



# Challenger Infrastructure Fund

Reporting Pack – 30 June 2008

## Challenger Infrastructure Fund

Comprising:

CIF Investment Trust 1 ARSN 114 139 703

CIF Investment Trust 2 ARSN 114 139 632

## Responsible Entity

Challenger Listed Investments Limited

ABN 94 055 293 644

AFSL 236887



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## Introduction

The CIF Reporting Pack has been prepared to assist analysts and investors in understanding the investments and structure of CIF. The Reporting Pack does not purport to forecast the asset value, income or distribution of CIF or any other entity. Any assumptions or values contained in the Reporting Pack are intended as a guide to analysts and investors only and do not represent forecasts by either the Responsible Entity of CIF or any of their respective associates.

The reporting pack has been sourced from the CIF statutory financial report and management reports from our assets. The reporting pack has not been audited. The recipient should do their own research and form their own judgment in relation to information contained in this reporting pack.

### **Portfolio of Assets**

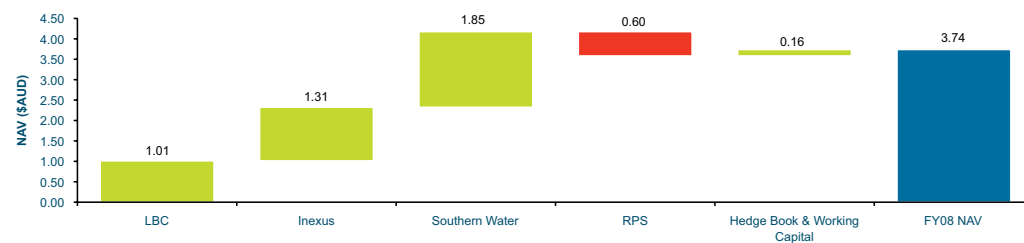
The portfolio of assets held by CIF at 30 June 2008 includes:

- 80.4% interest in Inexus;
- 66.2% interest in LBC;
- 23.4% interest in Southern Water

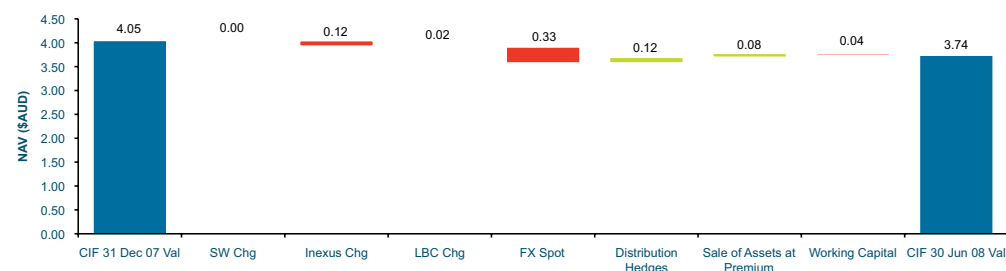
## CIF Group Assets Under Management

A\$ millions	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005	% Mvt. 07 – 08
LBC	352.6	363.8	323.7	–	–	–	8.9%
Inexus	457.2	543.7	545.5	474.0	424.5	355.7	(16.2%)
Southern Water	645.6	707.4	–	–	–	–	N/A
Arqiva	–	285.7	298.0	127.1	127.4	118.9	Large
North DN	–	92.4	92.0	96.6	94.4	85.2	Large
Wales & West	–	94.1	91.8	96.4	96.6	87.2	Large
<b>Total Assets Under Management</b>	<b>1,455.3</b>	<b>2,087.1</b>	<b>1,351.0</b>	<b>794.1</b>	<b>743.0</b>	<b>647.0</b>	<b>8%</b>
Fund level senior debt	(381.3)	(488.9)	(230.0)	–	(284.4)	(301.0)	66%
Asset Sale Proceeds Receivable	244.5	–	–	–	–	–	N/A
Cash available to repay debt	136.8	–	–	–	–	–	N/A
<b>Fund level senior debt after asset sales</b>	<b>–</b>	<b>(488.9)</b>	<b>(230.0)</b>	<b>–</b>	<b>(284.4)</b>	<b>(301.0)</b>	<b>66%</b>
Redeemable Preference Shares	(207.4)	(222.0)	–	–	–	–	N/A
Fund level foreign currency distribution hedges	55.2	13.8	13.7	(15.5)	(10.2)	4.0	Large
Equity Instalment Receivables	–	–	–	–	419.9	419.9	N/A
Fund working capital	(0.3)	13.9	(1.7)	160.3	7.1	29.5	Large
<b>NAV</b>	<b>1,302.9</b>	<b>1,403.8</b>	<b>1,133.0</b>	<b>938.9</b>	<b>875.5</b>	<b>799.3</b>	<b>15.0%</b>
Units on Issue	348.5	346.8	276.3	240.8	240.8	240.0	26.1%
<b>NAV per unit (\$)</b>	<b>3.74</b>	<b>4.05</b>	<b>4.10</b>	<b>3.90</b>	<b>3.64</b>	<b>3.33</b>	<b>(8.8%)</b>
<b>CAGR (%)</b>	<b>5.9%</b>						

CIF NAV per unit Build up – June 2008



CIF NAV per unit – December 2007 to June 2008



## CIF Group Assets Under Management

A\$ millions	Half year ended						% Mvt. 07 – 08
	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005	
<b>LBC</b>							
Opening Value	363.8	323.7	–	–	–	–	
Acquisitions/(Disposals) <sup>1</sup>	–	18.1	335.7	–	–	–	
Currency revaluation Impacts	(5.1)	21.9	(11.9)	–	–	–	
Asset revaluation	(6.1)	–	–	–	–	–	
<b>Closing value</b>	<b>352.6</b>	<b>363.8</b>	<b>323.7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8.9%</b>
<b>Inexus</b>							
Opening Value	543.7	545.5	474.0	424.5	355.7	–	
Acquisitions/(Disposals)	–	–	–	–	–	363.6	
Currency revaluation Impacts	(46.4)	(22.6)	(22.6)	(1.0)	22.6	(7.9)	
Asset revaluation	(40.2)	20.8	94.0	50.6	46.2	–	
<b>Closing value</b>	<b>457.2</b>	<b>543.7</b>	<b>545.5</b>	<b>474.0</b>	<b>424.5</b>	<b>355.7</b>	<b>(16.2%)</b>
<b>Southern Water</b>							
Opening Value	707.4	–	–	–	–	–	
Acquisitions/(Disposals) <sup>2</sup>	–	702.2	–	–	–	–	
Currency revaluation Impacts	(60.3)	5.2	–	–	–	–	
Asset revaluation	(1.5)	–	–	–	–	–	
<b>Closing value</b>	<b>645.6</b>	<b>707.4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>N/A</b>
<b>Arqiva<sup>4</sup></b>							
Opening Value	285.7	298.0	127.1	127.4	118.9	–	
Acquisitions/(Disposals) <sup>3</sup>	(257.8)	–	154.7	–	–	125.5	
Currency revaluation Impacts	(28.8)	(12.3)	(11.4)	(0.3)	7.6	(6.6)	
Asset revaluation	0.9	–	27.7	–	1.0	–	
<b>Closing value</b>	<b>–</b>	<b>285.7</b>	<b>298.0</b>	<b>127.1</b>	<b>127.4</b>	<b>118.9</b>	<b>Large</b>
<b>North DN<sup>4</sup></b>							
Opening Value	92.4	92.0	96.6	94.4	85.2	–	
Acquisitions/(Disposals)	(98.9)	–	–	–	–	86.6	
Currency revaluation Impacts	(4.0)	(3.8)	(4.6)	2.2	5.4	(1.3)	
Asset revaluation	10.5	4.2	–	–	3.8	–	
<b>Closing value</b>	<b>–</b>	<b>92.4</b>	<b>92.0</b>	<b>96.6</b>	<b>94.4</b>	<b>85.2</b>	<b>Large</b>
<b>Wales &amp; West<sup>4</sup></b>							
Opening Value	94.1	91.8	96.4	96.6	87.2	–	
Acquisitions/(Disposals)	(110.4)	–	–	–	–	90.9	
Currency revaluation Impacts	(1.5)	(3.8)	(4.6)	(0.2)	5.5	(3.7)	
Asset revaluation	17.8	6.1	–	–	3.9	–	
<b>Closing value</b>	<b>–</b>	<b>94.1</b>	<b>91.8</b>	<b>96.4</b>	<b>96.6</b>	<b>87.2</b>	<b>Large</b>

## Footnotes

<sup>1</sup> August 2007 acquisition of CIF pro-rata share of acquisition of 66% of Eastern Tankstore Shanghai Shipping Ltd (ETSSL)

<sup>2</sup> Southern Water acquisition includes \$27.3m of capitalised transaction costs

<sup>3</sup> April 2007 acquisition of CIF pro-rata share of Arqiva acquisition of National Grid Wireless (NGW)

<sup>4</sup> Sold during the year ended 30 June 2008.

<sup>5</sup> Foreign exchange rates used:

	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
AUD/GBP	2.0738	2.2671	2.3649	2.4831	2.4895	2.3403
AUD/EUR	1.6418	1.6651	1.5919	–	–	–

## CIF Fund Distributions

A\$ millions	Forecast 2009	Actual 2008	Actual 2007	Actual 2006 <sup>1</sup>
Investment Income				
– Inexus	22.6	53.4	47.6	9.3
– LBC Terminals	22.9	28.2	–	–
– Southern Water	96.5	23.2	–	–
– Arqiva	–	23.0	12.4	18.4
– W&W	–	8.3	7.1	6.9
– NOE	–	9.2	8.4	5.6
Management Fees <sup>2</sup>	(6.2)	–	–	–
Cash Expenses	(3.6)	(2.1)	(1.0)	(0.6)
Realised FX Gains/(Losses)	1.1	8.7	0.9	1.5
Interest Expense – Redeemable Preference Share	(10.8)	(5.9)	–	–
Net interest – Fund level net senior debt	(6.1)	(23.0)	6.1	1.8
<b>Current year cash flow used to fund distribution</b>	<b>116.4</b>	<b>123.1</b>	<b>81.5</b>	<b>42.9</b>
Prior year brought forward asset distributions used to fund distribution	2.7	–	2.1	–
Distribution Paid	(119.1)	(118.2)	(83.6)	(34.1)
<b>Surplus current year cash flow above distribution requirements</b>	<b>–</b>	<b>4.8</b>	<b>–</b>	<b>8.8</b>
<b>Surplus cash flow derived from assets above Fund distributions</b>				
Prior year carried forward surplus cash flow above distribution requirements	11.6	6.7	8.8	–
Surplus derived in current period	–	4.8	–	8.8
Utilised during the period to fund distributions	(2.7)	–	(2.1)	–
Utilised during the period to repay debt	(3.5)	–	–	–
<b>Carried forward available for future distribution and working capital requirements</b>	<b>5.4</b>	<b>11.6</b>	<b>6.7</b>	<b>8.8</b>
<b>Capital Financing</b>				
Opening Balance	134.2	6.8	–	–
Surplus cash to repay debt	3.5	–	–	–
Capital Raisings	–	249.7	556.7	401.5
Drawdowns – Redeemable Preference Share	–	225.0	–	–
Net drawdowns/(Repayments) – Fund level senior debt <sup>3</sup>	(382.2)	179.9	(61.1)	262.1
Net (acquisitions)/sales	244.5	(527.2)	(488.8)	(663.6)
Closing Capital Financing Cash Balance	–	134.2	6.8	–
<b>Closing Cash Balance incl Cap Fin</b>	<b>5.4</b>	<b>145.8</b>	<b>13.5</b>	<b>8.8</b>
Units on issue	350.2	348.5	276.3	240.0
<b>Distribution per unit (DPU)</b>	<b>34.0</b>	<b>34.0</b>	<b>32.1</b>	<b>14.2</b>
CAGR % <sup>4</sup>		9.3%		

