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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2015 INTERIM RESULTS

CHAIRMAN'S STATEMENT

Powering on with sustainable investment worldwide

In this interim report, I am pleased to present the results of Power Assets in the first half of the 2015 financial year.

Our active yet disciplined approach to expanding our portfolio has yielded stable results for Power Assets during this period. While adhering to our strategy of pursuing growth in well-regulated and well-structured electricity and gas markets, we have maintained a healthy balance of investments around the world, enabling us to minimise risk and maintain stable earnings despite fluctuations in market conditions.

In June 2015, the Group disposed of a 16.53% stake in HK Electric Investments and HK Electric Investments Limited (collectively as "HKEI") to a strategic investor whilst retaining a significant investment holding. It has always been our intention to own between 30% and 49.9% of HKEI and the net proceeds from the transaction will further strengthen the liquidity position of the Group.

Committed to creating a diversified, low-risk portfolio of investments, the Group has taken advantage of appropriate long term opportunities across the globe. Our footprint now extends into the UK, Australia, New Zealand, mainland China, the Netherlands, Canada, Thailand and Hong Kong. This sustainable growth is underpinned by a strong cash position that will continue to support the Group's efforts to diversify and develop.

Half Year Results

The Group's unaudited profit for the six months ended 30 June 2015 amounted to HK$3,237 million, including a loss of HK$532 million from the disposal of HKEI in June 2015 (2014: HK$56,544 million, including a one-time gain of HK$52,928 million from the spin-off of The Hongkong Electric Company, Limited ("HK Electric") in January 2014).

Interim Dividend

The board of directors has declared an interim dividend of HK$0.68 (2014: HK$0.67) per share, payable on 2 September 2015 to shareholders whose names appear in the Company's Register of Members on 24 August 2015.

Operations

As global economies continue on a steady growth trend, the Group's holdings around the world achieved stable results during the first half of 2015.

The four UK operating companies, UK Power Networks, Northern Gas Networks, Wales & West Utilities and Seabank delivered satisfactory performance, meeting all their operational parameters. The UK continues to be the Group's single largest market despite an unfavourable pound sterling exchange rate during the period. The Group's companies are expected to achieve further growth and profits under the RIIO (Revenue = Incentives + Innovation + Outputs) incentive framework as they are well placed to use their strengths in innovation, efficiency and cost-effectiveness to thrive under the framework.

UK Power Networks progressed with its five-phase business transformation programme to enhance efficiency and customer service during the period, completing two phases of the implementation. Northern Gas Networks and Wales & West Utilities remained the top performing gas distribution networks in customer satisfaction and efficiency. Wales & West Utilities now has ten biomethane production sites connected to the gas grid as part of its innovative environmental programme. Seabank has surpassed its operational objectives during the period.

In Australia, another key market, the Group benefited from an expanded presence in the natural gas market. Australian Gas Networks, acquired in the second half of 2014, performed in line with expectations, increasing its customer base and revenues while reducing operating expenses. Transmission Operations Australia's results were stable as the business continues to service its operating and maintenance contract with Victoria's Mount Mercer Wind Farm.

SA Power Networks improved system reliability and submitted a revised proposal to the regulator to determine prices and revenue allowances for the new 2015-2020 regulatory control period. CitiPower and Powercor Australia both continued to improve on their own performance in customer numbers, distribution revenues and lower operating costs. Following the signing of a Heads of Agreement with Australian Taxation Office ("ATO") in June 2015, the dispute between the Group's Australian operating companies and ATO regarding the deductibility of certain fees for income tax purposes has been resolved, providing clarity on tax deductibility to the operating companies.

In mainland China, the Group's power plants in Zhuhai, Jinwan and Siping continued to implement programmes to improve environmental performance and efficiency. Electricity sales dropped during the period as a result of competition from nuclear and hydro-electric power as well as new coal-fired plants, with impact offset by lower coal price and savings in operating costs. The Jinwan plant has succeeded in reducing sulphur dioxide, nitrogen oxides and particulates emissions by over 50 per cent as compared with the same period last year. Thanks to higher wind yields, performance at the Laoting wind farm has improved over the previous year.

The energy-from-waste business in the Netherlands, home to the Group's first operation in continental Europe, delivered strong results. During the period, AVR-Afvalverwerking B.V. ("AVR") outperformed its interim deliverables in waste processing. AVR curtailed its electricity production to further enhance cycle efficiency and increase heat and steam production.

