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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2011 INTERIM RESULTS

CHAIRMAN'S STATEMENT

Half Year Results

The Group's unaudited profit for the six months ended 30th June 2011 was HK$4,056 million, an increase of 47.3% over the same period in 2010. The first half 2011 results were a record high for the Group and for the first time the proportion of earnings derived from activities outside Hong Kong exceeded earnings from our Hong Kong operations.

Earnings from the Group's operations outside Hong Kong were HK$2,275 million, 133% higher than the HK$978 million recorded for the first half of 2010. The higher first half 2011 earnings from operations outside Hong Kong were primarily due to higher earnings from Northern Gas Networks, the inclusion of a full six months earnings in 2011 from the interest in Seabank Power Station which was acquired in June last year and to six months earnings from the interest in UK Power Networks Ltd. which was acquired in October 2010.

Earnings from the Group's Hong Kong operations were substantially unchanged at HK$1,781 million (2010: HK$1,776 million) and included earnings after scheme of control transfers of The Hongkong Electric Co., Ltd. of HK$1,746 million (2010: HK$1,743 million).

Interim Dividend

The board of directors has today declared an interim dividend for 2011 of HK$0.62 (2010: HK$0.62) per share. The dividend will be payable on 6th September 2011, to shareholders whose names appear in the Company's Register of Members on 5th September 2011.

Operations outside Hong Kong

The Group currently has investments in mainland China, the United Kingdom, Australia, Thailand, Canada and New Zealand. All of the businesses performed satisfactorily during the first half of 2011.

In Australia, ETSA in South Australia and CitiPower and Powercor in Victoria who operate regulated electricity distribution networks recorded higher revenue following regulatory price resets. In mainland China, our power station interests in Guangdong province benefited from increased electricity demand however the impact of this was partly offset by higher coal prices.

In Canada the operations of Stanley Power were expanded through its acquisition of interests it did not already own in the Meridian Co-generation facility. In the U.K. Northern Gas Networks achieved higher gas transportation revenue while the Group benefited from a full six months results from the Seabank Power Station which was acquired in June 2010.

Of particular note however was the performance of UK Power Networks (UKPN) in which the Group has a 40% interest. UKPN owns three regulated electricity distribution networks in England located in London, the South East and the East of England. The networks cover an area of approximately 30,000 square kilometres and have over eight million customers. The interest in UKPN was acquired in October 2010 and the Group's half year 2011 results reflect the significant contribution that the business has made to the overall Group results. The underlying financial performance of the business has exceeded our expectation and we are optimistic regarding the full year results of UKPN. Operationally the focus for UKPN in 2011 will be on meeting performance targets for customer service and safety.

Hong Kong Operations

The Hongkong Electric Co., Ltd. (HK Electric) unit sales of electricity for the first six months of 2011 were substantially unchanged at 5,031 million kWh (2010: 5,040 million kWh) reflecting the lower humidity earlier in the year and various energy saving initiatives undertaken by the Government and various organizations and businesses. Sales to the residential sector grew by 2.7% while sales to the commercial and industrial sectors declined by 0.9% and 2.3% respectively.

The emission reduction programme undertaken at the Lamma Power Station over the last few years which involved the installation of flue gas desulphurization units and low nitrogen oxide burners has been completed and has resulted in a substantial reduction in emissions. As we now move our focus to air quality and carbon emissions we have progressed projects on two fronts for reducing our carbon footprint. For our proposed 100 MW offshore wind farm stakeholder liaison groups have been established and a dedicated internet site for the wind farm has been set up. We expect to have a wind monitoring system erected at the site to collect wind data by the end of the year with the monitoring programme expected to continue for a year. The 550 kW thin film photovoltaic system installed on the roof of the Lamma Power Station has performed satisfactorily since commissioning in July 2010. This solar power system is to be expanded to 1 MW with the expansion work scheduled for completion in the third quarter of 2012. We have also continued to develop the electric vehicle charging infrastructure on Hong Kong Island, the charging stations are open for public use and are currently free of charge.

Customer service continued to be a priority with all of HK Electric's 18 service pledges having been met during the period. A high supply reliability rating of over 99.999% was maintained during the period reflecting the world class supply reliability enjoyed by our customers.

We continued to review and improve our transmission and distribution network and a number of major system reinforcement plans were implemented to connect new supplies and to improve system reliability. Due to the increase in the number of infrastructure projects underway on

Hong Kong Island and increased economic activity there was a significant increase in customer service activities and system construction and upgrading works.