## Footnotes

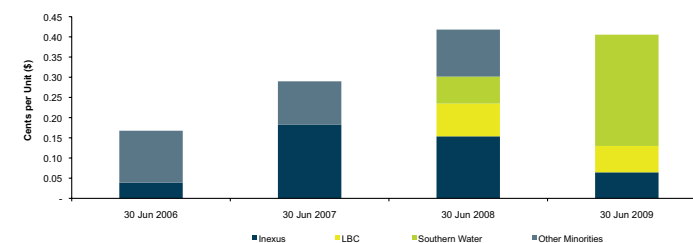
<sup>1</sup> Period from IPO (August 2005) to 30 June 2006. During the period, CIF was partly paid to \$1.75

<sup>2</sup> For periods beginning on or after 1 January 2009, management fees will be paid in cash pursuant to the terms of the Investment Management Agreement with Challenger Management Services Limited.

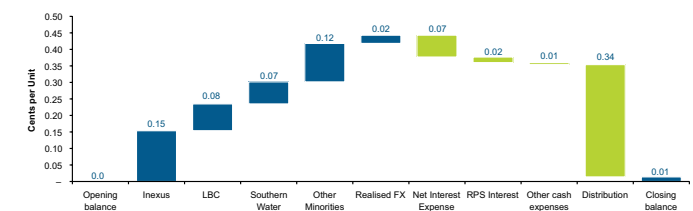
<sup>3</sup> Includes debt issue costs.

<sup>4</sup> CAGR calculated to normalise 2006 to a fully paid basis (equivalent to 28.4¢).

<sup>5</sup> Before fund level interest, fees and expenses.

 CIF distribution<sup>5</sup> composition (by asset)


CIF 2008 distribution waterfall



## CIF Proportionate EBITDA from continuing operations

A\$ millions	Actual 30 Jun 2008	Actual 30 Jun 2007 <sup>1</sup>
Asset EBITDA (CIF Share)		
– LBC <sup>1</sup>	61.6	3.9
– Inexus	41.2	37.4
– Southern Water <sup>2</sup>	167.3	–
– Arqiva <sup>3</sup>	16.5	19.7
– NOE <sup>4</sup>	12.6	11.4
– W&W <sup>5</sup>	16.2	11.5
<b>Total Asset EBITDA (CIF Share)</b>	<b>315.5</b>	<b>83.9</b>
Management Fees	(8.9)	(9.7)
Realised exchange gains/(losses) foreign currency hedges	11.7	0.3
Operating expenses	(3.5)	(1.1)
<b>CIF Proportionate EBITDA</b>	<b>314.8</b>	<b>73.6</b>
<b>Normalisation Adjustments</b>		
– Arqiva	(16.5)	(19.7)
– NOE	(12.6)	(11.4)
– W&W	(16.2)	(11.5)
Southern Water – June 2007 to acquisition	70.8	–
Southern Water – Year ended 30 June 2007	–	227.5
LBC – 11 months to 31 May 2007	–	51.0
<b>CIF proportionate from continuing operations</b>	<b>340.3</b>	<b>309.5</b>

**Footnotes**

<sup>1</sup> FY 2007 data for LBC is in relation to the one month period from acquisition (1 June 2007) to 30 June 2007 and 2008 is for the full year ended 30 June 2008.

<sup>2</sup> For the period since acquisition (15 October 2007) to 30 June 2008.

<sup>3</sup> For the period from 1 July 2007 to sale date of 21 May 2008.

<sup>4</sup> For the period from 1 July 2007 to sale date of 14 March 2008.

<sup>5</sup> For the period from 1 July 2007 to sale date of 20 March 2008.

## LBC

### Key Financial Metrics<sup>1</sup>

Performance metrics € millions	Year ended 30 Jun 2008	Half Year ended		30 Jun 2007 <sup>2</sup>
		30 Jun 2008	31 Dec 2007	
Revenue	146.6	74.6	72.0	11.5
EBITDA	57.4	29.8	27.6	3.7
EBITDA Margin (%)	39.1%	39.9%	38.3%	32.4%
Utilisation (%)	94%			95.0%
Growth Capex	67.9	34.8	33.1	5.4
Distributions paid to CIF	17.2	7.3	9.8	–
Capacity (Cm <sup>3</sup> '000)	2,786			

LBC Segments € millions	Year ended 30 Jun 2008	Half Year ended	
		30 Jun 2008	31 Dec 2007
<b>LBC USA</b>			
Revenue	47.9	24.8	23.1
EBITDA	27.5	14.9	12.5
EBITDA Margin (%)	57.4%	60.2%	54.3%
Growth Capex	32.6	17.9	14.7
Capacity (Cm <sup>3</sup> '000)	1,336		
Utilisation (%)	99%		
<b>LBC Europe (including France)</b>			
Revenue	95.3	47.7	47.6
EBITDA	28.1	13.8	14.3
EBITDA Margin (%)	29.5%	29.0%	30.0%
Growth Capex	35.3	16.9	18.4
Capacity (Cm <sup>3</sup> '000)	1,384		
Utilisation (%)	91%		
<b>LBC Asia</b>			
Revenue	3.4	2.1	1.3
EBITDA	1.8	1.0	0.8
EBITDA Margin (%)	52.5%	48.0%	59.7%
Growth Capex	–	–	–
Capacity (Cm <sup>3</sup> '000)	66		
Utilisation (%)	93%		

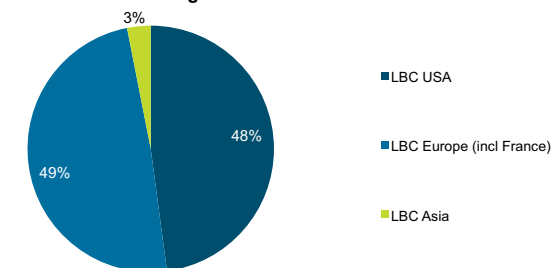
### Footnotes

<sup>1</sup> All metrics are shown for 100% of LBC unless otherwise stated.

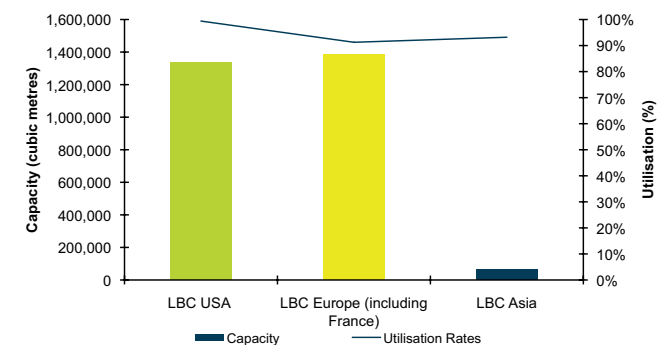
<sup>2</sup> Performance for the one month from acquisition to 30 June 2007

<sup>3</sup> Capacity refers to existing capacity including capacity under construction.

LBC EBITDA Region - June 2008



LBC Capacity and Utilisation – FY 2008



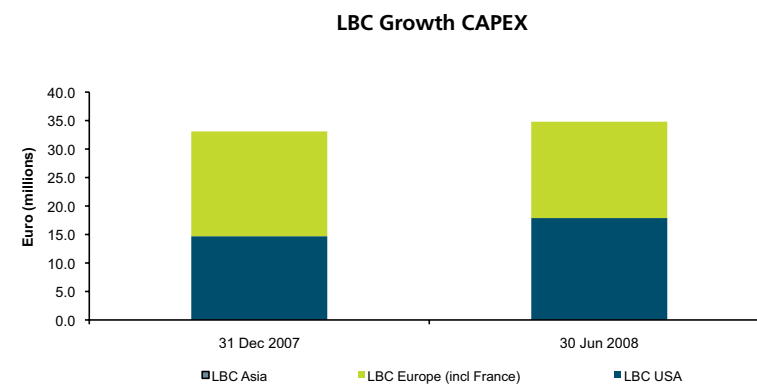
## LBC

## Distribution Waterfall

€ millions	30 Jun 2008
Revenue	146.6
EBITDA	57.4
Net interest and fees	(25.2)
Maintenance CAPEX	(15.1)
Other <sup>1</sup>	(9.0)
<b>Operating Cashflow</b>	<b>8.0</b>
Growth CAPEX	(67.9)
Drawdowns/(repayments) of debt to fund growth capex	71.5
Surplus cash reserves from debt drawn to fund future CAPEX	(3.6)
Acquisitions	(25.1)
Equity inflow to fund acquisitions	16.3
Cash reserves to fund acquisitions & growth capex	8.8
Cash reserves to fund distributions	17.9
<b>Equity distribution</b>	<b>25.9</b>
Operating cash flow coverage (%)	31%
Cash reserves	69%
<b>Distribution free cash flow coverage (%)</b>	<b>100%</b>
Debt Funding (%)	–
<b>Total</b>	<b>100%</b>
CIF Ownership %	66.2%
<b>CIF Share of Distribution</b>	<b>17.2</b>
Blended Hedge Rate (AUD/EUR)	1.6449
<b>CIF Distribution (AUDm)</b>	<b>28.2</b>

## Footnote

<sup>1</sup> Other includes working capital and tax.