In Canada, the Meridian power plant installed new turbine parts in April 2015, the costs of which will be offset by improvements in efficiency and power output during the remainder of the year. Overall, Canadian Power continued to generate steady returns.

In New Zealand, Wellington Electricity met all its regulatory obligations and engaged with community groups to conduct public awareness campaigns on the importance of vegetation management to prevent fire. Ratchaburi Power in Thailand outperformed its production plan owing to higher availability. In addition, the power plant achieved fuel cost savings arising from efficiencies in plant performance and operation.

HK Electric, the Group's flagship business in Hong Kong continued to excel in power supply reliability and customer service at affordable tariffs. During the period under review, HK Electric made a submission to the Government in response to a public consultation on the future development of the electricity market. The Group supports HK Electric's view that maintaining the existing regulatory framework is the best way forward as it has met the four energy policy objectives with respect to safety, reliability, affordability and environmental protection set by the Government.

Under the Scheme of Control Agreement ("SCA"), HK Electric customers have been enjoying excellent power supply reliability which is much higher than many cities in the world, and yet their tariff is much more affordable. The Group notes HK Electric only raised tariff by 5.9% between 2008-2014 against an inflation rate of 23% over the same period and pledged to maintain tariff at the 2013 level till 2018. It has also made significant improvements on the environment, reducing emissions by 40-90% between 2008-2014, outperforming the Government's emissions cap. Given that the SCA has provided a perfect balance whereby consumers enjoy value for money services and investors receive a rate of return conducive to making long-term investments in electricity infrastructure, the Group agrees with HK Electric's position that no unnecessary changes should be made to the current regulatory regime.

Outlook

The Group remains in a strong cash position and will use those funds to actively seek suitable opportunities from around the world. We will continue to focus on high quality investments in stable, well-regulated power and gas markets such as Australia, North America, the UK and continental Europe – in line with our strategy to deliver sustainable long term results for our investors.

With a worldwide presence that includes 15 power generating plants, eight electricity and three gas distribution networks, the Group will capture further synergies and share technology and expertise with a series of in-house seminars held around the globe.

In Australia, our operating companies will continue to engage with the regulator to determine the parameters for operations and revenues for the next regulatory period. In Hong Kong, the outcome of the public consultation which ended in June 2015 will be crucial for the way the Hong Kong business moves forward. HK Electric will continue its dialogue and collaboration with the Government and other stakeholders in mapping the future development of the electricity market.

I thank the board of directors and all our employees for their diligence and commitment, and our shareholders and other stakeholders for their long-term support of our strategy and aspirations.

Fok Kin Ning, Canning
Chairman

Hong Kong, 23 July 2015

FINANCIAL REVIEW

Financial Performance

The Group's unaudited profit for the six months ended 30 June 2015 amounted to HK$3,237 million, including a loss of HK$532 million from the disposal of a 16.53% stake in HK Electric Investments and HK Electric Investments Limited in June 2015 (2014: HK$56,544 million, including a one-time gain of HK$52,928 million from the spin-off of The Hongkong Electric Company, Limited in January 2014).

Investments in the United Kingdom performed satisfactorily during the first half of the year, contributing earnings of HK$2,334 million (2014: HK$2,355 million). The UK remained the largest market of the Group despite a weakening of the pound sterling.

Our investments in Australia yielded reliable profit contributions of HK$433 million (2014: HK$394 million). It was higher than last year mainly due to contribution from Australian Gas Networks, which was acquired in the second half of 2014 but the overall contribution was impacted by a lower exchange rate of Australian dollar when compared with the same period of last year.

In mainland China, performance of our coal-fired plants recorded less favourable results due to Jinwan Power Plant completed a planned major overhaul in the first half of 2015 and electricity sales dropped, but offset by lower coal costs and savings in operating expenses, while the wind farm in Laoting improved their performance due to higher wind yields throughout the period.

Our investment in the Netherlands delivered strong results during the period. Investments in Canada, Thailand and New Zealand continued to make stable earnings contributions.

Our investment in Hong Kong electricity businesses recorded lower earnings of HK$568 million (2014: HK$666 million) mainly due to reduction of our share from 100% to 49.9% since 29 January 2014 and further reduced to 33.37% from 9 June 2015.

Secure earnings and a strong financial position allowed us to continue with a stable dividend policy. 2015 interim dividend of HK$0.68 per share (2014: HK$0.67 per share) representing a 1.5% growth.

