealand, power generation facilities in mainland China, the United Kingdom, Thailand and Canada, and a gas distribution network in the United Kingdom. These businesses as a whole performed well with organic growth driving the record results achieved by the Group for the first half of 2012.

UK Power Networks which owns and operates three electricity distribution networks in the southeast of England including the network for London continued to perform well during the first half of the year building on the strong financial and operational performance achieved in 2011. During the period customer service remained a focus for the business. Performance against the guaranteed standards of performance for new connections exceeded the standard set by the regulator while progress continued to be made on improving customer telephone services. Operationally the performance of the networks in terms of the number of interruptions per customer and the average minutes lost per customer was ahead of the target set by the regulator.

In Australia, ETSA Utilities, owner and operator of the electricity distribution network in South Australia, and CHEDHA, which owns and operates two electricity distribution networks in Victoria, both benefitted from regulatory price resets resulting in higher revenues.

In Canada, Stanley Power's results for the first half of 2012 were ahead of those for the same period last year due to a full six months result from the interests in the 220 MW Meridian Cogeneration plant which it acquired in April 2011 and there being a one-off acquisition cost incurred in the first half of 2011.

Hong Kong Operations

HK Electric unit sales of electricity for the first six months of 2012 were 3.4% higher at 5,203 million kWh compared with the same period last year. The higher sales were primarily due to higher humidity and warmer weather. Sales to the domestic and commercial sectors grew by 6.2% and 2.7% respectively while sales to the industrial sector were flat. The commercial sector accounted for 74.2% of the units sold, the residential sector 22.8% and the industrial sector 3%.

Our renewable energy initiatives continued with the expansion of the thin film photovoltaic solar energy system installed on the roof of the Lamma Power Station from 550 kW to 1 MW. The project has been substantially completed with the last phase scheduled for completion in March 2013. For the proposed 100 MW offshore wind farm wind measurement is underway and is expected to be completed by February 2013.

During the first six months, a world class supply reliability rating of over 99.999% was maintained while all of our pledged customer service standards were met or surpassed. System reinforcement was a focus in the first half of the year to meet connection and system reliability requirements.

In April 2012, the Company's 2011 Sustainability Report was published on the corporate website; the report conforms to the internationally recognised Global Reporting Initiative's latest version 3.1 Guidelines at the "A+" application level.

We will continue to work with the Government on its low carbon policy for Hong Kong.

Outlook

In Hong Kong, our capital expenditure and operating costs for the first half of 2012 have been in line with our development plan approved by the Government and we will be working to achieve this result for the full year. The higher fuel prices experienced over the last few years have in recent months moderated. The moderation in fuel prices together with the higher electricity sales should be beneficial to customers and help in reducing the balance of fuel costs that we have deferred passing on to customers.

The Group's strategy of investing in businesses with stable and certain income has resulted in the record results being achieved for the first six months of 2012 notwithstanding the uncertain economic climate currently prevailing in many parts of the world. We will continue with this strategy as we look for further investments outside Hong Kong in order to grow our earnings base.

I would like to thank the board of directors and the Group's employees for their hard work and dedication during the first six months of 2012.

Fok Kin Ning, Canning
Chairman

Hong Kong, 19th July 2012

FINANCIAL REVIEW

Capital Expenditure, Liquidity and Financial Resources

Capital expenditure during the period amounted to HK$1,038 million (2011: HK$786 million), which was primarily funded by cash from operations and external borrowings. Total external borrowings outstanding at 30th June 2012 were HK$25,230 million (31st December 2011: HK$23,626 million), comprising unsecured bank loans and debt securities in issue. In addition, the Group had undrawn committed bank facilities at 30th June 2012 of HK$4,750 million (31st December 2011: HK$6,500 million) and bank deposits and cash of HK$6,618 million (31st December 2011: HK$6,121 million).

Treasury Policy, Financing Activities and Debt Structure

The Group manages its financial risks in accordance with guidelines laid down in its treasury policy, which is approved by the Board. The treasury policy is designed to manage the Group's currency, interest rate and counterparty risks. The Group aims to ensure that adequate financial resources are available for refinancing and business growth.

