

**Envestra Ltd ACN 078 551 685**  
**ASX Half-year information – 31 December 2009**

Lodged with the ASX under Listing Rule 4.2A.  
This information should be read in conjunction with the  
30 June 2009 Annual Financial Report.

**Contents**

Results for Announcement to the Market  
Half-Year Financial Report

Page  
1  
5

**Envestra Ltd**  
**Results for Announcement to the Market**  
**For the half-year ended 31 December 2009**  
**(Previous corresponding period: Half-year ended 31 December 2008)**

				<b>\$mill.</b>
Total revenue from continuing operations	up	2 %	to	206.5
Profit before income tax	up	16 %	to	44.4
Net profit after income tax attributable to members	up	23 %	to	32.2
Net cash inflow from operating activities	up	3 %	to	81.7

**Dividends**

A dividend of 2.75 cents per fully paid ordinary share (unfranked) was paid on 31 October 2009.

A dividend of 2.75 cents per fully paid ordinary share (partially franked to 55%) will be paid on 30 April 2010.

Envestra Ltd continued its Dividend Re-investment Plan ("DRP") for the dividend paid in October 2009. The dividend to be paid in April 2010 will also be subject to the DRP.

## **REVIEW OF RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

### **Revenue / Income**

Revenue from continuing operations was \$206.5 million, a 2% increase on the previous corresponding period. Major contributors to the revenue results were:

- Network services revenue was \$8.2 million higher due to annual tariff increases;
- Gas volumes transported (59.6 PJ) were marginally lower than the previous corresponding period (61.9 PJ);
- Volumes transported to small (<10TJ) customers were 3% lower than the previous corresponding period (27.1 PJ in 2009, 28.0 PJ in 2008) due to the relatively warmer winter experienced in 2009.

### **Operating Expenses**

Operating expenses increased by \$5.5 million to \$61.4 million, mainly as a result of higher leak maintenance, consulting and marketing costs.

### **Borrowing Costs**

Total borrowing costs were \$74.1 million, down \$9.6 million, or 11.5%, mainly due to lower indexation on inflation bonds due to lower CPI than the prior corresponding period.

### **Cash Flows**

Cash generated from operating activities after replacement capital expenditure was up \$6.1 million to \$77.4 million, as a result of higher network services revenues due to tariff increases, offset by higher operating costs as outlined above.

Dividends paid to shareholders on 31 October totalled \$35.9 million, \$4.2 million lower than the distribution payment made in the prior corresponding period following the previously announced revision to the Company's distribution policy. The Dividend Re-investment Plan applied to the dividend paid in October 2009, with a total of \$22.2 million of new equity being raised (\$21.9 million net of transaction costs and tax).

### **Treasury**

The Group had \$4.5 million of cash at 31 December 2009 compared to \$6.2 million at June 2009.

Unused bank credit lines of \$256 million were available at 31 December 2009. Commercial Paper on issue at the end of the period was \$29.8 million, unchanged from June 2009.

Principal debt at 31 December 2009 was \$1,970.1 million (\$1,981.6 million at 30 June 2009) with gearing [net debt/total non-cash assets] being 74.5%. The average term to maturity of the debt was 9.5 years.

During the half year, \$462 million of new bank facilities was put in place to meet the Group's immediate re-financing, capital expenditure and liquidity obligations and further extend the duration of the debt portfolio. With the recent announcement of a new \$150 million USD Private Placement facility to be drawn in July 2010, the average term to maturity will extend to 10 years. Importantly, there is now no debt to be re-financed that is not covered by existing unused credit facilities through to the 2010-11 financial year.

### **Equity Reserves Movement**

In the half-year period to 31 December 2009, there has been a \$22.2 million increase in Equity Reserves. This relates solely to the movement in the Cashflow Hedge Reserve, which represents changes in the valuation of derivative financial instruments arising from changes in market interest rates. The amount is an unrealised, non-cash item that will reverse when the hedges expire in 2011-12.

### **Growth Opportunities**

Steady growth in the Group's core business continued during the first-half, with capital expenditure of \$49.0 million. New mains totalling 132 kilometres were laid during this period and 41 kilometres were replaced. Almost 13,000 additional consumers were added to the networks.