During the first half of the year we issued our first Sustainability Report covering 2010. The report is web based and was issued at the end of April 2011. The report expands upon last year's Social and Environmental report and covers the sustainability performance of Power Assets and its subsidiaries. The theme of the report is "on the road to sustainability" reflecting our commitment toward sustainability.

In Hong Kong we continued our support to various activities in the community which focus on education, smart use of electricity, renewable energy and the environment.

Outlook

The success of the Group's strategy of investing outside Hong Kong in order to establish a solid base from which to grow earnings has been reflected in the record Group earnings achieved in the first half of the year. We will continue to build on this strong foundation as we actively seek out further investment opportunities.

HK Electric having completed its emission reduction programme at the Lamma Power Station which has resulted in a substantial reduction in emissions at the station is now focused on air quality standards and carbon levels. We support the Government's proposals to move toward a low carbon future for Hong Kong by 2020 and will work with them on the fuel mix for the Lamma Power Station in order to help achieve this goal.

I would like to thank the board of directors and our employees for their commitment and dedication during the first six months of 2011.

Fok Kin-ning, Canning
Chairman

Hong Kong, 27th July 2011

FINANCIAL REVIEW

Capital Expenditure, Liquidity and Financial Resources

Capital expenditure during the period amounted to HK$786 million (2010: HK$758 million), which was primarily funded by cash from operations and external borrowings. Total external borrowings outstanding at 30th June 2011 were HK$24,007 million (31st December 2010: HK$25,773 million), comprising unsecured bank loans and debt securities in issue. The Group had undrawn committed bank facilities at 30th June 2011 of HK$5,750 million (31st December 2010: HK$6,500 million) and bank deposits and cash of HK$3,200 million (31st December 2010: HK$5,839 million).

Treasury Policies, Financing Activities and Capital 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 Company aims to ensure that adequate financial resources are available for refinancing and business growth.

As at 30th June 2011, the net debt of the Group was HK$20,807 million (31st December 2010: HK$19,934 million) with a net debt-to-equity ratio of 36% (31st December 2010: 36%) and a net debt-to-total capital ratio of 26% (31st December 2010: 24%). In June 2011, Standard and Poor's affirmed the A+ long term credit ratings of Power Assets Holdings Limited and The Hongkong Electric Company, Limited with a stable outlook.

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

(1) 66% were in Hong Kong dollars, 21% in Australian dollars and 13% in Sterling pounds;

(2) 58% were bank loans and 42% were capital market instruments;

(3) 3% were repayable within 1 year, 49% were repayable between 2 and 5 years and 48% were repayable beyond 5 years;

(4) 44% were in fixed rate and 56% 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 credit risk exposure.

The Group's policy is to maintain a portion of its debt at fixed interest rates. Interest rate risk is managed by either securing fixed or floating 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 2011, over 98% 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 either entering into forward contracts or financing those investments in local currency borrowings. 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 in general converted into United States dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 30th June 2011 amounted to HK$23,953 million (31st December 2010: HK$15,918 million).

Charges on Group Assets

The Group's interest in two associates with a carrying value of HK$15,486 million (31st December 2010: HK$13,704 million) has been pledged as part of the security to secure financing facilities granted to those associates.

The Group's interest in a jointly controlled entity with a carrying value of HK$2,970 million (31st December 2010: HK$3,259 million) has been pledged as part of the security to secure financing facilities granted to that jointly controlled entity.

Contingent Liabilities

As at 30th June 2011, the Group had given guarantees and indemnities totalling HK$3,267 million (31st December 2010: HK$2,126 million).

The Company has given guarantees and indemnities in respect of bank and other borrowing facilities made available to and financial commitments of subsidiaries totalling HK$8,394 million (31st December 2010: HK$13,200 million). Out of this amount, HK$8,389 million (31st December 2010: HK$13,190 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 2011, excluding directors' emoluments, amounted to HK$424 million (2010: HK$404 million). As at 30th June 2011, the Group employed 1,856 (2010: 1,865) permanent employees. No share option scheme is in operation.

For sustainability of the business, the Group provides training for employees in management and functional skills, language skills, computer knowledge and technology relevant to the Group's industry by both classroom training and e-learning platforms. Training schemes for university graduates, trainee technicians and apprentices and other job-related programmes are also available for employees to develop and enhance their skills and abilities. In addition, talks are arranged to provide updates on company developments and wellness information.