As at 30th June 2012, the net debt of the Group was HK$18,612 million (31st December 2011: HK$17,505 million) with a net debt-to-equity ratio of 32% (31st December 2011: 30%) and a net debt-to-total capital ratio of 22% (31st December 2011: 21%). In June 2012, Standard & Poor's affirmed the long term credit ratings of Power Assets Holdings Limited and its subsidiary The Hongkong Electric Company, Limited at A+ with a stable outlook.

The profile of the Group's external borrowings as at 30th June 2012, after taking into account interest rate and cross currency swaps, was as follows:

(1) 68% were in Hong Kong dollars, 20% were in Australian dollars and 12% were in Pounds Sterling;
(2) 60% were bank loans and 40% were capital market instruments;
(3) 8% were repayable within 1 year, 48% were repayable between 2 and 5 years and 44% were repayable beyond 5 years;
(4) 55% were in fixed rate and 45% were in floating rate.

Currency and interest rate risks are actively managed in accordance with the Group's treasury policy. Derivative financial instruments are used primarily for managing interest rate and foreign currency risks and not for speculative purposes. Treasury transactions are only executed with counterparties with acceptable credit ratings to control counterparty risk exposure.

The Group's policy is to maintain a portion of its debt at fixed interest rates by either securing fixed rate borrowings or by using interest rate derivatives.

The Group's principal foreign currency exposures arise from its investments outside Hong Kong and from the import of fuel and capital equipment. Foreign currency transaction exposure is managed mainly through forward contracts. As at 30th June 2012, over 95% of the Group's transaction exposure was either denominated in United States dollars or hedged into Hong Kong or United States dollars. Where considered appropriate, currency exposure arising from investments outside Hong Kong is mitigated by financing those investments in local currency borrowings and by entering into forward foreign exchange contracts. Foreign currency fluctuations will affect the translated value of the net assets of investments outside Hong Kong and the resultant translation difference is included in the Group's reserve account. Income received from the Group's investments outside Hong Kong which is not denominated in Hong Kong dollars is, unless otherwise determined, converted into either United States dollars or Hong Kong dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 30th June 2012 amounted to HK$27,062 million (31st December 2011: HK$26,405 million).

Charges on Group Assets

At 30th June 2012, the Group's interest in two associates of HK$12,498 million (31st December 2011: HK$10,964 million) had been pledged as part of the security to secure financing facilities granted to those associates.

At 30th June 2012, the Group's interest in a jointly controlled entity of HK$2,722 million (31st December 2011: HK$3,120 million) had been pledged as part of the security to secure financing facilities granted to that jointly controlled entity.

Contingent Liabilities

As at 30th June 2012, the Group had given guarantees and indemnities totalling HK$987 million (31st December 2011: HK$1,149 million).

The Company had given guarantees and indemnities in respect of bank and other borrowing facilities made available to and financial commitments of subsidiaries totalling HK$8,321 million (31st December 2011: HK$8,161 million). Out of this amount, HK$8,321 million (31st December 2011: HK$8,156 million), while being a contingent liability of the Company, is reflected in the Consolidated Balance Sheet of the Group.

Employees

The Group continues its policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the six months ended 30th June 2012, excluding directors' emoluments, amounted to HK$452 million (2011: HK$424 million). As at 30th June 2012, the Group employed 1,830 (2011: 1,856) permanent employees. No share option scheme is in operation.

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2012
(Expressed in Hong Kong dollars)

		Six months ended 30th June	
		2012	2011
	Note	**$ million**	$ million
Turnover	4	**4,903**	4,684
Direct costs		**(2,025)**	(1,946)
		2,878	2,738
Other revenue and other net income		**725**	789
Other operating costs		**(661)**	(608)
Operating profit		**2,942**	2,919
Finance costs		**(311)**	(307)
Share of profits less losses of associates		**2,213**	1,778
Share of profits less losses of jointly controlled entities		**199**	244
Profit before taxation	5	**5,043**	4,634
Income tax	6	**(377)**	(368)
Profit after taxation		**4,666**	4,266
Scheme of Control transfers to:	7		
Tariff Stabilisation Fund		**(332)**	(210)
Rate Reduction Reserve		**(1)**	-
		(333)	(210)
Profit attributable to equity shareholders of the Company			
Hong Kong operations		**1,754**	1,781
Operations outside Hong Kong		**2,579**	2,275
Profit for the period		**4,333**	4,056
Earnings per share – basic and diluted	8	**$2.03**	$1.90

Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 18.

