

## Financial summary

### Commentary on the consolidated income statement and balance sheet

Consolidated income statement	2009 HK\$M	2008 HK\$M	Increase/ (decrease) HK\$M	%	Commentary
<b>Turnover</b>	<b>10,395</b>	12,773	(2,378)	-18.6	The decrease is mainly due to lower basic tariff.
<b>Other revenue and other net income</b>	<b>815</b>	1,020	(205)	-20.1	The decrease is mainly due to lower interest income from cash deposits as a result of lower interest rates and lower deposit balances in 2009.
<b>Direct and other operating costs</b>	<b>4,616</b>	4,723	(107)	-2.3	The decrease is mainly due to lower rates expenses as a result of lower rateable value in 2009 and lower retirement service costs.
<b>Finance costs</b>	<b>334</b>	463	(129)	-27.9	The decrease is mainly due to lower interest rates on HK\$ borrowings and lower average exchange rate on foreign currency interest expenses.
<b>Share of profits less losses of associates</b>	<b>898</b>	732	166	22.7	The increase is mainly due to increase in share of Northern Gas in 2009 and higher revenue earned by Australian associates.
<b>Share of profits less losses of jointly controlled entities</b>	<b>632</b>	–	632	100.0	New mainland China investments acquired in April 2009.
<b>Income tax</b>	<b>919</b>	1,000	(81)	-8.1	The decrease is mainly due to drop in profit as a result of tariff cut.
<b>Scheme of Control transfers</b>	<b>174</b>	310	(136)	-43.9	Scheme of Control ("SOC") Transfers are calculated in accordance with the SOC Agreement.
<b>Profit attributable to equity shareholders</b>					
<b>– Hong Kong operations</b>	<b>4,646</b>	7,008	(2,362)	-33.7	The decrease is mainly due to lower permitted return and lower interest income from cash deposits.
<b>– Outside Hong Kong operations</b>	<b>2,051</b>	1,021	1,030	100.9	The increase is mainly due to contributions from new investments in mainland China and higher revenue earned by Australian associates.
<b>Profit for the year</b>	<b>6,697</b>	8,029	(1,332)	-16.6	

Consolidated balance sheet	2009 HK\$M	2008 HK\$M	Increase/ (decrease) HK\$M	%	Commentary
<b>Fixed assets</b>	<b>47,464</b>	46,488	976	2.1	The Group's capital expenditure for 2009 amounted to HK\$2,751 million, invested principally in generation, transmission and distribution assets. Depreciation and amortisation charges for the year were HK\$1,724 million. Total disposals of fixed assets amounted to HK\$51 million (net book value).
<b>Interest in associates</b>	<b>13,472</b>	9,921	3,551	35.8	The increase is mainly due to stronger Australian Dollar and other currencies and increase in share of Northern Gas in 2009.
<b>Interest in jointly controlled entities</b>	<b>5,793</b>	159	5,634	3,543.4	The increase is mainly due to new investments in mainland China.
<b>Other assets</b>	<b>8,220</b>	11,872	(3,652)	-30.8	The decrease is mainly due to lower cash deposits.
<b>Bank loans and other borrowings</b>	<b>12,247</b>	10,667	1,580	14.8	The increase is mainly due to more financing requirements for the Hong Kong electricity business and higher Hong Kong Dollar equivalent for bank loans denominated in Australian Dollar.
<b>Current and deferred taxation</b>	<b>5,858</b>	5,667	191	3.4	The increase is mainly due to lower provisional tax paid.
<b>Other liabilities</b>	<b>4,201</b>	4,454	(253)	-5.7	The decrease is mainly due to the lower employee retirement benefit liabilities.
<b>Tariff Stabilisation Fund and Rate Reduction Reserve</b>	<b>499</b>	325	174	53.5	The balances are calculated in accordance with the SOC Agreement.
<b>Net assets</b>	<b>52,144</b>	47,327	<b>4,817</b>	10.2	
			↑		
<b>Dividends paid</b>			<b>(4,503)</b>		Previous year's final dividend and current year's interim dividend, which were approved and paid during 2009.
			↑		
<b>Other comprehensive income</b>			<b>2,623</b>		Exchange gains arising on translating foreign operations and actuarial adjustments to employee retirement schemes which were credited directly to reserves.
			↑		
<b>Profit for the year</b>			<b>6,697</b>		