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2011
(Expressed in Hong Kong dollars)

	Note	**Six months ended 30th June 2011 $ million**	2010 $ million
Turnover	4	**4,684**	4,777
Direct costs		**(1,946)**	(1,889)
		2,738	2,888
Other revenue and other net income		**789**	483
Other operating costs		**(608)**	(394)
Operating profit		**2,919**	2,977
Finance costs		**(307)**	(173)
Share of profits less losses of associates		**1,778**	431
Share of profits less losses of jointly controlled entities		**244**	280
Profit before taxation	5	**4,634**	3,515
Income tax	6	**(368)**	(402)
Profit after taxation		**4,266**	3,113
Scheme of Control transfers to:	7		
Tariff Stabilisation Fund		**(210)**	(359)
Rate Reduction Reserve		**-**	-
		(210)	(359)
Profit attributable to equity shareholders of the Company			
Hong Kong operations		**1,781**	1,776
Operations outside Hong Kong		**2,275**	978
Profit for the period		**4,056**	2,754
Earnings per share – basic and diluted	8	**$1.90**	$1.29

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 2011
(Expressed in Hong Kong dollars)

	Six months ended 30th June	
	2011	2010
	$ million	$ million
Profit for the period	**4,056**	2,754
Other comprehensive income/(loss) for the period		
Exchange differences on translating operations outside Hong Kong, including associates and jointly controlled entities	**758**	(157)
Net investment hedge	**(187)**	-
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the period	**(152)**	(40)
Amounts transferred to the initial carrying amount of hedged items	**(7)**	(3)
Net deferred tax credited to other comprehensive income	**47**	24
	(112)	(19)
Share of other comprehensive income of associates:		
Other comprehensive (loss)/income	**(324)**	35
Net deferred tax credited/(charged) to other comprehensive income	**94**	(10)
	(230)	25
	229	(151)
Total comprehensive income for the period attributable to equity shareholders of the Company	**4,285**	2,603

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED BALANCE SHEET
AT 30TH JUNE 2011
(Expressed in Hong Kong dollars)

	Note	**(Unaudited) 30th June 2011 $ million**	(Audited) 31st December 2010 $ million
Non-current assets			
Fixed assets			
- Property, plant and equipment		**43,154**	43,533
- Assets under construction		**2,439**	2,238
- Interests in leasehold land held for own use under finance leases		**2,124**	2,153
	9	**47,717**	47,924
Interest in associates	10	**31,827**	29,472
Interest in jointly controlled entities	11	**5,482**	5,984
Other non-current financial assets		**67**	67
Derivative financial instruments	16	**31**	77
Deferred tax assets		**22**	-
Employee retirement benefit assets		**891**	842
		86,037	84,366
Current assets			
Inventories		**904**	747
Trade and other receivables	12	**1,512**	1,182
Fuel Clause Recovery Account		**585**	569
Bank deposits and cash	13	**3,200**	5,839
		6,201	8,337
Current liabilities			
Trade and other payables	14	**(1,387)**	(1,702)
Bank overdrafts - unsecured		**-**	(2)
Current portion of bank loans and other borrowings	15	**(661)**	(8,459)
Current taxation		**(246)**	(163)
		(2,294)	(10,326)
Net current assets/(liabilities)		**3,907**	(1,989)
Total assets less current liabilities		**89,944**	82,377
Non-current liabilities			
Interest-bearing borrowings	15	**(23,346)**	(17,312)
Derivative financial instruments	16	**(260)**	(132)
Customers' deposits		**(1,766)**	(1,748)
Deferred tax liabilities		**(5,845)**	(5,771)
Employee retirement benefit liabilities		**(731)**	(730)
		(31,948)	(25,693)
Rate Reduction Reserve		**(1)**	(4)
Tariff Stabilisation Fund		**(753)**	(543)
Net assets		**57,242**	56,137
Capital and reserves			
Share capital	17	**2,134**	2,134
Reserves		**55,108**	54,003
Total equity attributable to equity shareholders of the Company		**57,242**	56,137

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH JUNE 2011
(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 2010	2,134	4,476	554	(116)	41,916	3,180	52,144
Changes in equity for the six months ended 30th June 2010:							
Final dividend in respect of the previous year approved and paid	-	-	-	-	-	(3,180)	(3,180)
Interim dividend (see note 18)	-	-	-	-	(1,323)	1,323	-
Total comprehensive income for the period	-	-	(157)	45	2,715	-	2,603
Balance at 30th June 2010	2,134	4,476	397	(71)	43,308	1,323	51,567
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:							
Final dividend in respect of the previous year approved and paid	-	-	-	-	-	**(3,180)**	**(3,180)**
Interim dividend (see note 18)	-	-	-	-	**(1,323)**	**1,323**	-
Total comprehensive income for the period	-	-	**571**	**(293)**	**4,007**	-	**4,285**
Balance at 30th June 2011	**2,134**	**4,476**	**1,661**	**(179)**	**47,827**	**1,323**	**57,242**