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH JUNE 2012
(Expressed in Hong Kong dollars)

	Six months ended 30th June	
	2012	2011
	$ million	$ million
Profit for the period	**4,333**	4,056
Other comprehensive (loss)/income for the period		
Exchange differences on translating operations outside Hong Kong, including associates and jointly controlled entities	**(18)**	758
Net investment hedge	**49**	(187)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the period	**(50)**	(152)
Amounts transferred to the initial carrying amount of hedged items	**(5)**	(7)
Net deferred tax credited to other comprehensive income	**12**	47
	(43)	(112)
Share of other comprehensive income of associates:		
Other comprehensive loss	**(299)**	(324)
Net deferred tax credited to other comprehensive income	**85**	94
	(214)	(230)
	(226)	229
Total comprehensive income for the period attributable to equity shareholders of the Company	**4,107**	4,285

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED BALANCE SHEET
AT 30TH JUNE 2012
(Expressed in Hong Kong dollars)

	Note	**(Unaudited) 30th June 2012 $ million**	(Audited) 31st December 2011 $ million
Non-current assets			
Fixed assets			
- Property, plant and equipment		**43,385**	43,727
- Assets under construction		**3,373**	2,976
- Interests in leasehold land held for own use under finance leases		**2,067**	2,096
	9	**48,825**	48,799
Interest in associates	10	**32,018**	30,071
Interest in jointly controlled entities	11	**5,139**	5,626
Other non-current financial assets		**67**	67
Derivative financial instruments	16	**733**	433
Deferred tax assets		**107**	87
Employee retirement benefit assets		**309**	273
		87,198	85,356
Current assets			
Inventories		**938**	1,115
Trade and other receivables	12	**1,584**	1,101
Fuel Clause Recovery Account		**882**	1,035
Current tax recoverable		**8**	2
Bank deposits and cash	13	**6,618**	6,121
		10,030	9,374
Current liabilities			
Trade and other payables	14	**(3,215)**	(3,451)
Current portion of bank loans and other interest-bearing borrowings	15	**(1,930)**	(617)
Current tax payable		**(350)**	(218)
		(5,495)	(4,286)
Net current assets		**4,535**	5,088
Total assets less current liabilities		**91,733**	90,444
Non-current liabilities			
Bank loans and other interest-bearing borrowings	15	**(23,300)**	(23,009)
Derivative financial instruments	16	**(419)**	(357)
Customers' deposits		**(1,810)**	(1,801)
Deferred tax liabilities		**(6,001)**	(5,883)
Employee retirement benefit liabilities		**(1,020)**	(1,023)
		(32,550)	(32,073)
Rate Reduction Reserve		**(2)**	(1)
Tariff Stabilisation Fund		**(829)**	(497)
Net assets		**58,352**	57,873
Capital and reserves			
Share capital	17	**2,134**	2,134
Reserves		**56,218**	55,739
Total equity attributable to equity shareholders of the Company		**58,352**	57,873

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH JUNE 2012
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company						
$ million	**Share capital**	**Share premium**	**Exchange reserve**	**Hedging reserve**	**Revenue reserve**	**Proposed/ declared dividend**	**Total**
Balance at 1st January 2011	2,134	4,476	1,090	114	45,143	3,180	56,137
Changes in equity for the six months ended 30th June 2011:							
Profit for the period	-	-	-	-	4,056	-	4,056
Other comprehensive income	-	-	571	(293)	(49)	-	229
Total comprehensive income	-	-	571	(293)	4,007	-	4,285
Final dividend in respect of the previous year approved and paid	-	-	-	-	-	(3,180)	(3,180)
Interim dividend (see note 18)	-	-	-	-	(1,323)	1,323	-
Balance at 30th June 2011	2,134	4,476	1,661	(179)	47,827	1,323	57,242
Balance at 1st January 2012	**2,134**	**4,476**	**918**	**(787)**	**47,504**	**3,628**	**57,873**
Changes in equity for the six months ended 30th June 2012:							
Profit for the period	**-**	**-**	**-**	**-**	**4,333**	**-**	**4,333**
Other comprehensive income	**-**	**-**	**31**	**(204)**	**(53)**	**-**	**(226)**
Total comprehensive income	**-**	**-**	**31**	**(204)**	**4,280**	**-**	**4,107**
Final dividend in respect of the previous year approved and paid	**-**	**-**	**-**	**-**	**-**	**(3,628)**	**(3,628)**
Interim dividend (see note 18)	**-**	**-**	**-**	**-**	**(1,323)**	**1,323**	**-**
Balance at 30th June 2012	**2,134**	**4,476**	**949**	**(991)**	**50,461**	**1,323**	**58,352**