## LBC

Debt Capital € millions	Half Year ended		
	30 Jun 2008	31 Dec 2007	30 Jun 2007
Senior debt	313.1	316.7	325.6
Junior debt	49.2	42.9	40.0
Other debt	44.4	22.0	12.3
<b>Total debt</b>	<b>406.6</b>	<b>381.6</b>	<b>377.9</b>
Total facilities available	478.5		
Undrawn Facilities	71.9		
<b>Net Debt</b> € millions	<b>Half Year ended</b>		
	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>	<b>30 Jun 2007</b>
Total debt	406.6	381.6	377.9
Net cash and reserves	34.8	39.6	26.3
Net debt	371.9	342.0	351.6
<b>LBC Enterprise Value</b> € millions	<b>Half Year ended</b>		
	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>	<b>30 Jun 2007</b>
<b>LBC Equity Valuation (100%)</b>			
Opening Value	330.0	309.0	–
Acquisitions <sup>1</sup>	–	15.4	309.0
Asset revaluation	(5.6)	5.6	–
<b>Closing equity value</b>	<b>324.4</b>	<b>330.0</b>	<b>309.0</b>
<b>Enterprise Value (EV)</b>			
Equity value	324.4	330.0	309.0
Net Debt	371.9	342.0	351.6
<b>Enterprise Value (EV)</b>	<b>696.3</b>	<b>672.0</b>	<b>660.6</b>
Debt to EV (%)	53.4%	50.9%	53.2%
CIF Ownership Interest (%)	66.2%	66.2%	66.0%
<b>CIF Share EV</b>			
Opening Value	218.5	203.9	–
Acquisitions/(Disposals) <sup>1</sup>	–	10.8	203.9
Asset revaluation	(3.7)	3.8	–
<b>Closing equity value</b>	<b>214.8</b>	<b>218.5</b>	<b>203.9</b>
Net Debt	246.2	226.4	232.1
Enterprise Value (EV)	460.9	444.8	436.0
Debt to EV (%)	53.4%	50.9%	53.2%

## Footnotes

<sup>1</sup> August 2007 acquisition of CIF pro-rata share of acquisition of 66% of Eastern Tankstore Shanghai Shipping Ltd (ETSSL)

## Inexus

### Performance metrics<sup>1</sup>

£ millions	Full Year ended			Half Year ended					
	30 Jun 2008	30 Jun 2007	30 Jun 2006 <sup>2</sup>	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005 <sup>2</sup>
Revenue	43.5	32.0	23.4	23.6	19.9	16.7	15.4	14.4	9.0
EBITDA	23.1	18.9	11.8	12.0	11.1	9.4	9.5	7.7	4.1
Underlying EBITDA <sup>3</sup>	24.4	18.9	11.8	13.3	11.3	9.4	9.5	7.7	4.1
Underlying EBITDA Margin (%)	55.9%	59.1%	50.4%	56.0%	56.9%	56.5%	61.9%	53.7%	45.0%
Distributions paid to CIF	21.7	19.3	3.8	10.7	11.0	5.6	13.7	–	3.8
% Revenue regulated	86.8%								
% Revenue unregulated	13.2%								

### Distribution waterfall

£ millions	30 Jun 2008	Year ended 30 Jun 2007
Revenue	43.5	32.0
Underlying EBITDA	24.4	18.9
Net interest and fees	(14.4)	(11.2)
Other <sup>4</sup>	0.2	0.6
<b>Operating Cashflow</b>	<b>10.2</b>	<b>8.3</b>
Growth CAPEX	(25.8)	(20.3)
Start-up business – EBITDA	(1.2)	–
Acquisitions	(15.0)	–
Drawdowns/(repayments) of debt <sup>5</sup>	58.8	36.0
<b>Equity distribution</b>	<b>27.0</b>	<b>24.1</b>
Operating cash flow coverage (%)	38%	35%
Cash reserves	–	–
<b>Distribution free cash flow coverage (%)</b>	<b>38%</b>	<b>35%</b>
Debt Funding (%)	62%	65%
<b>Total</b>	<b>100%</b>	<b>100%</b>
CIF Ownership %	80.4%	80.3%
<b>CIF Share of Distribution</b>	<b>21.7</b>	<b>19.3</b>
Blended Hedge Rate (A\$/£)	2.4631	2.4631
<b>CIF Distribution (A\$m)</b>	<b>53.4</b>	<b>47.6</b>

#### Footnotes

<sup>1</sup> All metrics are shown for 100% of Inexus unless otherwise stated.

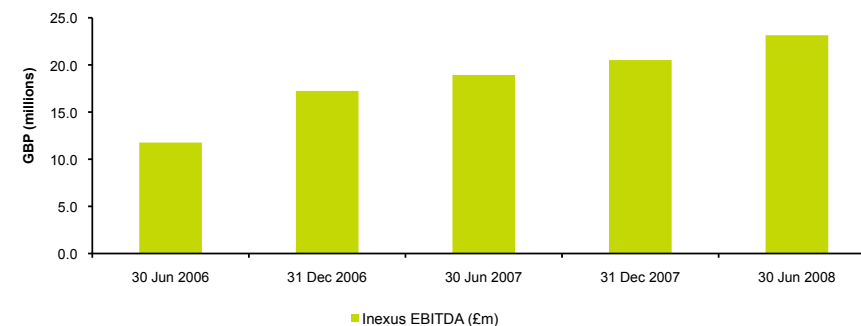
<sup>2</sup> Period commences from acquisition date (1 September 2005).

<sup>3</sup> Underlying EBITDA reflects the EBITDA of Inexus excluding the EBITDA of the start up Water and Fibre businesses.

<sup>4</sup> Includes working capital and tax paid.

<sup>5</sup> Drawdowns of debt are £6.8m higher in the cashflow waterfall compared to the debt capital table due to timing on debt drawn for FY08 distribution (August 2008 compared to debt balances at 30 June 2008).

### Inexus EBITDA (Rolling 12 months)

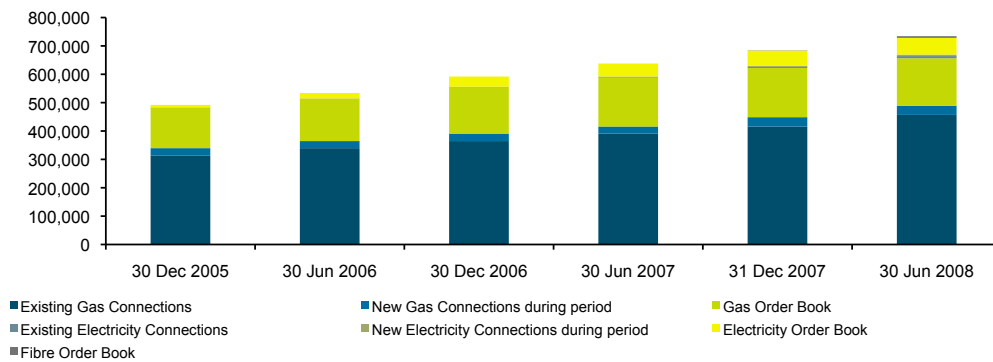


## Inexus

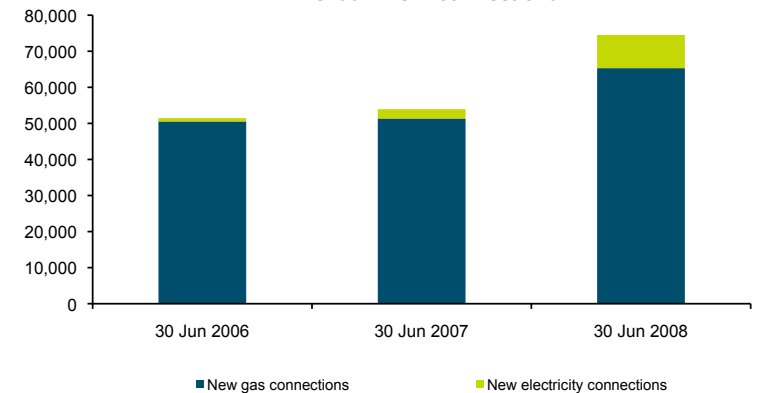
### Connections

	2008	Full Year ended 2007	2006	30 Jun 2008	31 Dec 2007	Half Year ended 30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
<b>Sales</b>									
Gas	60,878	77,278	67,035	27,065	33,813	35,682	41,596	34,854	32,181
Electricity	24,377	28,641	15,365	12,245	12,132	11,563	17,078	10,537	4,828
Water	7,883	–	–	6,913	970	–	–	–	–
Fibre	6,059	–	–	5,089	970	–	–	–	–
<b>Total</b>	<b>99,197</b>	<b>105,919</b>	<b>82,400</b>	<b>51,312</b>	<b>47,885</b>	<b>47,245</b>	<b>58,674</b>	<b>45,391</b>	<b>37,009</b>
<b>Gas Connections</b>									
Opening gas connections	415,878	364,535	314,006	456,831	415,878	390,889	364,535	339,567	314,006
Additions	8,071	–	–	–	8,071	–	–	–	–
New gas connections	65,313	51,343	50,529	32,431	32,882	24,989	26,354	24,968	25,561
<b>Closing gas connections</b>	<b>489,262</b>	<b>415,878</b>	<b>364,535</b>	<b>489,262</b>	<b>456,831</b>	<b>415,878</b>	<b>390,889</b>	<b>364,535</b>	<b>339,567</b>
<b>Electricity Connections</b>									
Opening gas connections	3,572	983	55	7,560	3,572	1,723	983	331	55
New electricity connections	9,200	2,589	928	5,212	3,988	1,849	740	652	276
<b>Closing electricity connections</b>	<b>12,772</b>	<b>3,572</b>	<b>983</b>	<b>12,772</b>	<b>7,560</b>	<b>3,572</b>	<b>1,723</b>	<b>983</b>	<b>331</b>
<b>Total Connections</b>	<b>502,034</b>	<b>419,450</b>	<b>365,518</b>	<b>502,034</b>	<b>464,391</b>	<b>419,450</b>	<b>392,612</b>	<b>365,518</b>	<b>339,898</b>
<b>Total Order Book</b>	<b>240,224</b>	<b>218,461</b>	<b>168,553</b>	<b>240,224</b>	<b>228,952</b>	<b>218,461</b>	<b>199,419</b>	<b>168,553</b>	<b>152,200</b>
<b>Total Connections &amp; Order Book</b>	<b>742,258</b>	<b>637,911</b>	<b>534,071</b>	<b>742,258</b>	<b>693,343</b>	<b>637,911</b>	<b>592,031</b>	<b>534,071</b>	<b>492,098</b>