## REVIEW OF RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

### Regulation

Regulatory submissions for the new Access Arrangements covering the South Australian and Queensland networks, to apply from 1 July 2011, are due to be lodged with the Australian Energy Regulator (AER) by 1 October 2010. The current Access Arrangement for the Victorian network is not due to expire until December 2012.

### Contract Dispute

The Company has been notified by APA Group (which owns 31% of Envestra's shares) of a claim for additional overhead costs that it believes are payable by Envestra under the terms of the Operating and Management (O&M) Agreement.

The claim amounts to \$2.2 million in respect to the 2008/09 year, and we have been advised that a similar claim may be made in respect of 2009/10 and future years.

Envestra believe the additional costs are not consistent with either the relevant terms of the O&M Agreements, nor representations made by APA at the time the O&M contract was transferred from the Origin Energy subsidiary to the current APA operating companies. No provision for the claim has been included in the financial statements at 31 December 2009.

### Outlook

Forecast capital expenditure for the full-year is around \$115 million, with \$14 million to be spent on replacement capex and \$101 million on network extensions, new connections, mains and meter replacement, and other growth projects.

The distribution to be paid on 30 April 2010 is to be 2.75 cents per security, bringing the full year distribution to 5.5 cents. The April 2010 dividend, will be partially franked (55%). The franking credits used to frank the dividend have existed since Envestra's formation in 1997 but were unable to be paid to shareholders whilst distributions comprised interest and principal repayments on the loan notes that previously formed part of Envestra's stapled security. The loan note was repaid in May 2009. The franking of dividends will be a "one-off" event as Envestra is not expecting to generate further franking credits in the foreseeable future.

Organic growth over the 12 months to June 2010 is expected to add some 23,000 consumers to the networks.

As previously foreshadowed, a net profit after tax of around \$40 million is expected for the full-year, subject to weather conditions, and any other unforeseen circumstances in the second half.

**Envestra Ltd**  
**Results for Announcement to the Market**  
**For the half-year ended 31 December 2009**  
(Previous corresponding period: Half-year ended 31 December 2008)

	Half-year ended	
	2009	2008
	\$mill.	\$mill.
<b>Cash Flow Statement</b>		
Operating receipts less payments	152.7	148.7
<b>Net cash flow before borrowing costs</b>	<b>152.7</b>	<b>148.7</b>
Net borrowing costs	(71.0)	(69.2)
<b>Cash flow from operating activities</b>	<b>81.7</b>	<b>79.5</b>
Net proceeds from sale of assets	1.0	0.9
Replacement capex	(5.3)	(9.1)
<b>Available for distribution</b>	<b>77.4</b>	<b>71.3</b>
Distributions/Dividends	(35.9)	(40.1)
<b>Available for growth capex</b>	<b>41.5</b>	<b>31.2</b>
Growth capex	(43.7)	(49.2)
<b>Cash flow available pre debt/equity re-financing</b>	<b>(2.2)</b>	<b>(18.0)</b>
Debt repayments	(11.2)	(0.9)
Debt and capital raising costs	(10.5)	(1.4)
Issue of securities	22.2	18.8
<b>Change in cash</b>	<b>(1.7)</b>	<b>(1.5)</b>
Opening cash	6.2	10.8
<b>Closing cash</b>	<b>4.5</b>	<b>9.3</b>

**Income Statement**

Revenue/income	206.7	209.1
Operating costs	(61.4)	(55.9)
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>145.3</b>	<b>153.2</b>
Depreciation/Amortisation	(26.8)	(29.2)
<b>Earnings before interest and tax</b>	<b>118.5</b>	<b>124.0</b>
Borrowing costs	(74.1)	(83.7)
<b>Profit before tax and interest on loan notes</b>	<b>44.4</b>	<b>40.3</b>
Interest on loan notes	-	(1.9)
<b>Profit before tax</b>	<b>44.4</b>	<b>38.4</b>
Tax expense	(12.2)	(12.3)
<b>Profit after tax</b>	<b>32.2</b>	<b>26.1</b>