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2012
(Expressed in Hong Kong dollars)

	Six months ended 30th June	
	2012	2011
	$ million	$ million
Net cash generated from operating activities	**3,668**	2,731
Net cash generated from investing activities	**732**	160
Net cash used in financing activities	**(2,292)**	(5,535)
Net increase/(decrease) in cash and cash equivalents	**2,108**	(2,644)
Cash and cash equivalents at 1st January	**4,522**	5,837
Effect of foreign exchange rate changes	**(15)**	7
Cash and cash equivalents at 30th June	**6,615**	3,200
	=======	=======
Analysis of the balances of cash and cash equivalents		
Bank deposits and cash	**6,615**	3,200
	=======	=======

1. Review of unaudited interim financial report

This unaudited interim financial report has been reviewed by the Audit Committee.

2. Basis of preparation

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual audited financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 annual audited financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This unaudited interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2011 annual audited financial statements. The condensed consolidated interim unaudited financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31st December 2011 that is included in this unaudited interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory audited financial statements for the year ended 31st December 2011 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 7th March 2012.

3. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKFRS 7, *Financial Instruments: Disclosures – Transfers of financial assets*
- Amendments to HKAS 12, *Income taxes – Deferred tax: Recovery of underlying assets*

The adoption of these amendments to HKFRSs has no material impact on the Group's result and financial position for the current or prior periods. The Group has not applied any new standard or amendment that is not effective for the current accounting period.

4. Turnover and segmental reporting

The analyses of the principal activities of the operations of the Group during the period are as follows:

	2012							
	Sales of electricity	**Infrastructure investments**						
$ million	**Hong Kong**	**Australia**	**United Kingdom**	**Mainland China**	**Others**	**Sub-total**	**All other activities**	**Total**
For the six months ended 30th June								
Revenue								
Turnover	**4,891**	**-**	**-**	**-**	**-**	**-**	**12**	**4,903**
Other revenue and other net income	**17**	**1**	**4**	**-**	**5**	**10**	**(14)**	**13**
Reportable segment revenue	**4,908**	**1**	**4**	**-**	**5**	**10**	**(2)**	**4,916**
Result								
Segment earnings	**3,535**	**1**	**4**	**(11)**	**9**	**3**	**(376)**	**3,162**
Depreciation and amortisation	**(933)**	**-**	**-**	**-**	**-**	**-**	**1**	**(932)**
Interest income	**-**	**312**	**237**	**-**	**112**	**661**	**51**	**712**
Operating profit	**2,602**	**313**	**241**	**(11)**	**121**	**664**	**(324)**	**2,942**
Finance costs	**(121)**	**(158)**	**(32)**	**-**	**-**	**(190)**	**-**	**(311)**
Share of profits less losses of associates and jointly controlled entities	**-**	**280**	**1,901**	**214**	**16**	**2,411**	**1**	**2,412**
Profit before taxation	**2,481**	**435**	**2,110**	**203**	**137**	**2,885**	**(323)**	**5,043**
Income tax	**(412)**	**-**	**32**	**-**	**-**	**32**	**3**	**(377)**
Profit after taxation	**2,069**	**435**	**2,142**	**203**	**137**	**2,917**	**(320)**	**4,666**
Scheme of Control transfers	**(333)**	**-**	**-**	**-**	**-**	**-**	**-**	**(333)**
Reportable segment profit	**1,736**	**435**	**2,142**	**203**	**137**	**2,917**	**(320)**	**4,333**
At 30th June								
Reportable segment assets	**53,315**	**7,828**	**20,731**	**5,445**	**3,303**	**37,307**	**6,606**	**97,228**
Reportable segment liabilities	**(29,054)**	**(5,285)**	**(3,230)**	**(3)**	**(4)**	**(8,522)**	**(1,300)**	**(38,876)**