Inexus Connections and Order Book



Inexus – New Connections



### Footnotes

<sup>1</sup> Acquired EGS connections balance of 8,071

## Inexus

<b>Debt capital £ millions</b>	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>	<b>30 Jun 2007</b>	<b>31 Dec 2006</b>	<b>30 Jun 2006</b>	<b>31 Dec 2005</b>
Senior debt	354.2	331.8	301.8	277.8	272.8	268.8
Junior debt	35.0	35.0	35.0	35.0	35.0	35.0
Other debt	–	–	–	–	–	–
<b>Total debt</b>	<b>389.2</b>	<b>366.8</b>	<b>336.8</b>	<b>312.8</b>	<b>307.8</b>	<b>303.8</b>
Total facilities available	475.0					
Undrawn Facilities	85.8					
<b>Net Debt</b>	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>	<b>30 Jun 2007</b>	<b>31 Dec 2006</b>	<b>30 Jun 2006</b>	<b>31 Dec 2005</b>
Total debt	389.2	366.8	336.8	312.8	307.8	303.8
Net cash and reserves	5.2	5.3	2.3	3.4	4.1	8.0
<b>Net debt</b>	<b>384.0</b>	<b>361.4</b>	<b>334.5</b>	<b>309.3</b>	<b>303.7</b>	<b>295.8</b>
<b>Enterprise Value £ millions</b>	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>	<b>30 Jun 2007</b>	<b>31 Dec 2006</b>	<b>30 Jun 2006</b>	<b>31 Dec 2005</b>
<b>Inexus Equity Valuation (100%)</b>						
Opening Value	298.4	287.0	237.5	212.3	189.1	–
Acquisitions/(Disposals)	–	–	–	–	–	189.1
Asset revaluation	(24.1)	11.4	49.5	25.3	23.1	–
<b>Closing equity value</b>	<b>274.3</b>	<b>298.4</b>	<b>287.0</b>	<b>237.6</b>	<b>212.2</b>	<b>189.1</b>
<b>Enterprise Value (EV)</b>						
Equity value	274.3	298.4	287.0	237.6	212.2	189.1
Net Debt	384.0	361.4	334.5	309.3	303.7	295.8
<b>Enterprise Value (EV)</b>	<b>658.3</b>	<b>659.8</b>	<b>621.5</b>	<b>546.9</b>	<b>515.9</b>	<b>484.9</b>
Debt to EV (%)	58.3%	54.8%	53.8%	56.6%	58.9%	61.0%
CIF Ownership Interest (%)	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%
<b>CIF Share EV</b>						
Opening Value	239.8	230.7	190.9	170.5	152.0	–
Acquisitions/(Disposals)	–	–	–	–	–	152.0
Asset revaluation	(19.4)	9.2	39.8	20.4	18.6	–
<b>Closing equity value</b>	<b>220.5</b>	<b>239.8</b>	<b>230.7</b>	<b>190.9</b>	<b>170.5</b>	<b>152.0</b>
Net Debt	308.6	290.5	268.8	248.6	244.1	237.7
<b>Enterprise Value (EV)</b>	<b>529.1</b>	<b>530.3</b>	<b>499.5</b>	<b>439.5</b>	<b>414.6</b>	<b>389.7</b>
Debt to EV (%)	58.3%	54.8%	53.8%	56.6%	58.9%	61.0%

## Southern Water

Performance metrics £ millions <sup>1</sup>	Period ended <sup>1</sup>	Half Year ended	
	30 Jun 2008	30 Jun 2008	31 Dec 2007
Revenue	448.4	318.4	130.0
EBITDA	321.4	231.7	89.7
EBITDA Margin (%)	71.7%	72.8%	69.0%
Distributions paid to CIF	9.6	9.6	–
% Revenue regulated	99%		
% Revenue unregulated	1%		
<b>Distribution waterfall</b>			
Distribution waterfall £ millions	Period ended		
	31 Mar 2008		
Revenue	277.7		
EBITDA	201.1		
Net interest and fees	(84.6)		
Maintenance CAPEX <sup>2</sup>	(23.8)		
Other <sup>3</sup>	(11.3)		
<b>Operating Cashflow</b>	<b>81.4</b>		
Capital expenditure	(165.5)		
Drawdowns/(repayments) of debt	21.7		
Excess cash and reserve accounts	103.5		
<b>Equity distribution</b>	<b>41.1</b>		
Operating cash flow coverage (%)	100%		
Cash reserves	–		
<b>Distribution free cash flow coverage (%)</b>	<b>100%</b>		
Debt Funding (%)	–		
<b>Total</b>	<b>100%</b>		
CIF Ownership %	23.4%		
<b>CIF Distribution Proportion</b>	<b>9.6</b>		
Blended Hedge Rate (A\$/£)	2.4116		
<b>CIF Distribution (A\$m)</b>	<b>23.2</b>		

**Footnotes**

<sup>1</sup> The period ended 31 Dec 2007 is from an acquisition date of 15 October 2007 to 31 December 2007

<sup>2</sup> Maintenance CAPEX relates to total infrastructure renewals expenditure within Southern Water

<sup>3</sup> Includes working capital and tax paid

## Southern Water

## Debt and Investment Balances

<b>Net Debt £ millions</b>	<b>Half Year ended</b>	
	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>
Senior debt	3,099.3	3,261.0
Junior debt	234.2	–
Other debt	–	–
<b>Total debt</b>	<b>3,333.5</b>	<b>3,261.0</b>
Total facilities available	3,612.5	–
Undrawn Facilities	279.0	–
<b>Net Debt £ millions</b>	<b>Half Year ended</b>	
	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>
Total debt	3,333.5	3,261.0
Net cash and Reserves	180.2	347.1
<b>Net debt</b>	<b>3,153.3</b>	<b>2,913.9</b>
<b>Southern Water Enterprise Value £ millions</b>	<b>Half Year ended</b>	
	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>
<b>Southern Water Equity Valuation (100%)</b>		
Opening Value	1,332.9	–
Acquisitions / (Disposals)	–	1,332.9
Asset revaluation	(3.1)	–
<b>Closing equity value</b>	<b>1,329.8</b>	<b>1,332.9</b>
<b>Enterprise Value (EV)</b>		
Equity value	1,329.8	1,332.9
Net Debt	3,153.3	2,913.9
<b>Enterprise Value (EV)</b>	<b>4,483.1</b>	<b>4,246.8</b>
Debt to EV	70.3%	68.6%
CIF Ownership Interest (%)	23.4%	23.4%
<b>CIF Share</b>		
Opening Value	312.0	–
Acquisitions / (Disposals) <sup>1</sup>	–	312.0
Asset revaluation	(0.7)	–
<b>Closing equity value</b>	<b>311.3</b>	<b>312.0</b>
Net Debt	738.2	682.1
Enterprise Value (EV)	1,049.5	994.2
Debt to EV	70.3%	68.6%

## Footnote

<sup>1</sup> Southern Water acquisition includes £17.0m of capitalised transaction costs at 31 December 2007.

## CIF Capital Management

## Proportionate Net Debt

\$A millions	30 Jun 2008	31 Dec 2007	30 Jun 2007	\$ Mvt 07-08	% Mvt 07-08
LBC	404.2	376.9	345.4	27.2	7.2%
Inexus	640.1	658.6	635.8	(18.5)	(2.8%)
Southern Water	1,530.9	1,545.8	–	(14.9)	(1.0%)
Arqiva	–	363.5	359.4	(363.5)	Large
North DN	–	128.5	127.4	(128.5)	Large
Wales & West	–	198.2	212.9	(198.2)	Large
Fund level senior debt <sup>1</sup>	–	488.9	218.0	(488.9)	Large
<b>Total</b>	<b>2,575.1</b>	<b>3,760.4</b>	<b>1,898.8</b>	<b>(1,185.3)</b>	<b>(31.5%)</b>
<b>Assets Under Management (\$Am)</b>	<b>1,455.3</b>	<b>2,087.1</b>	<b>1,351.0</b>		
Debt to Enterprise value <sup>1</sup> (%)	63.9	64.3	58.4		

## Footnote

<sup>1</sup> Fund level debt will be repaid post the receipt of the Arqiva sale proceeds in September 2008. The sources of the debt repayment at 30 June 2008 are as follows:

Fund level senior debt	(381.3)
Asset net sale proceeds receivable	244.5
Cash available to repay debt	136.8
Fund level senior debt after asset sales	–



## CIF Capital Management

## Debt capital

Debt as at 30 June 2008 \$A millions	Ownership (%)	Gross Debt	Cash <sup>1</sup>	Net Debt <sup>1</sup>	Proportional Gross Debt	Proportional Net Debt
LBC	66.2%	667.6	(57.1)	610.5	442.0	404.2
Inexus	80.4%	807.2	(10.8)	796.4	648.8	640.1
Southern Water	23.4%	6,913.1	(373.7)	6,539.9	1,618.4	1,530.9
Fund level senior debt <sup>2</sup>	100.0%	381.3	(381.3)	–	381.3	–
<b>Total</b>		<b>8,769.2</b>	<b>(822.9)</b>	<b>7,946.3</b>	<b>3,090.5</b>	<b>2,575.1</b>

Gearing ratio	Proportional % Gross	Proportional % Net
Assets Under Management (\$Am)	1,455.3	1,455.3
Debt to Enterprise Value <sup>3,4</sup> (%)	68.0%	63.9%

Debt as at 31 December 2007 \$A millions	Ownership (%)	Gross Debt	Cash <sup>1</sup>	Net Debt <sup>1</sup>	Proportional Gross Debt	Proportional Net Debt
LBC	66.2%	635.4	(66.0)	569.4	420.6	376.9
Inexus	80.4%	831.4	(12.0)	819.4	668.2	658.6
Southern Water	23.4%	7,392.9	(786.9)	6,606.0	1,729.9	1,545.8
Arqiva	6.3%	5,991.9	(240.3)	5,751.6	378.7	363.5
North DN	5.8%	2,219.0	(2.7)	2,216.3	128.7	128.5
Wales & West	8.6%	2,373.6	(77.3)	2,296.3	204.8	198.2
Fund level senior debt <sup>2</sup>	100.0%	488.9	–	488.9	488.9	488.9
<b>Total</b>		<b>19,933.2</b>	<b>(1,185.3)</b>	<b>18,747.9</b>	<b>4,019.9</b>	<b>3,760.4</b>

Gearing ratio	Proportional % Gross	Proportional % Net
Assets Under Management (\$Am)	2,087.1	2,087.1
Debt to Enterprise Value <sup>3,4</sup> (%)	65.8%	64.3%

Debt as at 30 June 2007 \$A millions	Ownership (%)	Gross Debt	Cash <sup>1</sup>	Net Debt <sup>1</sup>	Proportional Debt	Proportional Debt
LBC	66.0%	601.6	(78.3)	523.3	397.0	345.4
Inexus	80.4%	796.5	(5.4)	791.0	640.1	635.8
Arqiva	6.3%	6,250.3	(563.8)	5,686.5	395.0	359.4
North DN	5.8%	2,258.0	(61.2)	2,196.7	131.0	127.4
Wales & West	8.6%	2,519.8	(53.0)	2,466.8	217.5	212.9
Fund level senior debt	100.0%	218.0	–	218.0	218.0	218.0
<b>Total</b>		<b>12,644.1</b>	<b>(761.7)</b>	<b>11,882.4</b>	<b>1,998.6</b>	<b>1,898.8</b>

Gearing ratio	Proportional % Gross	Proportional % Net
Assets Under Management (\$Am)	1,351.0	1,351.0
Debt to Enterprise Value <sup>3,4</sup> (%)	59.7%	58.4%

## Footnotes

<sup>1</sup> Fund level senior debt cash is in respect of cash available to repay debt and asset net sale proceeds as at 30 June 2008.