# Envestra Ltd ACN 078 551 685

## Half-year report – 31 December 2009

### Contents

	Page
Directors' Report	6
Consolidated Income Statement	8
Consolidated Statement of Comprehensive Income	9
Consolidated Balance Sheet	10
Consolidated Statement of Changes in Equity	11
Consolidated Cash Flow Statement	12
Notes to the Financial Statements	13
Directors' Declaration	16
Independent review report to the members	17

This half-year report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Envestra Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## Directors' Report

The Directors of Envestra Ltd present their report on the consolidated entity consisting of Envestra Ltd and the entities it controlled at the end of, or during the period 1 July 2009 to 31 December 2009, in accordance with a resolution of the Directors.

### Directors

The following persons were Directors of Envestra Ltd during the half-year ended 31 December 2009:

John Geoffrey Allpass (Chairman)  
Ian Bruce Little (Managing Director)  
Eric Fraser Ainsworth AM  
Dominic Loi Shun Chan  
Ivan Kee Ham Chan  
Ross Murray Gersbach  
Michael Joseph McCormack  
Olaf Brian O'Duill

Mr CCA Binks retired from the Board on 28 October 2009.

### Review of operations

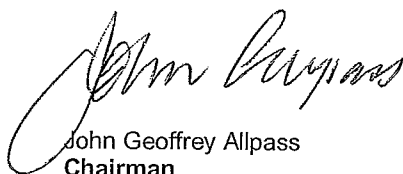
A review of operations for the Group during the half-year ended 31 December 2009 is set out on pages 2 to 3 of this report.

### Rounding of amounts

Amounts in the financial statements have been rounded off, in accordance with Class Order 98/0100 issued by the Australian Securities and Investments Commission, to the nearest million dollars unless specifically stated otherwise.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.



John Geoffrey Allpass  
Chairman

Adelaide  
25 February 2010

## Auditors' Independence Declaration

As lead auditor for the Audit of Envestra Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Envestra Limited and the entities it controlled during the period.



DR Clark  
Partner  
PricewaterhouseCoopers

Adelaide  
25 February 2010

**Envestra Ltd**  
**Consolidated Income Statement**  
For the half-year ended 31 December 2009

	Half-year ended	
	2009	2008
Notes	\$mill.	\$mill.
<i>Revenue from continuing operations</i>		
Network services	206.3	198.1
Interest	0.2	0.5
Government grants (SA FRC revenue)	-	4.6
Total revenue from continuing operations	206.5	203.2
<i>Other income</i>		
Sale of land	0.2	5.9
<b>Total revenue / income</b>	<b>206.7</b>	<b>209.1</b>
Network operating costs	(50.6)	(45.5)
Gas	(5.9)	(5.4)
Corporate development, property and administration costs	(4.9)	(5.0)
Total operating costs	(61.4)	(55.9)
<b>Earnings before interest, tax, depreciation and amortisation</b>	145.3	153.2
Depreciation	(26.8)	(28.2)
Amortisation of capital raising and formation costs	-	(1.0)
<b>Profit before borrowing costs and tax</b>	118.5	124.0
Amortisation of borrowing costs	(1.9)	(1.9)
Interest and indexation	(72.2)	(81.8)
Total borrowing costs (excluding interest on loan notes)	(74.1)	(83.7)
<b>Profit before interest on loan notes and income tax expense</b>	44.4	40.3
Interest on loan notes	-	(1.9)
<b>Profit before income tax expense</b>	44.4	38.4
Income tax expense	2 (12.2)	(12.3)
<b>Net profit after tax</b>	<b>32.2</b>	<b>26.1</b>
	<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share attributable to ordinary equity holders of Envestra Ltd	2.4	2.9

*The above Consolidated Income Statement is to be read in conjunction with the accompanying notes.*

Envestra Ltd  
**Consolidated Statement of Comprehensive Income**  
**For the half-year ended 31 December 2009**