4. Turnover and segmental reporting (continued)

$ million	Sales of electricity Hong Kong	Infrastructure investments Australia	United Kingdom	Mainland China	Others	Sub-total	All other activities	Total
	2011							
For the six months ended 30th June								
Revenue								
Turnover	4,679	-	-	-	-	-	5	4,684
Other revenue and other net income	16	-	-	37	-	37	28	81
Reportable segment revenue	4,695	-	-	37	-	37	33	4,765
Result								
Segment earnings	3,316	-	-	22	-	22	(216)	3,122
Depreciation and amortisation	(912)	-	-	-	-	-	1	(911)
Interest income	-	315	244	-	129	688	20	708
Operating profit	2,404	315	244	22	129	710	(195)	2,919
Finance costs	(56)	(156)	(136)	-	-	(292)	41	(307)
Share of profits less losses of associates and jointly controlled entities	-	212	1,547	260	2	2,021	1	2,022
Profit before taxation	2,348	371	1,655	282	131	2,439	(153)	4,634
Income tax	(392)	-	30	(4)	-	26	(2)	(368)
Profit after taxation	1,956	371	1,685	278	131	2,465	(155)	4,266
Scheme of Control transfers	(210)	-	-	-	-	-	-	(210)
Reportable segment profit	1,746	371	1,685	278	131	2,465	(155)	4,056
At 30th June								
Reportable segment assets	51,660	8,319	19,856	5,762	3,452	37,389	3,189	92,238
Reportable segment liabilities	(26,190)	(5,160)	(3,234)	(3)	-	(8,397)	(409)	(34,996)

5. Profit before taxation

	Six months ended 30th June **2012** **$ million**	2011 $ million
Profit before taxation is arrived at after charging/(crediting):		
Finance costs		
Interest on borrowings	**355**	340
Less: Interest capitalised to fixed assets	**(34)**	(23)
Interest transferred to fuel cost	**(10)**	(10)
	311	307
Depreciation		
Depreciation charges for the period	**958**	940
Less: Depreciation capitalised to fixed assets	**(55)**	(58)
	903	882
Amortisation of leasehold land	**29**	29
	=====	=====

6. Income tax

	Six months ended 30th June	
	2012	2011
	$ million	$ million
Current tax		
The Company and its subsidiaries		
– Hong Kong	**298**	305
– Operations outside Hong Kong	**(31)**	(28)
	267	277
Deferred tax		
The Company and its subsidiaries – Hong Kong origination and reversal of temporary differences	**110**	91
	377	368

The provision for Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the six months ended 30th June 2012. Taxation for operations outside Hong Kong is similarly calculated using tax rates applicable in the relevant countries.

A subsidiary of the Company is to make a payment of 60 million Australian dollars to the Australian Tax Office (ATO) being 50% (which percentage is based on ATO customary practice) of the tax in dispute, including interest and penalties, claimed by the ATO pending resolution of a dispute regarding the deductibility of certain fees paid by that subsidiary for income tax purposes. The subsidiary is of the view that the fees are deductible and that no amount should be payable to the ATO and that the amount to be paid is expected to be recovered from the ATO. The subsidiary has obtained legal advice and is to vigorously defend its position.

7. Scheme of Control transfers

The Scheme of Control transfers are mid-year notional transfers. The actual Scheme of Control transfers can only be determined in accordance with the Scheme of Control at the year end.

8. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $4,333 million for the six months ended 30th June 2012 (2011: $4,056 million) and 2,134,261,654 ordinary shares (2011: 2,134,261,654 ordinary shares) in issue throughout the period.

There were no dilutive potential ordinary shares in existence during the six months ended 30th June 2012 and 2011.