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2011
(Expressed in Hong Kong dollars)

	Six months ended 30th June	
	2011	2010
	$ million	$ million
Net cash generated from operating activities	**2,731**	3,317
Net cash generated from/(used in) investing activities	**160**	(2,072)
Net cash used in financing activities	**(5,535)**	(1,643)
Net decrease in cash and cash equivalents	**(2,644)**	(398)
Cash and cash equivalents at 1st January	**5,837**	5,093
Effect of foreign exchange rate changes	**7**	15
Cash and cash equivalents at 30th June	**3,200**	4,710

Analysis of the balances of cash and cash equivalents

Bank deposits and cash	**3,200**	4,713
Bank overdrafts – unsecured	**-**	(3)
	3,200	4,710

POWER ASSETS HOLDINGS LIMITED
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Hong Kong dollars)

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 2010 annual audited financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 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 2010 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 2010 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 2010 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 2nd March 2011.

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 and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKAS 24 (Revised), *Related party disclosures*
- Amendment to HK(IFRIC) – Int 14, *HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction*
- Improvements to HKFRSs 2010

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.

4. Turnover and segmental reporting

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

	2011							
	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								
Group 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)

4. Turnover and segmental reporting (continued)

$ million	2010 Sales of electricity Hong Kong	Infrastructure investments Australia	United Kingdom	Mainland China	Others	Sub-total	All other activities	Total
For the six months ended 30th June								
Revenue								
Group turnover	4,773	-	-	-	-	-	4	4,777
Other revenue and other net income	23	-	-	30	-	30	20	73
Reportable segment revenue	4,796	-	-	30	-	30	24	4,850
Result								
Segment earnings	3,450	-	-	16	-	16	(20)	3,446
Depreciation and amortisation	(879)	-	-	-	-	-	-	(879)
Interest income	-	268	9	-	121	398	12	410
Operating profit	2,571	268	9	16	121	414	(8)	2,977
Finance costs	(46)	(127)	-	-	-	(127)	-	(173)
Share of profits less losses of associates and jointly controlled entities	-	234	171	293	12	710	1	711
Profit before taxation	2,525	375	180	309	133	997	(7)	3,515
Income tax	(421)	-	26	(3)	(4)	19	-	(402)
Profit after taxation	2,104	375	206	306	129	1,016	(7)	3,113
Scheme of Control transfers	(359)	-	-	-	-	-	-	(359)
Reportable segment profit	1,745	375	206	306	129	1,016	(7)	2,754
At 30th June								
Reportable segment assets	50,786	6,773	4,385	6,121	3,688	20,967	4,758	76,511
Reportable segment liabilities	(20,390)	(4,292)	-	(3)	(2)	(4,297)	(257)	(24,944)

5. Profit before taxation

	Six months ended 30th June **2011** **$ million**	 2010 $ million
Profit before taxation is arrived at after charging/(crediting):		
Finance costs		
Interest on borrowings	**340**	201
Less: Interest capitalised to fixed assets	**(23)**	(20)
Interest transferred to fuel cost	**(10)**	(8)
	307	173
Depreciation		
Depreciation charges for the period	**940**	905
Less: Depreciation capitalised to fixed assets	**(58)**	(55)
	882	850
Amortisation of leasehold land	**29**	29
Net profit on sale of fixed assets	**-**	2
	=====	=====

6. Income tax

	Six months ended 30th June	
	2011	2010
	$ million	$ million
Current tax		
The Company and its subsidiaries		
– Hong Kong	**305**	362
– Operations outside Hong Kong	**(28)**	(22)
	277	340
Deferred tax		
The Company and its subsidiaries – Hong Kong origination and reversal of temporary differences	**91**	62
	368	402

The provision for Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the six months ended 30th June 2011. Taxation for operations outside Hong Kong is similarly calculated using tax rates applicable in the relevant countries.

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 $4,056 million for the six months ended 30th June 2011 (2010: $2,754 million) and 2,134,261,654 ordinary shares (2010: 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 2011 and 2010.