<sup>2</sup> Net debt is converted to AUD from GBP at the following rates

	30 Jun 2008	31 Dec 2007	30 Jun 2007
AUD/GBP	2.0738	2.2671	2.3649
AUD/EUR	1.6418	1.6651	1.5919

<sup>3</sup> Excludes redeemable preference shares

<sup>4</sup> Enterprise Value (EV) is calculated as CIF equity value plus proportional net debt

## CIF Capital Management

### Debt Maturity Profile

Maturity profile – gross debt Local currency millions	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 and beyond	Total
LBC (€m)	–	4.6	7.7	–	–	362.2	32.1	406.6
Inexus (£m)	–	–	389.2	–	–	–	–	389.2
Southern Water (£m)	139.2	–	–	–	223.9	484.2	2,508.2	3,333.5
Fund level (\$Am) <sup>2</sup>	–	–	–	–	–	–	–	–

Maturity profile – gross debt \$A millions	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 and beyond	Total
LBC	–	7.5	12.6	–	–	594.7	52.8	667.6
Inexus	–	–	807.2	–	–	–	–	807.2
Southern Water	288.7	–	–	–	464.3	1,004.1	5,201.7	6,913.0
Fund level <sup>2</sup>	–	–	–	–	–	–	–	–
<b>Total</b>	<b>288.7</b>	<b>7.5</b>	<b>819.8</b>	<b>–</b>	<b>464.3</b>	<b>1,598.9</b>	<b>5,254.4</b>	<b>8,387.8</b>
<b>Percentage of total proportional debt</b>	<b>3.4%</b>	<b>0.1%</b>	<b>9.8%</b>	<b>–</b>	<b>5.5%</b>	<b>19.1%</b>	<b>62.1%</b>	<b>100.0%</b>

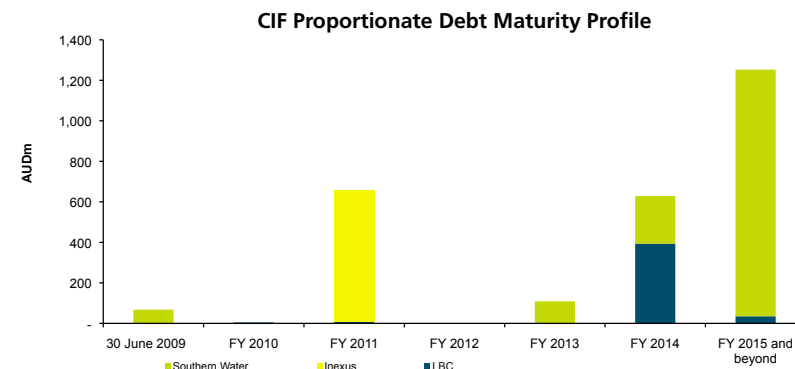
Maturity profile – proportional debt \$A millions	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 and beyond	Total
LBC	–	5.0	8.3	–	–	393.7	34.9	442.0
Inexus	–	–	648.8	–	–	–	–	648.8
Southern Water	67.6	–	–	–	108.7	235.1	1,217.7	1,618.4
Fund level <sup>2</sup>	–	–	–	–	–	–	–	–
<b>Total</b>	<b>67.6</b>	<b>5.0</b>	<b>657.1</b>	<b>–</b>	<b>108.7</b>	<b>628.8</b>	<b>1,241.9</b>	<b>2,709.1</b>
<b>Percentage of total proportional debt</b>	<b>2.5%</b>	<b>0.2%</b>	<b>24.3%</b>	<b>–</b>	<b>4.0%</b>	<b>23.2%</b>	<b>45.8%</b>	<b>100.0%</b>

#### Footnotes

<sup>1</sup> Foreign exchange rates used:

	30-Jun-08
GBP/AUD	2.0738
EUR/AUD	1.6418

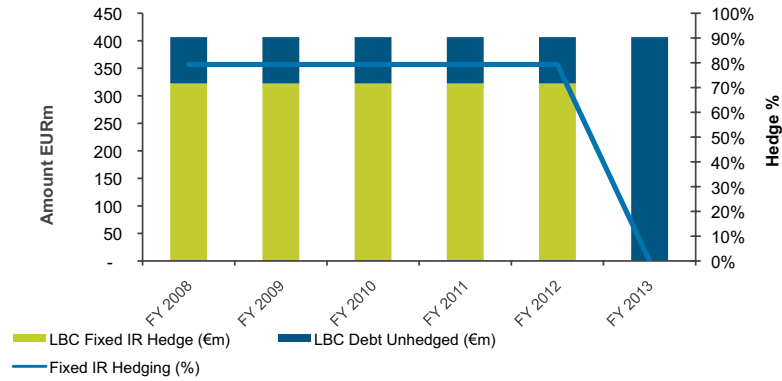
<sup>2</sup> It is anticipated that Fund level debt will be repaid in full by 30 September 2008 post the receipt of the Arqiva sale proceeds.



## CIF Capital Management

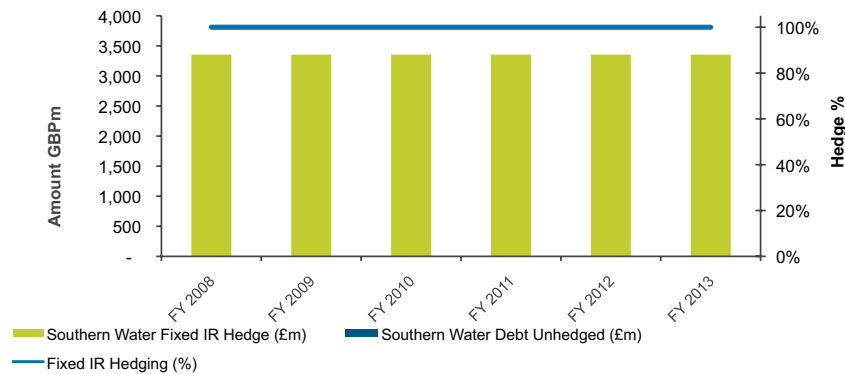
### Interest Rate Hedging Profile

#### 1. LBC Interest Rate Hedge (€m)



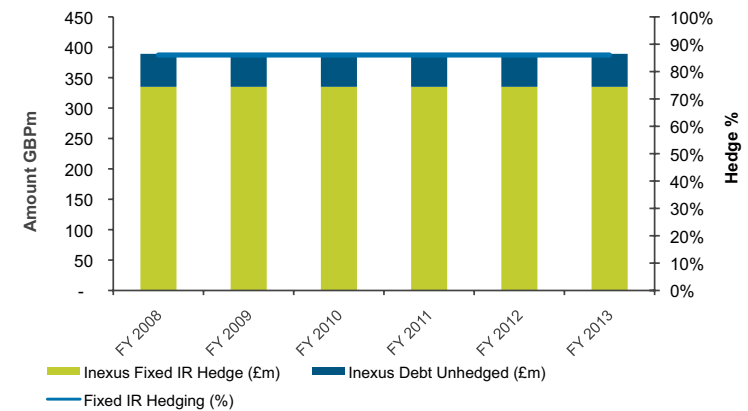
79% of total LBC debt outstanding at 30 June 2008 is interest rate hedged.

#### 3. Southern Water Interest Rate Hedge (£m)



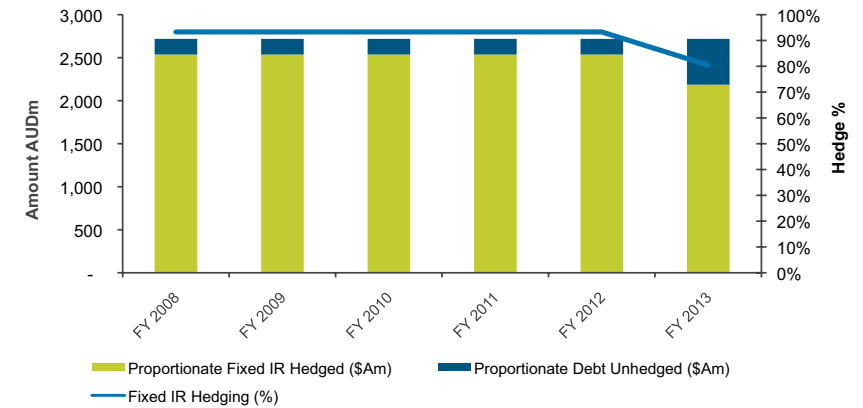
100% of total Southern Water debt outstanding at 30 June 2008 is hedged into either index linked or fixed rate obligations

#### 2. Inexus Interest Rate Hedge (£m)



86% of total Inexus debt outstanding at 30 June 2008 is interest rate hedged.

#### 4. Fund Proportional Interest Rate Hedge (\$m)



93% of total CIF proportionate debt outstanding at 30 June 2008 is hedged into either index linked or fixed rate obligations

