

25 February 2010

- Profit after Tax of \$32.2M – up 23%
- One-off franking (54.6%) of dividend



Envestra Limited, Australia's largest natural gas distribution company, today confirmed previous advice to the market of a **Profit after Tax of \$32.2 million** for the half-year ended 31 December 2009.

The Company also announced that a 2.75 cent dividend will be paid on 30 April, and that a one-off franking of 54.6% will apply to the dividend.

Other highlights for the half-year include:

- | | | | |
|--------------------------------------|----------------------------|----|-----------------|
| • Revenue from continuing operations | Up 2% | to | \$206.5 million |
| • Operating cash flow | Up 3% | to | \$81.7 million |
| • Net borrowing costs | Down 11% | to | \$73.9 million |
| • Gas volumes transported | Down 4% | to | 59.6 PJ |
| • Total consumers | Up 13,000 | to | 1.05 million |
| • Dividend (unfranked) | 2.75 cents (paid 30/10/09) | | |

The volume of gas delivered through the Company's distribution networks and transmission pipelines was 59.6 petajoules (61.9 PJ in the prior corresponding period). The volume of gas delivered to domestic and small industrial and commercial consumers was 3% lower reflecting warmer than normal weather in late 2009.

Total operating costs were up 10%, mostly the result of higher leak maintenance, consultancy and marketing costs.

Net borrowing costs were down 11% in the first-half due to significantly lower indexation costs on capital indexed bonds (\$10 million).

Total dividends paid in the first-half were \$35.9 million (\$40.1 million in 1H2008-09). Cashflow available to support the dividends was \$77.4 million, up 9%, representing a cashflow distribution coverage ratio of 2.2 times for the half-year.

Strong organic growth was recorded with around 13,000 new consumers connected to the distribution networks, reflecting the ongoing demand for natural gas connections in new housing subdivisions. The new consumers will add about \$3.5 million per annum to future revenue. As part of this growth 100 commercial customers were also connected to the networks. Commercial revenue now represents around 25% of Envestra's total haulage revenue, thereby adding further stability to the Company's financial performance due to the minimal exposure of commercial consumers to weather fluctuations.

The Group continued its substantial capital expenditure program spending \$49 million during the period on network extensions, mains and meter replacements and general upgrades to the networks.

A total of 132 kilometres of new mains were laid to accommodate the increase in consumers. The Company now has over 21,600 kilometres of distribution networks and transmission pipelines around the country.

Dividend

A dividend of 2.75 cents is to be paid to shareholders on 30 April, in line with previous guidance provided to the market.

The dividend will be franked to 54.6% . This one-off benefit is due to the existence of around \$8.7 million of franking credits that have been available for distribution to shareholders since Envestra's formation in 1997. However, the franking credits were unable to be made available to shareholders whilst payments 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 the April dividend will be a one-off event as Envestra is not expecting to generate further franking credits in the foreseeable future. The dividend contains no Conduit Foreign Income.

The Company's Dividend Reinvestment Plan will apply to the payment, with the new shares to be issued at a 2.5% discount to the 10-day VWAP commencing on 6 April.

The relevant dates for the dividend are as follows:

15 March	Shares trade ex-dividend
19 March	Record date
6 to 19 April	DRP pricing (VWAP over 10 business days, less 2.5% discount)
30 April	Dividend payment

Outlook

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.

For further information contact:

Paul May, Group Manager, Finance and Risk
Des Petherick, Company Secretary and Manager Corporate Services

Telephone: (08) 8227 1500