

Financial Summary

Commentary on the consolidated income statement and balance sheet

Consolidated income statement	2010 HK\$M	2009 HK\$M	Increase/ (decrease) HK\$M	%	Commentary
Turnover	10,371	10,395	(24)	-0.2	The decrease is mainly due to lower Hong Kong electricity-related income and technical service fees.
Other revenue and other net income	1,063	815	248	30.4	The increase is mainly due to higher interest income from associates as a result of loans advanced to associates newly acquired in the United Kingdom.
Direct and other operating costs	4,752	4,616	136	2.9	The increase is mainly due to higher Hong Kong depreciation charge as a result of additions to fixed assets.
Finance costs	391	334	57	17.1	The increase is mainly due to a higher loan balance and higher exchange rates for foreign currency interest expenses.
Share of profits less losses of associates	1,391	898	493	54.9	The increase is mainly due to contributions from new investments in the United Kingdom made in June and October 2010 and the additional shareholding in Northern Gas acquired in November 2009.
Share of profits less losses of jointly controlled entities	508	632	(124)	-19.6	The decrease is mainly due to the recognition of negative goodwill as income for the Zhuhai power plant in 2009 and reclassification of investments in Dali Wind and Laoting Wind as associates in 2010.
Income tax	937	919	18	2.0	The increase is mainly due to a lower tax credit in relation to the United Kingdom operations and higher tax expenses for Australian operations.
Scheme of Control transfers	59	174	(115)	-66.1	Hong Kong Scheme of Control ("SOC") transfers are calculated in accordance with the SOC Agreement.
Profit attributable to equity shareholders					
– Hong Kong operations	4,659	4,646	13	0.3	The increase is mainly due to higher SOC earnings as a result of higher average net fixed assets balance and higher emission performance incentives.
– Operations outside Hong Kong	2,535	2,051	484	23.6	The increase is mainly due to contributions from new investments in the United Kingdom made in June and October 2010 and the additional shareholding in Northern Gas acquired in November 2009.
Profit for the year	7,194	6,697	497	7.4	

Consolidated balance sheet	2010 HK\$M	2009 HK\$M	Increase/ (decrease) HK\$M	%	Commentary
Fixed assets	47,924	47,464	460	1.0	The Group's capital expenditure in Hong Kong for 2010 amounted to HK\$2,431 million, invested principally in generation, transmission and distribution assets. Depreciation and amortisation charges in Hong Kong for the year were HK\$1,902 million. Total disposals of fixed assets in Hong Kong amounted to HK\$69 million (net book value).
Interest in associates	29,472	13,472	16,000	118.8	The increase is mainly due to new investments in the United Kingdom and a stronger Australian dollar and other currencies.
Interest in jointly controlled entities	5,984	5,793	191	3.3	The increase is mainly due to share of 2010 profits from investments in mainland China.
Other assets	9,323	8,220	1,103	13.4	The increase is mainly due to higher cash deposits and employee retirement benefit assets.
Bank loans and other borrowings	25,773	12,247	13,526	110.4	The increase is mainly due to a bridge loan for acquisition of an associate in the United Kingdom, an issue of fixed rate notes and higher Hong Kong dollar equivalent for bank loans denominated in Australian dollars.
Current and deferred taxation	5,934	5,858	76	1.3	The increase is mainly due to higher deferred tax in Hong Kong on depreciation allowances in excess of the related depreciation charges.
Other liabilities	4,312	4,201	111	2.6	The increase is mainly due to higher trade and other payables in Hong Kong.
Tariff Stabilisation Fund and Rate Reduction Reserve	547	499	48	9.6	The balances are calculated in accordance with the SOC Agreement.
Net assets	56,137	52,144	3,993	7.7	
Dividends paid			(4,503)		The previous year's final dividend and the current year's interim dividend were approved and paid during 2010.
Other comprehensive income			1,302		Exchange gains arising on translating operations outside Hong Kong and actuarial adjustments to employee retirement schemes which were credited directly to reserves.
Profit for the year			7,194		