Statutory Consolidated Profit & Loss<sup>1</sup>

## Statutory – Management Presentation

A\$ millions	30 Jun 08	Full Year ended			31 Dec 2007	Half Year ended			31 Dec 2005
		30 Jun 2007	30 Jun 2006	30 Jun 2008		30 Jun 2007	31 Dec 2006	30 Jun 2006	
<b>Income</b>									
Investment income <sup>3</sup>	51.6	27.6	24.7	27.7	23.9	11.7	15.9	10.2	14.6
Transportation revenue	96.7	78.7	55.8	50.5	46.2	40.5	38.1	34.7	21.1
Tank storage revenue	251.8	18.4	–	125.6	126.2	18.4	–	–	–
<b>Total revenue</b>	<b>400.2</b>	<b>124.6</b>	<b>80.6</b>	<b>203.8</b>	<b>196.4</b>	<b>70.6</b>	<b>54.0</b>	<b>44.9</b>	<b>35.7</b>
<b>Expenses</b>									
Cost of sales	(74.1)	(14.0)	(5.8)	(33.1)	(41.1)	(10.4)	(3.6)	(3.5)	(2.3)
Employee expenses	(87.2)	(22.2)	(10.0)	(43.9)	(43.4)	(14.7)	(7.5)	(6.8)	(3.2)
Management fees	(12.5)	(9.7)	(2.5)	(5.9)	(6.6)	(5.7)	(3.9)	(1.2)	(1.2)
Other operating expenses	(42.9)	(9.4)	(9.3)	(25.9)	(17.0)	(5.7)	(3.7)	(6.0)	(3.3)
<b>Total operating expenses</b>	<b>(216.8)</b>	<b>(55.3)</b>	<b>(27.5)</b>	<b>(108.8)</b>	<b>(108.0)</b>	<b>(36.5)</b>	<b>(18.8)</b>	<b>(17.5)</b>	<b>(10.0)</b>
Realised gains/(losses) on foreign currency distribution hedges	11.7	0.3	1.6	3.6	8.2	(6.7)	7.1	1.6	–
Realised gains/(losses) on disposal of investments	22.2	–	–	22.2	–	–	–	–	–
<b>EBITDA before specific items</b>	<b>217.3</b>	<b>69.7</b>	<b>54.7</b>	<b>120.8</b>	<b>96.5</b>	<b>27.4</b>	<b>42.3</b>	<b>29.0</b>	<b>25.7</b>
Depreciation	(58.8)	(17.6)	(9.2)	(30.6)	(28.3)	(11.3)	(6.3)	(5.9)	(3.4)
<b>EBIT before specific items</b>	<b>158.5</b>	<b>52.1</b>	<b>45.5</b>	<b>90.2</b>	<b>68.2</b>	<b>16.1</b>	<b>36.0</b>	<b>23.1</b>	<b>22.3</b>
<b>Interest and borrowing costs</b>									
Interest Income	8.4	9.4	2.0	4.5	3.9	5.2	4.2	0.8	1.2
Interest expense	(119.7)	(51.6)	(49.5)	(63.2)	(56.6)	(27.4)	(24.2)	(29.3)	(20.2)
Amortisation of loan issue costs	(13.3)	(2.4)	(3.5)	(2.5)	(10.8)	(1.2)	(1.2)	(1.4)	(2.0)
	<b>(124.7)</b>	<b>(44.6)</b>	<b>(50.9)</b>	<b>(61.2)</b>	<b>(63.5)</b>	<b>(23.5)</b>	<b>(21.1)</b>	<b>(29.9)</b>	<b>(21.1)</b>
<b>Net profit/(loss) before tax and specific items</b>	<b>33.8</b>	<b>7.5</b>	<b>(5.5)</b>	<b>29.0</b>	<b>4.7</b>	<b>(7.4)</b>	<b>14.9</b>	<b>(6.7)</b>	<b>1.3</b>
<b>Specific items</b>									
Unrealised items <sup>4</sup>	(56.4)	34.6	(15.0)	28.9	(85.4)	66.2	(31.6)	0.2	(15.1)
Interest on minority investor shareholder loans <sup>5</sup>	(8.2)	(7.0)	(5.5)	(4.0)	(4.2)	(3.3)	(3.7)	(3.3)	(2.2)
Transaction fees <sup>6</sup>	(16.3)	–	–	–	(16.3)	–	–	–	–
	<b>(80.9)</b>	<b>27.6</b>	<b>(20.4)</b>	<b>24.9</b>	<b>(105.8)</b>	<b>62.9</b>	<b>(35.3)</b>	<b>(3.1)</b>	<b>(17.3)</b>
<b>Net profit/(loss) before tax</b>	<b>(47.1)</b>	<b>35.1</b>	<b>(25.9)</b>	<b>54.0</b>	<b>(101.1)</b>	<b>55.5</b>	<b>(20.4)</b>	<b>(9.9)</b>	<b>(16.1)</b>
Tax	(39.8)	5.4	5.2	(33.9)	(5.9)	3.5	1.9	4.5	0.7
<b>Net profit/(loss) after tax</b>	<b>(86.9)</b>	<b>40.4</b>	<b>(20.7)</b>	<b>20.1</b>	<b>(107.0)</b>	<b>59.0</b>	<b>(18.5)</b>	<b>(5.3)</b>	<b>(15.3)</b>

# Challenger Infrastructure Fund Reporting Pack

Performance metrics	Full Year ended			Half Year ended					
	30 Jun 2008	30 Jun 2007	30 Jun 2006	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
EBITDA margin (%)	54.3%	55.9%	67.9%	59.3%	49.1%	38.7%	78.4%	64.6%	72.0%
Distributions Paid (\$M)	118.2	83.6	34.1	68.0	50.3	48.9	34.7	19.6	14.5
Distributions per security (cents)	34.0	32.1	14.2	19.5	14.5	17.7	14.4	8.2	6.1
Assets Under Management (\$M)	1,455.3	1,351.0	743.0	1,455.3	2,087.1	1,351.0	794.1	743.0	647.0
NAV (\$ per unit)	3.74	4.10	3.64	3.74	4.05	4.10	3.90	3.64	3.33

## Footnotes

<sup>1</sup> CIF consolidated profit & loss reports the consolidated results of Inexus and LBC. During the period of ownership, investments during the year in Arqiva, Northern Gas, Wales & West and Southern Water are not consolidated. Income from these investments is reported in investment income

<sup>2</sup> Performance for the period from IPO (19 August 2005) to 30 June 2008

<sup>3</sup> Investment income from non-controlled investments include CIF's investments in Arqiva, Wales & West, Northern Gas and Southern Water

	Full Year ended			Half Year ended					
	30 Jun 2008	30 Jun 2007	30 Jun 2006	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
<sup>4</sup> Unrealised items comprise:									
– Inflation hedge revaluations - Inexus	(123.8)	27.0	(3.6)	(43.3)	(80.5)	46.0	(19.0)	15.1	(18.8)
– Distribution Fx hedge revaluations – CIF fund	47.0	24.1	(10.2)	55.2	(8.2)	29.2	(5.1)	(14.2)	4.1
– Distribution Fx hedge revaluations – LBC	11.3	(0.3)	–	6.1	5.1	(0.3)	–	–	–
– RPS Contract revaluations	–	–	–	(0.8)	0.8	–	–	–	–
– Fx revaluations on investments and debt fair valued through P&L	16.2	–	–	11.5	4.7	–	–	–	–
– Employee share scheme – Inexus	(7.1)	(16.1)	(1.1)	0.2	(7.3)	(8.7)	(7.5)	(0.7)	(0.4)
Total unrealised items	(56.4)	34.6	(15.0)	28.9	(85.4)	66.2	(31.6)	0.2	(15.1)
<sup>5</sup> Interest on minority investor shareholder loans									
– Inexus loan notes issued to minority shareholders	(1.0)	(1.1)	(0.9)	(0.5)	(0.5)	(0.9)	(0.2)	(0.5)	(0.3)
– Inexus preference shares issued to minority shareholders	(5.2)	(5.8)	(4.6)	(2.5)	(2.7)	(2.3)	(3.5)	(2.8)	(1.8)
– LBC minorities	(2.0)	(0.1)	–	(1.1)	(0.9)	(0.1)	–	–	–
Total interest on minority investor shareholder loans	(8.2)	(7.0)	(5.5)	(4.0)	(4.2)	(3.3)	(3.7)	(3.3)	(2.2)

<sup>6</sup> Relates to transaction fees paid in respect of acquisition of Southern Water required to be expensed under AIFRS

## Statutory Consolidated Profit &amp; Loss – Year ended 30 June 2008

## Statutory – Management presentation segmented by assets

\$A millions	Inexus	LBC	Southern Water	Fund & Minorities	Consolidation
Income					
Investment income <sup>1</sup>	–	–	25.8	25.8	51.6
Transportation revenue	96.7	–	–	–	96.7
Tank storage revenue	–	251.8	–	–	251.8
<b>Total revenue</b>	<b>96.7</b>	<b>251.8</b>	<b>25.8</b>	<b>25.8</b>	<b>400.2</b>
<b>Expenses</b>					
Cost of sales	(16.2)	(58.0)	–	–	(74.1)
Employee expenses	(17.6)	(69.6)	–	–	(87.2)
Management fees	–	(3.6)	–	(8.9)	(12.5)
Other operating expenses	(11.6)	(27.7)	–	(3.6)	(42.9)
<b>Total operating expenses</b>	<b>(45.4)</b>	<b>(158.9)</b>	<b>–</b>	<b>(12.5)</b>	<b>(216.8)</b>
Realised gains on derivative contracts	–	–	–	11.7	11.7
Realised gains/(losses) on disposal of investments	–	–	–	22.2	22.2
<b>EBITDA before specific items</b>	<b>51.3</b>	<b>92.9</b>	<b>25.8</b>	<b>47.2</b>	<b>217.3</b>
Depreciation	(14.0)	(44.8)	–	–	(58.8)
<b>EBIT before specific items</b>	<b>37.3</b>	<b>48.1</b>	<b>25.8</b>	<b>47.2</b>	<b>158.5</b>
<b>Interest &amp; borrowing costs</b>					
Interest Income	0.4	3.9	–	4.1	8.4
Interest expense	(49.8)	(30.4)	–	(39.5)	(119.7)
Amortisation of loan issue costs	(1.4)	–	–	(11.9)	(13.3)
	<b>(50.8)</b>	<b>(26.6)</b>	<b>–</b>	<b>(47.3)</b>	<b>(124.7)</b>
<b>Net profit/(loss) before tax and specific items</b>	<b>(13.5)</b>	<b>21.5</b>	<b>25.8</b>	<b>(0.1)</b>	<b>33.8</b>
<b>Specific items</b>					
Unrealised items <sup>2</sup>	(129.6)	9.9	16.2	47.0	(56.4)
Interest on minority investor shareholder loans <sup>3</sup>	(6.2)	(2.0)	–	–	(8.2)
Transaction fees	–	–	(16.3)	–	(16.3)
	<b>(135.7)</b>	<b>8.0</b>	<b>(0.1)</b>	<b>47.0</b>	<b>(80.9)</b>
<b>Net profit/(loss) before tax</b>	<b>(149.3)</b>	<b>29.5</b>	<b>25.7</b>	<b>46.9</b>	<b>(47.1)</b>
Tax	7.8	(23.3)	–	(24.3)	(39.8)
<b>Net profit/(loss) after tax</b>	<b>(141.5)</b>	<b>6.3</b>	<b>25.7</b>	<b>22.6</b>	<b>(86.9)</b>

**Footnotes**
<sup>1</sup> Investment income from non-controlled investments include CIF's investments in Arqiva, Wales & West, Northern Gas and Southern Water

<sup>2</sup> Unrealised items

– Inflation hedge revaluations	(123.8)	–	–	–	(123.8)
– Distribution Fx hedge revaluations – CIF fund	–	–	–	47.0	47.0
– Distribution Fx hedge revaluations – LBC	–	11.3	–	–	11.3
– RPS Contract revaluations	–	–	–	–	–
– Fx revaluations on investments and debt fair valued through P&L	–	–	16.2	–	16.2
– Employee share scheme	(5.8)	(1.3)	–	–	(7.1)
<b>Total unrealised items</b>	<b>(129.6)</b>	<b>9.9</b>	<b>16.2</b>	<b>47.0</b>	<b>(56.4)</b>