Capital Expenditure, Liquidity and Financial Resources

The Group's capital expenditure and investments were primarily funded by cash from operations, dividends and other repatriation from investments. Total unsecured bank loans outstanding at 30 June 2015 were HK$9,938 million (31 December 2014: HK$10,204 million). In addition, the Group had bank deposits and cash of HK$67,796 million (31 December 2014: HK$61,291 million) and no undrawn committed bank facility at 30 June 2015 (31 December 2014: Nil).

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. Surplus funds, which arise mainly from dividends and other repatriation from investments, are generally placed on short term deposits denominated primarily in Australian dollars, Hong Kong dollars, pounds sterling and United States dollars. The Group aims to ensure that adequate financial resources are available for refinancing and business growth whilst maintaining a prudent capital structure.

The Group's financial profile remained strong during the period. Following the partial disposal of a 16.53% stake in HK Electric Investments and HK Electric Investments Limited on 9 June 2015, Standard & Poor's reaffirmed the "A-" long term credit ratings of the Company with a stable outlook. As at 30 June 2015, the net cash position of the Group amounted to HK$57,858 million (31 December 2014: HK$51,087 million).

The profile of the Group's external borrowings as at 30 June 2015, after taking into account interest rate swaps, was as follows:

(1) 9% were in Euro, 37% were in Australian dollars and 54% were in pounds sterling;

(2) 100% were bank loans;

(3) 100% were repayable between 2 and 5 years;

(4) 76% were in fixed rate and 24% were in floating rate.

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 rate borrowings or by using interest rate derivatives.

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 principal foreign currency exposures arise from its investments outside Hong Kong. Foreign currency transaction exposure also arises from settlement to vendors which is not material and is managed mainly through purchases in the spot market or utilisation of foreign currency receipts of the Group. Currency exposure arising from investments outside Hong Kong is, where considered appropriate, 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 Hong Kong dollars on receipt.

The contractual notional amounts of derivative financial instruments outstanding at 30 June 2015 amounted to HK$22,372 million (31 December 2014: HK$22,869 million).

Charges on Group Assets

At 30 June 2015, the Group's interest in an associate of HK$542 million (31 December 2014: HK$504 million) had been pledged as part of the security to secure financing facilities granted to the associate.

Contingent Liabilities

As at 30 June 2015, the Group had given guarantees and indemnities totalling HK$885 million (31 December 2014: HK$836 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$10,084 million (31 December 2014: HK$10,374 million). The entire amount, while being a contingent liability of the Company, is reflected in the Consolidated Statement of Financial Position 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 30 June 2015, excluding directors' emoluments, amounted to HK$11 million (2014: HK$91 million). As at 30 June 2015, the Group employed 11 (31 December 2014: 12) permanent employees. No share option scheme is in operation.

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2015
(Expressed in Hong Kong dollars)

	Note	**2015** **$ million**	2014 $ million
Turnover	5	**626**	1,432
Direct costs		**(4)**	(304)
		622	1,128
Gain on disposal of subsidiaries		**-**	52,928
Other net (loss)/income		**(176)**	573
Other operating costs		**(322)**	(816)
Operating profit		**124**	53,813
Finance costs		**(140)**	(229)
Share of profits less losses of joint ventures		**2,458**	2,301
Share of profits less losses of associates		**780**	789
Profit before taxation	6	**3,222**	56,674
Income tax:	7		
Current		**15**	(48)
Deferred		**-**	(2)
		15	(50)
Profit after taxation		**3,237**	56,624
Scheme of Control transfers to:			
Tariff Stabilisation Fund		**-**	(80)
Profit for the period attributable to equity shareholders of the Company		**3,237**	56,544
Earnings per share			
Basic and diluted	8	**$1.52**	$26.49

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015
(Expressed in Hong Kong dollars)

	2015 **$ million**	2014 $ million
Profit for the period attributable to equity shareholders of the Company	**3,237**	56,544
Other comprehensive income for the period		
Items that will not be reclassified to profit or loss		
Remeasurement of net defined benefit asset/liability	**(14)**	(40)
Share of other comprehensive income of joint ventures and associates	**(297)**	(181)
Income tax relating to items that will not be reclassified to profit or loss	**42**	54
	(269)	(167)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating operations outside Hong Kong, including joint ventures and associates	**(607)**	1,461
Net investment hedges	**217**	(514)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments recognised during the period	**268**	35
Reclassification adjustments for disposal of subsidiaries	**-**	(20)
	268	15
Share of other comprehensive income of joint ventures and associates	**(122)**	63
Income tax relating to items that may be reclassified subsequently to profit or loss	**(50)**	(33)
	(294)	992
	(563)	825
Total comprehensive income for the period attributable to equity shareholders of the Company	**2,674**	57,369