	Half-year ended	
	2009	2008
	\$mill.	\$mill.
<b>Net profit after tax for the half-year</b>	<b>32.2</b>	26.1
<i>Other comprehensive income</i>		
Changes in the fair value of cash flow hedges	31.7	(134.1)
Income tax (expense)/benefit relating to changes in the fair value of cash flow hedges	(9.5)	40.2
<b>Other comprehensive income/(expense) for the half-year</b>	<b>22.2</b>	(93.9)
<b>Total comprehensive income/(expense) for the half-year</b>	<b>54.4</b>	(67.8)
<i>Profit for the half-year is attributable to:</i>		
Owners of Envestra Ltd	32.2	26.1
<i>Total comprehensive income/(expense) for the half-year is attributable to:</i>		
Owners of Envestra Ltd	54.4	(67.8)

*The above Consolidated Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.*

Envestra Ltd  
Consolidated Balance Sheet  
As at 31 December 2009

	31 December 2009 \$mill.	30 June 2009 \$mill.
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4.5	6.2
Receivables	35.3	56.4
Other current assets	1.8	2.3
Total current assets	<u>41.6</u>	<u>64.9</u>
<b>Non-current assets</b>		
Receivables	-	5.1
Property, plant and equipment	2,014.3	1,995.6
Intangible assets	585.6	585.6
Other non-current assets	0.5	0.5
Total non-current assets	<u>2,600.4</u>	<u>2,586.8</u>
<b>Total assets</b>	<u>2,642.0</u>	<u>2,651.7</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	20.9	25.9
Borrowings	56.8	329.7
Provisions	0.2	0.2
Other current liabilities	27.9	42.6
Total current liabilities	<u>105.8</u>	<u>398.4</u>
<b>Non-current liabilities</b>		
Borrowings	1,806.3	1,581.0
Provisions	17.4	17.4
Derivative financial instruments	115.8	119.6
Deferred tax liabilities	76.6	55.6
Other non-current liabilities	0.7	0.7
Total non-current liabilities	<u>2,016.8</u>	<u>1,774.3</u>
<b>Total liabilities</b>	<u>2,122.6</u>	<u>2,172.7</u>
<b>Net Assets</b>	<u>519.4</u>	<u>479.0</u>
<b>EQUITY</b>		
Contributed equity	516.9	495.0
Reserves	(33.3)	(55.5)
Retained Profits	35.8	39.5
<b>Total Equity</b>	<u>519.4</u>	<u>479.0</u>

*The above Consolidated Balance Sheet is to be read in conjunction with the accompanying notes.*

Envestra Ltd  
**Consolidated Statement of Changes in Equity**  
**For the half-year ended 31 December 2009**

	Contributed equity \$mill.	Reserves \$mill.	Retained earnings \$mill.	Total Equity \$mill.
<b>Balance at 1 July 2008</b>	366.9	19.1	23.8	409.8
<b>Total comprehensive income for the half-year</b>	-	(93.9)	26.1	(67.8)
<i>Transactions with owners in their capacity of owners:</i>				
Contributions of equity, net of transaction costs and tax (DRP)	17.9	-	-	17.9
Dividends paid	-	-	-	-
	<u>17.9</u>	<u>-</u>	<u>-</u>	<u>17.9</u>
<b>Balance at 31 December 2008</b>	<u>384.8</u>	<u>(74.8)</u>	<u>49.9</u>	<u>359.9</u>
<b>Balance at 1 July 2009</b>	<b>495.0</b>	<b>(55.5)</b>	<b>39.5</b>	<b>479.0</b>
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>22.2</b>	<b>32.2</b>	<b>54.4</b>
<i>Transactions with owners in their capacity of owners:</i>				
Contributions of equity, net of transaction costs and tax (DRP)	21.9	-	-	21.9
Dividends paid	-	-	(35.9)	(35.9)
	<u>21.9</u>	<u>-</u>	<u>(35.9)</u>	<u>(14.0)</u>
<b>Balance at 31 December 2009</b>	<u><b>516.9</b></u>	<u><b>(33.3)</b></u>	<u><b>35.8</b></u>	<u><b>519.4</b></u>

*The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.*

Envestra Ltd  
**Consolidated Cash Flow Statement**  
For the half-year ended 31 December 2009