9. Fixed assets

$ million	Site formation and buildings	Plant, machinery and equipment	Assets under construction	Sub-total	Interests in leasehold land held for own use under finance leases	Total fixed assets
Net book value at 1st January 2012	8,732	34,995	2,976	46,703	2,096	48,799
Additions	2	210	826	1,038	-	1,038
Transfers between categories	15	414	(429)	-	-	-
Disposals	-	(25)	-	(25)	-	(25)
Depreciation/amortisation	(123)	(835)	-	(958)	(29)	(987)
Net book value at 30th June 2012	**8,626**	**34,759**	**3,373**	**46,758**	**2,067**	**48,825**
Cost	13,900	61,061	3,373	78,334	2,817	81,151
Accumulated amortisation and depreciation	(5,274)	(26,302)	-	(31,576)	(750)	(32,326)
Net book value at 30th June 2012	**8,626**	**34,759**	**3,373**	**46,758**	**2,067**	**48,825**

10. Interest in associates

	30th June 2012 $ million	31st December 2011 $ million
Share of net assets	**19,519**	17,681
Loans to unlisted associates	**12,008**	11,966
Amounts due from unlisted associates	**491**	424
	32,018	30,071

11. Interest in jointly controlled entities

	30th June 2012 $ million	31st December 2011 $ million
Share of net assets	**5,136**	5,622
Amounts due from unlisted jointly controlled entities	**3**	4
	5,139	5,626

12. Trade and other receivables

The ageing analysis of trade debtors, which are neither individually nor collectively considered to be impaired, are as follows:

	30th June 2012 $ million	31st December 2011 $ million
Current	**873**	597
1 to 3 months past due	**27**	26
More than 3 months past due but less than 12 months past due	**12**	14
Trade debtors	**912**	637
Other receivables	**618**	427
	1,530	1,064
Derivative financial instruments	**32**	16
Deposits and prepayments	**22**	21
	1,584	1,101

Electricity bills issued to domestic, small industrial, commercial and miscellaneous customers for electricity supplies are due upon presentation whereas maximum demand customers are allowed a credit period of 16 working days. If settlements by maximum demand customers are received after the credit period, a surcharge of 5% can be added to the electricity bills.

13. Bank deposits and cash

	30th June 2012 $ million	31st December 2011 $ million
Deposits with banks and other financial institutions with 3 months or less to maturity when placed	**6,585**	4,421
Cash at bank and on hand	**30**	101
Cash and cash equivalents for the purpose of cash flow statement	**6,615**	4,522
Deposits with banks and other financial institutions with more than 3 months to maturity when placed	**3**	1,599
	6,618	6,121

14. Trade and other payables

	30th June 2012 $ million	31st December 2011 $ million
Due within 1 month or on demand	**575**	997
Due after 1 month but within 3 months	**190**	497
Due after 3 months but within 12 months	**2,446**	1,953
Creditors	**3,211**	3,447
Derivative financial instruments	**4**	4
	3,215	3,451

15. Non-current bank loans and other interest-bearing borrowings

	30th June 2012 $ million	31st December 2011 $ million
Bank loans	**14,793**	12,963
Current portion	**(1,930)**	(115)
	12,863	12,848
Hong Kong dollar notes	**3,993**	4,826
United States dollar notes	**6,444**	5,837
	10,437	10,663
Current portion	**-**	(502)
	10,437	10,161
Total	**23,300**	23,009

16. Derivative financial instruments

	30th June 2012 $ million	31st December 2011 $ million
Derivative financial instruments used for hedging:		
– Cross currency swaps	**733**	422
– Interest rate swaps	**(362)**	(245)
– Foreign exchange forward contracts	**(29)**	(89)
Total	**342**	88
Current portion of derivative financial Instruments	**(28)**	(12)
	314	76
Represented by:		
Derivative financial instruments assets	**733**	433
Derivative financial instruments liabilities	**(419)**	(357)
	314	76

17. Share Capital

	Number of shares	30th June 2012 $ million	31st December 2011 $ million
Authorised:			
Ordinary shares of $1 each	3,300,000,000	**3,300**	3,300
Issued and fully paid:			
Ordinary shares of $1 each	2,134,261,654	**2,134**	2,134

There were no movements in the share capital of the Company during the period.