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2015
(Expressed in Hong Kong dollars)

	Note	**(Unaudited) 30 June 2015 $ million**	(Audited) 31 December 2014 $ million
Non-current assets			
Fixed assets			
– Property, plant and equipment		**14**	14
– Interests in leasehold land held for own use under finance leases		**18**	18
		32	32
Interest in joint ventures	9	**41,736**	41,318
Interest in associates	10	**24,248**	32,748
Other non-current financial assets		**67**	67
Derivative financial instruments		**229**	-
Deferred tax assets		**-**	4
Employee retirement benefit assets		**4**	4
		66,316	74,173
Current assets			
Trade and other receivables	11	**443**	810
Bank deposits and cash		**67,796**	61,291
		68,239	62,101
Current liabilities			
Trade and other payables	12	**(2,849)**	(2,698)
Current tax payable		**(15)**	(2)
		(2,864)	(2,700)
Net current assets		**65,375**	59,401
Total assets less current liabilities		**131,691**	133,574
Non-current liabilities			
Bank loans and other interest-bearing borrowings		**(9,938)**	(10,204)
Derivative financial instruments		**(74)**	(160)
Deferred tax liabilities		**(69)**	-
Employee retirement benefit liabilities		**(138)**	(122)
		(10,219)	(10,486)
Net assets		**121,472**	123,088
Capital and reserves			
Share capital		**6,610**	6,610
Reserves		**114,862**	116,478
Total equity attributable to equity shareholders of the Company		**121,472**	123,088

POWER ASSETS HOLDINGS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015
(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 1 January 2014	2,134	4,476	982	(759)	58,550	4,055	69,438
Changes in equity for the six months ended 30 June 2014:							
Profit for the period	-	-	-	-	56,544	-	56,544
Other comprehensive income	-	-	947	45	(167)	-	825
Total comprehensive income	-	-	947	45	56,377	-	57,369
Transfers on 3 March 2014	4,476	(4,476)	-	-	-	-	-
Final dividend in respect of the previous year approved and paid	-	-	-	-	-	(4,055)	(4,055)
Interim dividend *(see note 13)*	-	-	-	-	(1,430)	1,430	-
Balance at 30 June 2014	6,610	-	1,929	(714)	113,497	1,430	122,752
Balance at 1 January 2015	**6,610**	**-**	**(621)**	**(1,152)**	**113,961**	**4,290**	**123,088**
Changes in equity for the six months ended 30 June 2015:							
Profit for the period	**-**	**-**	**-**	**-**	**3,237**	**-**	**3,237**
Other comprehensive income	**-**	**-**	**(390)**	**96**	**(269)**	**-**	**(563)**
Total comprehensive income	**-**	**-**	**(390)**	**96**	**2,968**	**-**	**2,674**
Final dividend in respect of the previous year approved and paid	**-**	**-**	**-**	**-**	**-**	**(4,290)**	**(4,290)**
Interim dividend *(see note 13)*	**-**	**-**	**-**	**-**	**(1,451)**	**1,451**	**-**
Balance at 30 June 2015	**6,610**	**-**	**(1,011)**	**(1,056)**	**115,478**	**1,451**	**121,472**

1. Review of unaudited interim financial statements

These unaudited consolidated interim financial statements have been reviewed by the Audit Committee.

2. Basis of preparation

These unaudited consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of interim financial statements 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.

The interim financial statements and selected explanatory 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").