	Half-year ended	
Notes	2009 \$mill.	2008 \$mill.
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	242.3	232.1
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(89.6)</u>	<u>(83.4)</u>
	152.7	148.7
Interest received	0.2	0.5
Borrowing costs	<u>(71.2)</u>	<u>(69.7)</u>
<b>Net cash inflow from operating activities</b>	<u>81.7</u>	<u>79.5</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(49.0)	(58.3)
Proceeds from sale of property, plant and equipment	<u>1.0</u>	<u>0.9</u>
<b>Net cash outflow from investing activities</b>	<u>(48.0)</u>	<u>(57.4)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of stapled securities	22.2	18.8
Proceeds from borrowings	387.4	57.0
Repayment of borrowings	(398.6)	(57.9)
Distributions paid	(35.9)	(40.1)
Debt and capital raising costs	<u>(10.5)</u>	<u>(1.4)</u>
<b>Net cash outflow from financing activities</b>	<u>(35.4)</u>	<u>(23.6)</u>
<b>Net decrease in cash and cash equivalents</b>	(1.7)	(1.5)
Cash and cash equivalents at the beginning of the half-year	<u>6.2</u>	<u>10.8</u>
<b>Cash and cash equivalents at the end of the half-year</b>	<u>4.5</u>	<u>9.3</u>

*The above Consolidated Cash Flow Statement is to be read in conjunction with the accompanying notes.*

## 1 Summary of significant accounting policies

This general purpose financial report for the half-year ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Envestra Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the financial year ended 30 June 2009 and the previous corresponding reporting period.

## 2 Income tax expense

	Half-year ended	
	2009	2008
	\$mill.	\$mill.
<b>(a) Income tax expense</b>		
Deferred tax	<u>12.2</u>	<u>12.3</u>
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets	(3.5)	(5.5)
Increase in deferred tax liabilities	<u>15.7</u>	<u>17.8</u>
	<u>12.2</u>	<u>12.3</u>
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit from continuing operations before income tax expense	<u>44.4</u>	<u>38.4</u>
Tax at the Australian tax rate of 30%	13.3	11.5
Tax effect of amounts which are not deductible /(taxable) in calculating taxable income:		
Interest on loan notes	-	0.6
	<u>13.3</u>	<u>12.1</u>
Investment allowance	(1.1)	-
Unrecognised capital loss	-	0.2
Total income tax expense	<u>12.2</u>	<u>12.3</u>
<b>(c) Amounts recognised directly in equity</b>		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity		
Net deferred tax – debited directly to equity	<u>9.5</u>	<u>(40.2)</u>
<b>(d) Unrecognised temporary differences</b>		
Deferred tax assets not recognised	<u>2.1</u>	<u>2.1</u>

### 3 Distributions/Dividends

	Half-year ended	
	2009	2008
	\$mill.	\$mill.
<b>(a) Amounts paid in October (November in 2008) (cents per security)</b>		
Interest on loan notes: nil (2009); 0.37 cents (2008)	-	3.3
Principal on loan notes: nil (2009); 4.13 cents (2008)	-	36.8
Unfranked dividend: 2.75 cents (2009); nil (2008)	<b>35.9</b>	-
	<b>35.9</b>	<b>40.1</b>

#### (b) Dividends not recognised at year end

In addition to the above dividends, since the end of the half-year the directors have resolved to pay an interim dividend of 2.75 cents per fully paid ordinary share franked to 54.6%. The aggregate amount of the proposed dividend expected to be paid on 30 April 2010, but not recognised as a liability at half-year end, is \$37.0 million.

### 4 Events occurring after the balance sheet date

On 4 February 2010, Envestra announced it had reached agreement with US bond investors for a US\$150 million, 17-year debt facility. The loan can be drawn-down at any time through to 1 July 2010 and matures on 1 July 2027. The US dollar debt has been fully hedged by swapping to Australian currency so that no foreign exchange risk arises during the term of the debt.

No other significant events have occurred after the balance sheet date.

### 5 Net tangible asset backing

	Half-year ended	
	2009	2008
Net tangible asset backing per ordinary share	-5 cents	-24 cents
(Net assets add back Loan Notes principal less intangibles)		

### 6 Securities on issue

	Number
Securities on issue at 1 July 2009	1,307,029,746
Issued during the period	39,872,296
Securities on issue at 31 December 2009	<u>1,346,902,042</u>

### 7 Contingent Liability

The Company has been notified by APA Group (which owns 31% of Envestra's shares) of a claim for additional overhead costs that it believes are payable by Envestra under the terms of the Operating and Management (O&M) Agreement.