18. Interim dividend

The interim dividend declared by the Board of Directors is as follows:

	Six months ended 30th June 2012 $ million	2011 $ million
Interim dividend of $0.62 per ordinary share (2011: $0.62 per ordinary share)	**1,323**	1,323

19. Capital commitments

The Group's outstanding capital commitments not provided for in the unaudited interim financial report were as follows:

	30th June 2012 $ million	31st December 2011 $ million
Contracted for:		
Capital expenditure for fixed assets	**1,683**	1,565
	=====	=====
Authorised but not contracted for:		
Capital expenditure for fixed assets	**8,282**	9,348
	=====	=====

20. Contingent liabilities

	30th June 2012 $ million	31st December 2011 $ million
Guarantees given in respect of:		
- Subsidiaries	**-**	5
- Associates	**987**	1,144
	987	1,149
	=====	=====

21. Material related party transactions

The Group had the following material transactions with related parties during the period:

(a) Shareholder

(i) On 17th June 2011, a wholly owned subsidiary of the Company entered into an agreement with a wholly owned subsidiary of Cheung Kong Infrastructure Holdings Limited ("CKI"), a substantial shareholder holding approximately 38.87% of the issued shares of the Company. Pursuant to the agreement, the subsidiary of the Company undertook a turnkey solution project for the subsidiary of CKI at a consideration of $26 million. The project is expected to be completed in February 2014.

(ii) Outram Limited ("Outram"), a subsidiary of the Company, reimbursed CKI $14 million (2011: $18 million) being the actual costs incurred for providing the operation and management services to Outram and its subsidiaries for the period.

(b) Associates

(i) Interest income received/receivable from associates in respect of the loans to associates amounted to $660 million for the six months ended 30th June 2012 (2011: $687 million). At 30th June 2012, the total outstanding interest bearing loan balances were $12,008 million (31st December 2011: $11,966 million).

(ii) Tax credit claimed under the consortium relief received/receivable from an associate in the United Kingdom amounted to HK$32 million for the six months ended 30th June 2012 (2011: $30 million).

(c) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's Directors, is as follows:

	Six months ended 30th June	
	2012	2011
	$ million	$ million
Short-term employee benefits	**32**	32
Post-employment benefits	**2**	2
	34	34

POWER ASSETS HOLDINGS LIMITED
OTHER INFORMATION

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 21st August 2012 to Tuesday, 28th August 2012, both days inclusive, during which no transfer of shares will be effected, for the purpose of ascertaining shareholders entitled to the interim dividend. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 20th August 2012.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the six months ended 30th June 2012.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. The Company recognises that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value. The Group's corporate governance is maintained through a framework of processes, policies and guidelines.

The Company has complied with the applicable code provisions in the Code on Corporate Governance Practices (effective until 31st March 2012) and the Corporate Governance Code (effective from 1st April 2012) set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30th June 2012, except as noted hereunder.

The Company does not have a nomination committee as provided for in code provision A.5. At present, the Company does not consider it necessary to have a nomination committee as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman and the Group Managing Director.

One of the Non-executive Directors, Mr. George Magnus, was unable to attend the annual general meeting of the Company held in May 2012 as provided for in code provision A.6.7 as he was on an overseas engagement.

Board Composition

As at the date of this announcement, the Directors of the Company are:

Executive directors	:	Mr. FOK Kin Ning, Canning (Chairman), Mr. TSO Kai Sum (Group Managing Director), Mr. CHAN Loi Shun (also Alternate Director to Mr. KAM Hing Lam), Mrs. CHOW WOO Mo Fong, Susan (also Alternate Director to Mr. FOK Kin Ning, Canning and Mr. Frank John SIXT), Mr. Andrew John HUNTER, Mr. KAM Hing Lam, Mr. LI Tzar Kuoi, Victor, Mr. Neil Douglas MCGEE, Mr. Frank John SIXT, Mr. WAN Chi Tin and Mr. YUEN Sui See
Non-executive directors	:	Mr. Ronald Joseph ARCULLI and Mr. George Colin MAGNUS
Independent non-executive directors	:	Mr. Holger KLUGE, Mr. LEE Lan Yee, Francis, Mr. Ralph Raymond SHEA and Mr. WONG Chung Hin