ActewAGL Joint Venture

Summary Financial Report

for the year ended 30 June 2009

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for the year ended 30 June 2009

ActewAGL Joint Venture

Introduction to the Summary Financial Report

for the year ended 30 June 2009

Financial highlights

Profit

Net profit for the year ended 30 June 2009 was $158.7 million. This compares to previous year's net profit of $136.8 million.

Total operating revenue for the year ended 30 June 2009 was $788.4 million compared to $717.1 million in the previous year. The increase in revenue reflects the price rises for electricity and gas in line with the regulatory price determinations, higher volumes as a result of Canberra's population growth, cooler winter temperatures and increased consumption by major commercial customers. Higher construction revenues for drought-related initiatives also contributed to the increase in revenue.

Total expenses for the year ended 30 June 2009 were $642.3 million, compared to $582.1 million for the prior year. Energy purchases continued to increase due to higher transmission charges and wholesale energy prices. Employment costs have increased due to a general pay increment awarded under the new employee enterprise agreement and the growth in employee numbers is in accordance with business expansion. Operating expenses have increased due to the sale and leaseback of ActewAGL House, increased maintenance on the gas and electricity networks and higher costs associated with the construction work and the Water Security Program for ACTEW Corporation Ltd.

Cash flow

The Group generated $191.6 million from its operating activities for the year ended 30 June 2009 compared to $178.1 million in 2007-08. The increase in cash flows of about $13.5 million (7.6%) is mainly due to the increase in receipts from customers as a result of higher revenue.

The investing net cash outflow of $61.5 million, a decrease of $0.8 million (1.3%) compared to $62.3 million in the prior year. The proceeds from sale of ActewAGL House of $17.5 million has been reinvested in fixed interest rates securities. Investment in capital maintains and grows our network business. For 2008-09 financial year, the major investment projects continue to develop several sub-transmission projects to ensure security of supply to existing and future electrical load within the ACT, construction of multiple major substations for office developments, government departments, retail and residential purposes and the completion of the north Nowra gas high pressure system upgrade.

Cash surplus to the Group's operational and capital requirements is returned to the partners in the form of cash distributions. In 2008-09 financial year, $117.5 million was distributed to ActewAGL's partners, $4.5 million (4%) higher than the $113 million in the prior year.

Financial position

As at 30 June 2009, the Group has net assets of $843.6 million, compared to $802.5 million in June 2008. The increase in net assets is mainly due to the increase in working capital and capital investment in the network business. Current assets are $216.9 million compared to $164.1 million in June 2008. Current liabilities are $173.9 million compared to $158.3 million at the same time last year. The Group does not have any borrowings other than finance leases.

The carrying value of property, plant and equipment is $774.8 million compared to $761.5 million in June 2008, primarily due to investment in system-related assets.

Partner returns

The return on funds employed for 2008-09 financial year based on the net profit before taxation was 18.6% compared to 16.9% in the prior year.

Operation highlights

New corporate headquarters

On 5 September 2008, ActewAGL House was sold for $17.5 million. The new corporate headquarters will be located at 6 Mort Street, in a building that is designed to achieve a 5 star NABERS Energy rating and a 4 star Green Star rating. The successful fitout and management of the building will showcase ActewAGL's community leadership and commitment to the environment in the ACT. The relocation should be completed in 2010.

Acquisition of 28 Oakden Street

The ActewAGL Distribution Partnership has acquired the land located at 28 Oakden Street, Greenway, ACT for $5.25 million on 4 August 2009.

The site will be refurbished for ActewAGL Networks Division's current and future requirements and also the relocation of the current warehouse facility situated at Mildura Street, Fyshwick, ACT.

Restructure of Geographical Information Solutions (GIS)

GIS is the smallest business unit within the Ecowise Group generating approximately $3 million in revenue annually. A significant portion of its revenue is derived from providing geographical information services to ActewAGL Distribution Partnership. The services provided by GIS include capturing the location of the electricity and gas networks infrastructure electronically and displaying the information over a geographical map. From a strategic perspective, ActewAGL Distribution Partnership made an offer to Ecowise Environmental Pty Ltd to transfer GIS for $2.5 million. This was accepted and the transfer was completed on 5 August 2009.