The claim amounts to \$2.2 million in respect to the 2008/09 year, and we have been advised that a similar claim may be made in respect of 2009/10 and future years.

Envestra believe the additional costs are not consistent with either the relevant terms of the O&M Agreements, nor representations made by APA at the time the O&M contract was transferred from the Origin Energy subsidiary to the current APA operating companies. No provision for the claim has been included in the financial statements at 31 December 2009.

## 8 Segment information

### (a) Description of segments

Management has determined the operating segments based on the reports reviewed by Management that are used to assess the performance of, and allocate resources within, the Group. The Group operates gas distribution networks and transmission pipelines in various states and the Northern Territory within Australia. Management considers the business from a geographic perspective and has identified three reportable segments.

### (b) Segment information provided to Envestra Management

The segment information provided to Management for the reportable segments for the half-year ended 31 December 2009 is disclosed in the tables below. The measurement of these amounts is consistent with the financial statements.

Half-year 2009	Victoria and NSW \$mill.	South Australia and other \$mill.	Queensland \$mill.	Unallocated \$mill.	Consolidated \$mill.
Total revenue from continuing operations	94.9	80.4	31.0	0.2	206.5
Other revenue/income	0.2	-	-	-	0.2
Total segment revenue/income	<u>95.1</u>	<u>80.4</u>	<u>31.0</u>	<u>0.2</u>	<u>206.7</u>
Profit before interest expense	56.0	41.9	18.5	0.2	116.6
Interest expense (excluding amortisation of borrowing costs)					(72.2)
Profit before income tax					<u>44.4</u>
Income tax expense					<u>(12.2)</u>
<b>Net profit after tax</b>					<u>32.2</u>
Segment assets	1,437.6	882.5	317.4	4.5	2,642.0
Segment liabilities	34.7	30.5	1.1	2,056.3	2,122.6
Acquisitions of property, plant and equipment	19.5	16.0	10.3	-	45.8
Depreciation expense	11.1	11.6	4.1	-	26.8
Other non-cash expenses	1.1	0.8	-	-	1.9
<b>Half-year 2008</b>					
	Victoria and NSW \$mill.	South Australia and other \$mill.	Queensland \$mill.	Unallocated \$mill.	Consolidated \$mill.
Total revenue from continuing operations	91.1	83.6	28.0	0.5	203.2
Other revenue/income	5.9	-	-	-	5.9
Total segment revenue/income	<u>97.0</u>	<u>83.6</u>	<u>28.0</u>	<u>0.5</u>	<u>209.1</u>
Profit before interest expense	61.3	45.5	14.8	0.5	122.1
Interest expense (including interest on loan notes, excluding amortisation of borrowing costs)					(83.7)
Profit before income tax					<u>38.4</u>
Income tax expense					<u>(12.3)</u>
<b>Net profit after tax</b>					<u>26.1</u>
Segment assets	1,419.0	869.5	305.1	9.3	2,602.9
Segment liabilities	21.1	28.6	2.0	2,191.3	2,243.0
Acquisitions of property, plant and equipment	22.7	21.8	8.9	-	53.4
Depreciation expense	10.9	13.4	3.9	-	28.2
Other non-cash expenses	1.4	1.5	-	-	2.9

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 15 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards, the *Corporations Regulation 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Envestra Ltd will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Directors.



John Geoffrey Allpass  
Chairman

Adelaide  
25 February 2010

## Independent auditor's review report to the members of Envestra Limited

### Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Envestra Limited, which comprise the balance sheet as at 31 December 2009, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Envestra Limited Group (the consolidated entity). The consolidated entity comprises both Envestra Limited (the company) and the entities it controlled during that half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Envestra Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

**Independent auditor's review report to the members of  
Envestra Limited (continued)**

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Envestra Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

DR Clark  
Partner

*DR Clark*

Adelaide  
25 February 2010