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 2011	8,879	34,654	2,238	45,771	2,153	47,924
Additions	2	197	587	786	-	786
Transfers between categories	82	304	(386)	-	-	-
Disposals	-	(24)	-	(24)	-	(24)
Depreciation /amortisation	(122)	(818)	-	(940)	(29)	(969)
Net book value at 30th June 2011	**8,841**	**34,313**	**2,439**	**45,593**	**2,124**	**47,717**
Cost	13,869	59,285	2,439	75,593	2,816	78,409
Accumulated amortisation and depreciation	(5,028)	(24,972)	-	(30,000)	(692)	(30,692)
Net book value at 30th June 2011	**8,841**	**34,313**	**2,439**	**45,593**	**2,124**	**47,717**

10. Interest in associates

	30th June 2011 $ million	31st December 2010 $ million
Share of net assets	**18,955**	17,117
Loans to unlisted associates	**12,430**	11,958
Amounts due from unlisted associates	**442**	397
	31,827	29,472

11. Interest in jointly controlled entities

	30th June 2011 $ million	31st December 2010 $ million
Share of net assets	**5,480**	5,982
Amounts due from unlisted jointly controlled entities	**2**	2
	5,482	5,984

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 2011 $ million	31st December 2010 $ million
Current	**813**	582
1 to 3 months past due	**27**	37
More than 3 months past due but less than 12 months past due	**17**	18
Trade debtors	**857**	637
Other receivables	**583**	425
	1,440	1,062
Derivative financial instruments	**50**	74
Deposits and prepayments	**22**	46
	1,512	1,182

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 2011 $ million	31st December 2010 $ million
Deposits with banks and other financial institutions with 3 months or less to maturity when placed	**3,154**	5,802
Cash at bank and on hand	**46**	37
	3,200	5,839

14. Trade and other payables

	30th June 2011 $ million	31st December 2010 $ million
Due within 1 month or on demand	**458**	539
Due after 1 month but within 3 months	**127**	455
Due after 3 months but within 12 months	**786**	708
Creditors	**1,371**	1,702
Derivative financial instruments	**16**	-
	1,387	1,702

15. Non-current interest-bearing borrowings

	30th June 2011 $ million	31st December 2010 $ million
Bank loans	**14,035**	18,228
Current portion	**(150)**	(8,459)
	13,885	9,769
Hong Kong dollar notes	**4,225**	3,786
United States dollar notes	**5,747**	3,757
	9,972	7,543
Current portion	**(511)**	-
	9,461	7,543
	23,346	17,312

Included in the current portion of bank loans outstanding as at 31st December 2010 were short term bridge facilities totaling GBP700 million which were repaid during the period.

16. Derivative financial instruments

	30th June 2011 $ million	31st December 2010 $ million
Derivative financial instruments used for hedging:		
– Cross currency swaps	**(36)**	(123)
– Interest rate swaps	**(66)**	40
– Foreign exchange forward contracts	**(93)**	102
Total	**(195)**	19
Current portion of derivative financial instruments	**(34)**	(74)
	(229)	(55)
Represented by:		
Derivative financial instruments assets	**31**	77
Derivative financial instruments liabilities	**(260)**	(132)
	(229)	(55)

17. Share Capital

	Number of shares	30th June 2011 $ million	31st December 2010 $ 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 2011 $ million	2010 $ million
Interim dividend of $0.62 per ordinary share (2010: $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 2011 $ million	31st December 2010 $ million
Contracted for:		
Capital expenditure	**1,917**	1,576
Investment in associates	**-**	465
	1,917	2,041
Authorised but not contracted for:		
Capital expenditure	**8,445**	9,377

20. Contingent liabilities

	30th June 2011 $ million	31st December 2010 $ million
Financial guarantees issued in respect of banking facilities available to:		
- Associates	**1,819**	1,685
Other guarantees given in respect of:		
- Subsidiaries	**5**	10
- Associates	**1,443**	431
	3,267	2,126

21. Material related party transactions

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

(a) Shareholder

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 2013.

(b) Subsidiaries

Management fees and services fees recharged by the Company to subsidiaries amounted to $72 million (2010: $72 million) for the period. At 30th June 2011, the amounts due from subsidiaries were $33,847 million (31st December 2010: $30,043 million). The transactions and balances with subsidiaries are eliminated on consolidation.

(c) Associates

Interest income received/receivable from associates in respect of the loans to associates amounted to $687 million for the six months ended 30th June 2011 (2010: $387 million). At 30th June 2011, the total outstanding interest bearing loan balances were $12,430 million (31st December 2010: $11,958 million).

(d) 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	
	2011	2010
	$ million	$ million
Short-term employee benefits	**32**	30
Post-employment benefits	**2**	3
	34	33

POWER ASSETS HOLDINGS LIMITED
OTHER INFORMATION

Closure of Register of Members

The register of members will be closed from Monday, 29th August 2011 to Monday, 5th September 2011, both days inclusive, 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, not later than 4:30 p.m. on Friday, 26th August 2011.

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 2011.

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 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 2011.

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), 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. CHAN Loi Shun, Alternate Director to 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