Divestment of the Ecowise Group

The board members have approved the proposal of divesting the Ecowise Group of companies. An active program has been initiated to seek interest from large laboratory, consulting and utilty organisations with the aim to complete the sale within the next financial year.

The summarised financial report is consistent with the special purpose financial report from which it is derived.

Introduction to the Summary Financial Report

for the year ended 30 June 2009

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Joint Venture Board's Declaration

for the year ended 30 June 2009

The board members declare that:

(a) the summarised financial report on pages 7 to 10 for the year ended 30 June 2009 is consistent with the special purpose financial report signed on 30 June 2009 from which it is derived, and

(i) comply with applicable Accounting Standards and other mandatory professional reporting requirements; and

(ii) gives a true and fair view of the joint venture's and aggregated group's financial position as at 30 June 2009 and of their performance, as represented by the results of their operations and their cashflows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the joint venture will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the joint venture board.

John Mackay, AM
Chairman
Canberra
28 August 2009

Mark Sullivan, AO
Board Member
Canberra
28 August 2009

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ACT AUDITOR-GENERAL'S OFFICE

INDEPENDENT AUDIT REPORT

To the Partners of ActewAGL Joint Venture

Report on the Summary Financial Report

We have audited the accompanying summary financial report of the ActewAGL Joint Venture (the Joint Venture), comprising the summary balance sheet as at 30 June 2009, the summary income statement, statement of changes in equity and cash flow statement for the year then ended, which are derived from the special purpose financial report of the Joint Venture for the year ended 30 June 2009. We expressed an unmodified audit opinion on that financial report in our independent audit report dated 28 August 2009.

The Responsibility of Joint Venture Board for the Financial Report

The board of the Joint Venture is responsible for the preparation and presentation of the summary financial report in accordance with the accounting policies described in Note 1 to the financial report. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the summary financial information, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial report based on our procedures, which were conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the summary financial report is free of material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditors' Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

ACT Auditor-General's Office
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Electronic Presentation of the Audited Summary Financial Report

Those viewing an electronic presentation of this audited financial report should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from this report.

If users of the report are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial report, available from the Joint Venture, to confirm the accuracy of this electronically presented information.

Auditors' Opinion

In our opinion, the information reported in the summary financial report of ActewAGL Joint Venture for the year ended 30 June 2009 is consistent, in all material respects, with the special purpose financial report from which it was derived.

For a better understanding of the Joint Venture's financial position and performance and of the scope of our audit, the summary financial report should be read in conjunction with the special purpose financial report and the auditors' report thereon.

DELOITTE TOUCHE TOHMATSU

T. Pham

Tu Pham
Auditor-General

28 August 2009

J M Stanley
Partner
Chartered Accountants

28 August 2009

ActewAGL Joint Venture

Income Statement

for the year ended 30 June 2009

	2009	2008
	$'000	$'000
		Restated *
Revenue from continuing operations	788,427	717,095
Other income	10,335	61
	798,762	717,156
Energy purchases	(310,763)	(279,304)
Employee costs	(143,718)	(135,518)
Depreciation	(33,369)	(33,039)
Subcontractor expense	(93,528)	(79,721)
Leases	(12,838)	(12,124)
Material costs	(14,802)	(13,418)
Finance costs	(3,020)	(2,991)
Other expenses	(30,252)	(25,989)
Shares of net profits of associates and joint venture partnerships accounted for using the equity method	264	482
	(642,026)	(581,622)
Profit before income tax	156,736	135,534
Income tax expense	-	-
Profit from continuing operations	156,736	135,534
Discontinued operation		
Profit from discontinued operation, net of income tax	1,985	1,298
Net profit for the year	158,721	136,832

* Restated for discontinued operations.