3. Changes in accounting policies

The HKICPA has issued a few 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 HKAS 19, *Defined benefit plans: Employee contributions*
- Annual improvements to HKFRSs 2010-2012 cycle
- Annual improvements to HKFRSs 2011-2013 cycle

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. Segment reporting

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

	2015							
		Investments						
$ million	**Investment in HKEI***	**United Kingdom**	**Australia**	**Mainland China**	**Others**	**Sub-total**	**All other activities**	**Total**
For the six months ended 30 June								
Revenue								
Turnover	**-**	**310**	**237**	**-**	**74**	**621**	**5**	**626**
Other net income	**-**	**-**	**-**	**-**	**3**	**3**	**5**	**8**
Reportable segment revenue	**-**	**310**	**237**	**-**	**77**	**624**	**10**	**634**
Result								
Segment earnings	**-**	**310**	**237**	**(11)**	**77**	**613**	**(305)**	**308**
Loss on partial disposal of an associate	**-**	**-**	**-**	**-**	**-**	**-**	**(532)**	**(532)**
Bank deposit interest income	**-**	**-**	**-**	**-**	**-**	**-**	**348**	**348**
Operating profit	**-**	**310**	**237**	**(11)**	**77**	**613**	**(489)**	**124**
Finance costs	**-**	**(54)**	**(77)**	**-**	**(9)**	**(140)**	**-**	**(140)**
Share of profits less losses of joint ventures and associates	**568**	**2,050**	**273**	**261**	**85**	**2,669**	**1**	**3,238**
Profit before taxation	**568**	**2,306**	**433**	**250**	**153**	**3,142**	**(488)**	**3,222**
Income tax	**-**	**28**	**-**	**-**	**-**	**28**	**(13)**	**15**
Reportable segment profit	**568**	**2,334**	**433**	**250**	**153**	**3,170**	**(501)**	**3,237**
At 30 June								
Reportable segment assets	**16,413**	**30,475**	**11,335**	**4,407**	**3,706**	**49,923**	**68,219**	**134,555**
Reportable segment liabilities	**-**	**(5,604)**	**(3,860)**	**(2)**	**(896)**	**(10,362)**	**(2,721)**	**(13,083)**

4. Segment reporting (continued)

	2014							
	Investment	Investments						
$ million	in HKEI*/ HK Electric	United Kingdom	Australia	Mainland China	Others	Sub-total	All other activities	Total
For the six months ended 30 June								
Revenue								
Turnover	682	339	275	45	86	745	5	1,432
Other net income	2	-	-	-	3	3	115	120
Reportable segment revenue	684	339	275	45	89	748	120	1,552
Result								
Segment earnings	484	339	275	33	89	736	(638)	582
Gain on disposal of subsidiaries	-	-	-	-	-	-	52,928	52,928
Depreciation and amortisation	(149)	-	-	-	-	-	(1)	(150)
Bank deposit interest income	1	-	-	-	-	-	452	453
Operating profit	336	339	275	33	89	736	52,741	53,813
Finance costs	(20)	(59)	(139)	-	(11)	(209)	-	(229)
Share of profits less losses of joint ventures and associates	483	2,067	258	224	57	2,606	1	3,090
Profit before taxation	799	2,347	394	257	135	3,133	52,742	56,674
Income tax	(53)	8	-	(4)	-	4	(1)	(50)
Profit after taxation	746	2,355	394	253	135	3,137	52,741	56,624
Scheme of Control transfers	(80)	-	-	-	-	-	-	(80)
Reportable segment profit	666	2,355	394	253	135	3,137	52,741	56,544
At 30 June								
Reportable segment assets	24,467	31,057	8,191	4,778	4,328	48,354	64,961	137,782
Reportable segment liabilities	-	(6,626)	(4,706)	(3)	(1,088)	(12,423)	(2,607)	(15,030)

Note:

* As at 1 January 2015, the Group has a 49.9% (2014: 49.9% effective from 29 January 2014) equity interest in HK Electric Investments and HK Electric Investments Limited (collectively as "HKEI"), which is listed on The Stock Exchange of Hong Kong Limited. On 9 June 2015, the Group disposed of a 16.53% stake in HKEI and retained approximately 33.37% stake at 30 June 2015.

5. Turnover

Group turnover represents interest income from loans granted to joint ventures and associates, dividends from other financial assets and engineering and consulting services fees.

	Six months ended 30 June **2015** **$ million**	2014 $ million
Sales of electricity	**-**	676
Electricity-related income	**-**	6
Interest income	**621**	700
Dividends	**-**	45
Others	**5**	5
	626	1,432
Share of revenue of unlisted joint ventures	**8,997**	9,400

6. Profit before taxation

	Six months ended 30 June **2015** **$ million**	2014 $ million
Profit before taxation is arrived at after charging/(crediting):		
Finance costs		
Interest on borrowings	**140**	230
Less: Interest transferred to fuel costs	**-**	(1)
	140	229
Depreciation		
Depreciation charges for the period	**-**	155
Less: Depreciation capitalised to fixed assets	**-**	(9)
	-	146
Amortisation of leasehold land	**-**	4

7. Income tax

	Six months ended 30 June	
	2015	2014
	$ million	$ million
Current tax	**(15)**	48
Deferred tax	**-**	2
	(15)	50

Taxation is provided for at the applicable tax rate on the estimated assessable profits less available tax losses. Deferred taxation is provided on temporary differences under the liability method using tax rates applicable to the Group's operations in different countries.