ActewAGL Joint Venture

Balance Sheet

as at 30 June 2009

	2009 $'000	2008 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**24,677**	18,140
Held-to-maturity investments	**18,500**	-
Trade and other receivables	**125,008**	132,456
Inventories	**9,078**	8,285
Non-current assets classified as held for sale	**39,658**	5,190
Derivative financial instruments	**-**	6
Total current assets	**216,921**	164,077
Non-current assets		
Receivables	**51**	85
Investments accounted for using the equity method	**985**	822
Intangible assets	**28,110**	40,015
Deferred tax assets	**-**	2,329
Property, plant and equipment	**774,798**	761,459
Total non-current assets	**803,944**	804,710
Total Assets	**1,020,865**	968,787
LIABILITIES		
Current liabilities		
Payables	**117,209**	119,776
Other	**17,431**	14,729
Provisions	**19,983**	23,514
Current tax liabilities	**-**	239
Non-current liabilities classified as held for sale	**19,264**	-
Total current liabilities	**173,887**	158,258
Non-current liabilities		
Deferred tax liabilities	**-**	367
Provisions	**1,566**	1,747
Other	**1,793**	5,965
Total non-current liabilities	**3,359**	8,079
Total Liabilities	**177,246**	166,337
NET ASSETS	**843,619**	802,450
JOINT VENTURE FUNDS		
Joint Venture Funds	**843,619**	802,444
Reserves	**-**	6
Total Joint Venture Funds	**843,619**	802,450

Statement of Changes in Equity

for the year ended 30 June 2009

	Joint venture funds $'000	Reserves $'000	Total $'000
Balance as at 1 July 2007	**778,612**	**10**	**778,622**
Changes in the fair value of cash flow hedges, net of tax	-	(4)	(4)
Net profit for year	136,832	-	136,832
Total recognised income and expense for the year	**136,832**	**(4)**	**136,828**
Transactions with joint venture parties in their capacity as joint venture parties:			-
Distributions paid	(113,000)	-	(113,000)
Balance as at 30 June 2008	**802,444**	**6**	**802,450**
Balance as at 1 July 2008	**802,444**	**6**	**802,450**
Changes in the fair value of cash flow hedges, net of tax	-	(6)	(6)
Net profit for year	158,721	-	158,721
Total recognised income and expense for the year	**158,721**	**(6)**	**158,715**
Transactions with joint venture parties in their capacity as joint venture parties:			-
Distributions paid	(117,546)	-	(117,546)
Balance as at 30 June 2009	**843,619**	**-**	**843,619**

ActewAGL Joint Venture

Cash Flow Statement

for the year ended 30 June 2009

	2009 $'000	2008 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**936,008**	836,951
Payments to suppliers and employees (inclusive of goods and services tax)	**(745,280)**	(660,436)
	190,728	176,515
Interest received	**2,196**	2,370
Interest and other costs of finance paid	**(690)**	(444)
Income taxes paid	**(613)**	(339)
Net cash inflow from operating activities	**191,621**	178,102
Cash flows from investing activities		
Payment for purchase of investments, net of cash acquired	**-**	(527)
Payments for held-to-maturity investments	**(18,500)**	-
Dividends received	**700**	-
Payments for property, plant and equipment	**(61,257)**	(64,166)
Proceeds from sale of interest in associate	**-**	275
Proceeds from sale of property, plant and equipment	**17,528**	2,103
Net cash outflow from investing activities	**(61,529)**	(62,315)
Cash flows from financing activities		
Distributions paid to partners	**(117,546)**	(113,000)
Receipts from borrowings	**890**	6,458
Repayment of borrowings	**(1,399)**	(1,193)
Net cash outflow from financing activities	**(118,055)**	(107,735)
Net increase in cash and cash equivalents	**12,037**	8,052
Cash and cash equivalents at the beginning of the financial year	**18,140**	10,088
Transfer to non-current assets held for sale	**(5,500)**	-
Cash and cash equivalents at the end of the financial year	**24,677**	18,140