As at 31 December 2014, a subsidiary of the Company has paid to the Australian Taxation Office ("ATO"), a total of A$72 million 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.

In June 2015, the Company and other relevant parties entered into an agreement with the ATO to resolve the above tax disputes. Under the settlement, the ATO will cease to pursue the legal proceedings against the Company in respect of unpaid tax, penalties and interests, and no penalties will be levied against the Company or its subsidiaries. A sum of approximately A$28 million will be refunded from the ATO and approximately A$69 million was charged to the consolidated statement of profit or loss during the period under review.

8. Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $3,237 million for the six months ended 30 June 2015 (2014: $56,544 million) and 2,134,261,654 ordinary shares (2014: 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 30 June 2015 and 2014.

9. Interest in joint ventures

	30 June 2015 $ million	31 December 2014 $ million
Share of net assets of unlisted joint ventures	**32,911**	32,410
Loans to unlisted joint ventures	**8,571**	8,720
Amounts due from unlisted joint ventures	**254**	188
	41,736	41,318
Share of total assets of unlisted joint ventures	**102,122**	101,684

10. Interest in associates

	30 June 2015 $ million	31 December 2014 $ million
Share of net assets		
– Listed associate	**16,413**	24,884
– Unlisted associates	**3,617**	3,421
	20,030	28,305
Loans to unlisted associates	**4,137**	4,372
Amounts due from associates	**81**	71
	24,248	32,748

11. Trade and other receivables

	30 June 2015 $ million	31 December 2014 $ million
Interest and other receivables	**266**	583
Derivative financial instruments	**174**	225
Deposits and prepayments	**3**	2
	443	810

Trade with customers is carried out on credit and invoices are normally due within 1 month after issued.

12. Trade and other payables

	30 June 2015 $ million	31 December 2014 $ million
Due within 1 month or on demand	**110**	29
Due after 1 month but within 3 months	**5**	41
Due after 3 months but within 12 months	**2,656**	2,551
Creditors measured at amortised cost	**2,771**	2,621
Derivative financial instruments	**78**	77
	2,849	2,698

13. Interim dividend

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

	Six months ended 30 June	
	2015 $ million	2014 $ million
Interim dividend of $0.68 per ordinary share (2014: $0.67 per ordinary share)	**1,451**	1,430

POWER ASSETS HOLDINGS LIMITED
OTHER INFORMATION

Interim Dividend

The Board of Directors has declared an interim dividend for 2015 of HK$0.68 per share. The dividend will be payable on 2 September 2015 to shareholders whose names appear in the Company's Register of Members at the close of business on Monday, 24 August 2015, being the record date for determination of entitlement 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, 24 August 2015.

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 30 June 2015.

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 policy is designed to achieve these objectives and is maintained through a framework of processes, policies and guidelines.

The Company has complied with the applicable code provisions in the Corporate Governance Code 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 30 June 2015, 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 having regard to the Group's Board Diversity Policy. The Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the Chairman and the Chief Executive Officer.

The Group is committed to achieving and maintaining standards of openness, probity and accountability. In line with this commitment and in compliance with the Corporate Governance Code, the Audit Committee has reviewed the procedures for reporting possible improprieties in financial reporting, internal control or other matters. In addition, the Company has established the policy on handling of inside information and securities dealing for compliance by the Company's employees.

Board Composition

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

Executive directors	:	Mr. FOK Kin Ning, Canning (Chairman), Mr. TSAI Chao Chung, Charles (Chief Executive Officer), Mr. CHAN Loi Shun, Mr. Andrew John HUNTER, Mr. Neil Douglas MCGEE and Mr. WAN Chi Tin
Non-executive directors	:	Mr. LI Tzar Kuoi, Victor and Mr. Frank John SIXT
Independent non-executive directors	:	Mr. IP Yuk-keung, Albert, Mr. Ralph Raymond SHEA, Mr. WONG Chung Hin and Mr. WU Ting Yuk, Anthony