<sup>3</sup> Interest on minority shareholder loans

– Inexus loan notes issued to minorities	(1.0)	–	–	–	(1.0)
– Inexus preference shares	(5.2)	–	–	–	(5.2)
– LBC minorities	–	(2.0)	–	–	(2.0)
<b>Total interest on minority shareholder loans</b>	<b>(6.2)</b>	<b>(2.0)</b>	<b>–</b>	<b>–</b>	<b>(8.2)</b>

## Statutory Consolidated Profit &amp; Loss – Year ended 30 June 2007

## Statutory – Management presentation segmented by assets

\$A millions	Inexus	LBC	Southern Water	Fund & Minorities	Consolidation
Income					
Investment income <sup>1</sup>	–	–	–	27.6	27.6
Transportation revenue	78.7	–	–	–	78.7
Tank storage revenue	–	18.4	–	–	18.4
<b>Total revenue</b>	<b>78.7</b>	<b>18.4</b>	<b>–</b>	<b>27.6</b>	<b>124.6</b>
Expenses					
Cost of sales	(8.2)	(5.8)	–	–	(14.0)
Employee expenses	(16.7)	(5.5)	–	–	(22.2)
Management fees	–	–	–	(9.7)	(9.7)
Other operating expenses	(7.2)	(1.1)	–	(1.1)	(9.4)
<b>Total operating expenses</b>	<b>(32.1)</b>	<b>(12.4)</b>	<b>–</b>	<b>(10.7)</b>	<b>(55.3)</b>
Realised gains on derivative contracts	–	–	–	0.3	0.3
<b>EBITDA before specific items</b>	<b>46.6</b>	<b>6.0</b>	<b>–</b>	<b>17.2</b>	<b>69.7</b>
Depreciation	(12.9)	(4.7)	–	–	(17.6)
<b>EBIT before specific items</b>	<b>33.6</b>	<b>1.3</b>	<b>–</b>	<b>17.2</b>	<b>52.1</b>
Interest & borrowing costs					
Interest Income	0.5	0.7	–	8.2	9.4
Interest expense	(43.4)	(3.2)	–	(5.0)	(51.6)
Amortisation of loan issue costs	(1.6)	–	–	(0.9)	(2.4)
	<b>(44.6)</b>	<b>(2.4)</b>	<b>–</b>	<b>2.4</b>	<b>(44.6)</b>
<b>Net profit/(loss) before tax and specific items</b>	<b>(10.9)</b>	<b>(1.1)</b>	<b>–</b>	<b>19.5</b>	<b>7.5</b>
Specific items					
Unrealised items <sup>2</sup>	10.8	(0.3)	–	24.1	34.6
Interest on minority investor shareholder loans <sup>3</sup>	(6.9)	(0.1)	–	–	(7.0)
Transaction fees	–	–	–	–	–
	<b>3.9</b>	<b>(0.4)</b>	<b>–</b>	<b>24.1</b>	<b>27.6</b>
<b>Net profit/(loss) before tax</b>	<b>(7.0)</b>	<b>(1.5)</b>	<b>–</b>	<b>43.6</b>	<b>35.1</b>
Tax	5.9	1.5	–	(2.0)	5.4
<b>Net profit/(loss) after tax</b>	<b>(1.0)</b>	<b>(0.1)</b>	<b>–</b>	<b>41.5</b>	<b>40.4</b>
<b>Footnotes</b>					
<sup>1</sup> Investment income from non-controlled investments include CIF's investments in Arqiva, Wales & West, Northern Gas and Southern Water					
<sup>2</sup> Unrealised items					
– Inflation hedge revaluations	27.0	–	–	–	27.0
– Distribution Fx hedge revaluations – CIF fund	–	–	–	24.1	24.1
– Distribution Fx hedge revaluations – LBC	–	(0.3)	–	–	(0.3)
– Employee share scheme	(16.1)	–	–	–	(16.1)
Total unrealised items	10.8	(0.3)	–	24.1	34.6
<sup>3</sup> Interest on minority shareholder loans					
– Inexus loan notes issued to minorities	(1.1)	–	–	–	(1.1)
– Inexus preference shares	(5.8)	–	–	–	(5.8)
– LBC minorities	–	(0.1)	–	–	(0.1)
Total interest on minority shareholder loans	(6.9)	(0.1)	–	–	(7.0)

## Statutory Consolidated Profit &amp; Loss – Year ended 30 June 2006

## Statutory – Management presentation segmented by assets

\$A millions	Inexus	LBC	Southern Water	Fund & Minorities	Consolidation
Income					
Investment income <sup>1</sup>	–	–	–	24.7	24.7
Transportation revenue	55.8	–	–	–	55.8
Tank storage revenue	–	–	–	–	–
<b>Total revenue</b>	<b>55.8</b>	<b>–</b>	<b>–</b>	<b>24.7</b>	<b>80.6</b>
Expenses					
Cost of sales	(5.8)	–	–	–	(5.8)
Employee expenses	(10.0)	–	–	–	(10.0)
Management fees	–	–	–	(2.5)	(2.5)
Other operating expenses	(8.8)	–	–	(0.5)	(9.3)
<b>Total operating expenses</b>	<b>(24.5)</b>	<b>–</b>	<b>–</b>	<b>(3.0)</b>	<b>(27.5)</b>
Realised gains on derivative contracts	–	–	–	1.6	1.6
<b>EBITDA before specific items</b>	<b>31.3</b>	<b>–</b>	<b>–</b>	<b>23.4</b>	<b>54.7</b>
Depreciation	(9.2)	–	–	–	(9.2)
<b>EBIT before specific items</b>	<b>22.1</b>	<b>–</b>	<b>–</b>	<b>23.4</b>	<b>45.5</b>
Interest & borrowing costs					
Interest Income	0.6	–	–	1.5	2.0
Interest expense	(32.5)	–	–	(16.9)	(49.5)
Amortisation of loan issue costs	(1.3)	–	–	(2.1)	(3.5)
	<b>(33.3)</b>	<b>–</b>	<b>–</b>	<b>(17.6)</b>	<b>(50.9)</b>
<b>Net profit/(loss) before tax and specific items</b>	<b>(11.3)</b>	<b>–</b>	<b>–</b>	<b>5.8</b>	<b>(5.5)</b>
Specific items					
Unrealised items <sup>2</sup>	(4.8)	–	–	(10.2)	(15.0)
Interest on minority investor shareholder loans <sup>3</sup>	(5.5)	–	–	–	(5.5)
Transaction fees	–	–	–	–	–
	<b>(10.3)</b>	<b>–</b>	<b>–</b>	<b>(10.2)</b>	<b>(20.4)</b>
<b>Net profit/(loss) before tax</b>	<b>(21.5)</b>	<b>–</b>	<b>–</b>	<b>(4.4)</b>	<b>(25.9)</b>
Tax	4.1	–	–	1.2	5.2
<b>Net profit/(loss) after tax</b>	<b>(17.4)</b>	<b>–</b>	<b>–</b>	<b>(3.2)</b>	<b>(20.7)</b>

## Footnotes

<sup>1</sup> Investment income from non-controlled investments include CIF's investments in Arqiva, Wales & West and Northern Gas

<sup>2</sup> Unrealised items

– Inflation hedge revaluations	(3.6)	–	–	–	(3.6)
– Distribution Fx hedge revaluations – CIF fund	–	–	–	(10.2)	(10.2)
– Employee share scheme	(1.1)	–	–	–	(1.1)
Total unrealised items	(4.8)	–	–	(10.2)	(15.0)

<sup>3</sup> Interest on minority shareholder loans

– Inexus loan notes issued to minorities	(0.9)	–	–	–	(0.9)
– Inexus preference shares	(4.6)	–	–	–	(4.6)
Total interest on minority shareholder loans	(5.5)	–	–	–	(5.5)

CIF Group Statutory Consolidated Balance Sheet<sup>1</sup>

A\$ millions	Half Year ended					
	30 Jun 08	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
<b>Assets</b>						
Cash & cash equivalents	236.4	91.5	127.4	171.5	36.6	66.8
Trade & other receivables	365.2	112.2	65.1	21.6	438.1	440.5
Other assets	2.1	2.6	1.9	1.0	0.8	5.9
Derivatives at fair value	–	–	20.1	–	–	–
Investments	645.8	1151.8	481.2	320.1	318.5	291.3
Deferred tax assets	6.7	2.9	6.5	4.2	7.0	–
Property Plant & Equipment	1,193.9	1190.7	1075.1	285.9	273.0	242.6
Intangibles	1,398.9	1,517.6	1472.4	1,027.7	1,030.4	968.5
<b>Total assets</b>	<b>3,849.0</b>	<b>4,069.4</b>	<b>3,249.7</b>	<b>1,832.1</b>	<b>2,104.5</b>	<b>2,015.7</b>
<b>Liabilities</b>						
Distributions payable	68.0	50.3	48.9	34.7	19.6	14.5
Trade & other payables	256.0	255.6	201.9	93.2	76.5	69.7
Derivatives at fair value	66.2	98.2	0.0	85.3	59.5	70.6
Provisions	52.6	63.6	49.6	0.1	0.4	0.3
Interest Bearing Liabilities - External	1,835.5	1,932.1	1606.6	770.7	1,043.3	1,003.7
Redeemable Preference Shares	207.4	222.6	–	–	–	–
Minority investor shareholder loans <sup>2</sup>	107.2	122.9	111.4	91.4	91.7	86.2
Deferred Tax Liabilities	171.2	169.6	169.4	5.5	10.5	–
<b>Total liabilities</b>	<b>2,764.2</b>	<b>2,914.9</b>	<b>2,187.9</b>	<b>1,080.8</b>	<b>1,301.6</b>	<b>1,245.0</b>
<b>Net assets per consolidated balance sheet</b>	<b>1,084.8</b>	<b>1,154.5</b>	<b>1,061.9</b>	<b>751.3</b>	<b>802.9</b>	<b>770.6</b>
<b>Footnotes</b>						
<sup>1</sup> Statutory consolidated balance sheet consolidates the Inexus and LBC assets. Investment in Southern Water is reported as an investment and as such is not consolidated						
<sup>2</sup> Minority investor shareholder loans are required under AIFRS to be classified as liabilities						
These loans comprise:						
– Loan notes – Inexus	23.9	26.2	13.9	14.6	14.7	13.8
– Loan notes – LBC	19.2	26.7	24.4	–	–	–
– Preference shares – Inexus	64.1	70.1	73.1	76.8	77.0	72.4
Total minority investor shareholder loans	107.2	122.9	111.4	91.4	91.7	86.2

The restatement of goodwill on acquisition of LBC has led to the following changes:

	31 Dec 07		30 June 07	
	Databook per 31 Dec 07	30 June 08	Databook per 31 Dec 07	30 June 08
	Intangibles	1,477.3	1,517.6	1,432.1
Trade and other payables	232.7	255.6	179.0	201.9
Provisions	54.3	63.6	40.3	49.6
Deferred tax liabilities	161.5	169.6	161.3	169.4

CIF Group Statutory Consolidated Balance Sheet as at 30 June 2008<sup>1</sup>

## Segmented

A\$ millions	Inexus	LBC	Southern Water	Fund & Minorities	Consolidation
<b>Assets</b>					
Cash & cash equivalents	10.8	57.1	-	168.5	236.4
Trade & other receivables	24.5	60.2	-	280.4	365.2
Other assets	1.4	0.7	-	-	2.1
Derivatives at fair value	-	-	-	-	-
Investments	-	-	645.8	-	645.8
Deferred tax assets	6.7	-	-	-	6.7
Property Plant & Equipment	324.7	869.2	-	-	1,193.9
Intangibles	878.2	520.7	-	-	1,398.9
<b>Total assets</b>	<b>1,246.4</b>	<b>1,507.9</b>	<b>645.8</b>	<b>449.0</b>	<b>3,849.0</b>
<b>Liabilities</b>					
Distributions payable	-	-	-	68.0	68.0
Trade & other payables	126.5	93.0	-	36.5	256.0
Derivatives at fair value	120.7	0.7	-	(55.2)	66.2
Provisions	0.0	52.6	-	-	52.6
Interest Bearing Liabilities – External <sup>2</sup>	803.9	656.7	-	374.9	1,835.5
Redeemable Preference Shares	-	-	-	207.4	207.4
Minority investor shareholder loans <sup>3</sup>	88.0	19.2	-	-	107.2
Deferred tax liabilities	(1.7)	168.9	-	4.0	171.2
<b>Total liabilities</b>	<b>1,137.4</b>	<b>991.1</b>	<b>-</b>	<b>635.7</b>	<b>2,764.2</b>
<b>Net assets per consolidated balance sheet</b>	<b>109.0</b>	<b>516.7</b>	<b>645.8</b>	<b>(186.8)</b>	<b>1,084.8</b>

## Footnotes

<sup>1</sup> Statutory consolidated balance sheet consolidates the Inexus and LBC assets. Investments in Southern Water are reported as an investment and as such is not consolidated

<sup>2</sup> Interest Bearing Liabilities comprise of loans and capitalised line fees. The split of these is as follows:

– Loans	806.8	667.6	–	381.1	1,855.7
– Capitalised line fees	(2.9)	(10.9)	–	(6.4)	(20.2)
Total interest bearing liabilities	803.9	656.7	–	374.9	1,835.5

<sup>3</sup> Minority investor shareholder loans are required under AIFRS to be classified as liabilities

These Loans comprise:

– Loan notes	23.9	19.2	–	–	43.1
– Preference shares	64.1	–	–	–	64.1
Total minority investor shareholder loans	88.0	19.2	–	–	107.2

CIF Group Statutory Consolidated Balance Sheet as at 31 December 2007<sup>1</sup>

## Segmented by asset

\$A millions	Inexus	LBC	Southern Water	Fund & Minorities	Consolidation
<b>Assets</b>					
Cash & cash equivalents	12.1	66.0	–	13.5	91.5
Trade & other receivables	25.8	62.7	–	23.8	112.2
Other assets	2.0	0.6	–	–	2.6
Derivatives at fair value	–	–	–	–	–
Investments	–	–	680.1	471.7	1151.8
Deferred tax assets	2.9	–	–	–	2.9
Property Plant & Equipment	325.3	865.4	–	–	1190.7
Intangibles	960.0	557.6	–	–	1517.6
<b>Total assets</b>	<b>1,328.0</b>	<b>1,552.3</b>	<b>680.1</b>	<b>508.9</b>	<b>4,069.4</b>
<b>Liabilities</b>					
Distributions payable	–	–	–	50.3	50.3
Trade & other payables	123.2	121.7	–	10.7	255.6
Derivatives at fair value	92.7	9.5	–	(4.0)	98.2
Provisions	–	63.6	–	–	63.6
Interest Bearing Liabilities – External <sup>2</sup>	827.5	623.8	–	480.8	1932.1
Redeemable Preference Shares	–	–	–	222.6	222.6
Minority investor shareholder loans <sup>3</sup>	96.3	26.7	–	–	122.9
Deferred tax liabilities	(1.5)	169.5	–	1.6	169.6
<b>Total liabilities</b>	<b>1,138.2</b>	<b>1,014.8</b>	<b>–</b>	<b>761.9</b>	<b>2,914.9</b>
<b>Net assets per consolidated balance sheet</b>	<b>189.9</b>	<b>537.5</b>	<b>680.1</b>	<b>(253.0)</b>	<b>1,154.5</b>

## Footnotes

<sup>1</sup> Statutory consolidated balance sheet consolidates the Inexus and LBC assets. Investments in Arqiva, Northern Gas, Wales & West and Southern Water are reported as an investment and as such are not consolidated

<sup>2</sup> Interest Bearing Liabilities comprise of loans and capitalised line fees. The split of these is as follows:

- Loans	831.4	635.4	–	488.9	1,955.8
- Capitalised line fees	(3.9)	(11.6)	–	(8.1)	(23.6)
<b>Total interest bearing liabilities</b>	<b>827.5</b>	<b>623.8</b>	<b>–</b>	<b>480.8</b>	<b>1,932.1</b>

<sup>3</sup> Minority investor shareholder loans are required under AIFRS to be classified as liabilities

These Loans comprise:

– Loan notes	26.2	26.7	–	–	52.8
– Preference shares	70.1	–	–	–	70.1
<b>Total minority investor shareholder loans</b>	<b>96.3</b>	<b>26.7</b>	<b>–</b>	<b>–</b>	<b>122.9</b>

CIF Group Statutory Consolidated Balance Sheet as at 30 June 2007<sup>1</sup>

## Segmented

A\$ millions	Inexus	LBC	Southern Water	Fund & Minorities	Consolidation
<b>Assets</b>					
Cash & cash equivalents	5.4	76.0	–	45.9	127.4
Trade & other receivables	20.7	43.4	–	1.0	65.1
Other assets	1.5	0.4	–	–	1.9
Derivatives at fair value	(2.8)	9.2	–	13.7	20.1
Investments	–	–	–	481.2	481.2
Deferred tax assets	6.3	–	–	0.2	6.5
Property Plant & Equipment	292.6	782.5	–	–	1075.1
Intangibles	978.8	493.6	–	–	1472.4
<b>Total assets</b>	<b>1,302.5</b>	<b>1,405.2</b>	<b>–</b>	<b>542.1</b>	<b>3,249.7</b>
<b>Liabilities</b>					
Distributions payable	–	–	–	48.9	48.9
Trade & other payables	98.0	90.4	–	13.5	201.9
Derivatives at fair value	–	–	–	–	0.0
Provisions	–	49.6	–	–	49.6
Interest Bearing Liabilities – External	791.5	589.6	–	225.5	1606.6
Minority investor shareholder loans <sup>2</sup>	87.0	24.4	–	–	111.4
Deferred tax liabilities	5.0	163.6	–	0.9	169.4
<b>Total liabilities</b>	<b>981.5</b>	<b>917.6</b>	<b>–</b>	<b>288.8</b>	<b>2,187.9</b>
<b>Net assets per consolidated balance sheet</b>	<b>320.9</b>	<b>487.6</b>	<b>–</b>	<b>253.3</b>	<b>1,061.9</b>

## Footnotes

<sup>1</sup> Statutory consolidated balance sheet consolidates the Inexus and LBC assets. Investments in Arqiva, Northern Gas, Wales & West and Southern Water are reported as an investment and as such are not consolidated

<sup>2</sup> Minority investor shareholder loans are required under AIFRS to be classified as liabilities

These Loans comprise:

– Loan notes	13.9	24.4	–	–	38.3
– Preference shares	73.1	–	–	–	73.1
Total minority investor shareholder loans	87.0	24.4	–	–	111.4

## Consolidated Cashflow Statement

 Statutory - Management Presentation<sup>1</sup>

A\$ millions	Full Year ended		
	30 Jun 08	30 Jun 2007	30 Jun 2006
<b>Cashflows from operating activities</b>			
Receipts from customers	352.1	94.2	58.5
Payments to suppliers	(213.3)	(46.4)	(21.8)
Interest received	21.7	19.0	9.8
Dividends received	21.8	17.4	16.1
Interest paid	(107.1)	(30.9)	(17.4)
Tax Refund/(Paid)	(13.9)	0.3	(0.0)
<b>Net cashflow from operating activities</b>	<b>61.3</b>	<b>53.6</b>	<b>45.2</b>
<b>Cashflows from investing activities</b>			
Acquisition of investments	(709.5)	(153.9)	(300.4)
Sale of Investments	220.3	–	–
Purchase of controlled entities (net of cash acquired)	(68.9)	(1,037.5)	(1,149.7)
Payments for purchase of property, plant and equipment	(191.8)	(54.8)	(28.0)
<b>Net cashflow from investing activities</b>	<b>(749.9)</b>	<b>(1,246.3)</b>	<b>(1,478.1)</b>
<b>Cashflows from financing activities</b>			
Gross proceeds from issue of securities	259.6	560.2	420.0
Transaction costs on issue of securities	(10.0)	(3.5)	(18.5)
Net minorities financing	0.8	173.0	74.0
Proceeds from redeemable preference shares	225.0	–	–
Proceeds from borrowings	771.1	905.2	1,203.0
Repayment of borrowings	(353.9)	(288.4)	(194.3)
Distributions paid to minorities	(9.9)	(7.6)	(2.2)
Distributions Paid	(99.1)	(54.2)	(14.5)
<b>Net cashflow from financing activities</b>	<b>783.7</b>	<b>1,284.6</b>	<b>1,467.5</b>
<b>Net increase/(decrease) in cash assets held</b>	<b>95.0</b>	<b>92.0</b>	<b>34.6</b>
Cash and cash equivalents at beginning of period	127.4	36.6	–
Net foreign exchange differences	14.0	(1.3)	2.0
<b>Cash and cash equivalents at end of period</b>	<b>236.4</b>	<b>127.4</b>	<b>36.6</b>
<b>CIF Cashflow Information</b>			
<b>Net profit/(loss) after income tax expense</b>	(86.9)	40.4	(20.7)
Depreciation	58.8	17.6	9.2
Amortisation	13.3	2.4	3.5
Unrealised movements – employee share scheme	7.1	16.1	1.1
Unrealised gains/(losses) – derivatives/investments	49.3	(50.8)	13.8
Other	(21.4)	10.2	–
<b>Change in assets and liabilities</b>			
Increase in receivables	(11.1)	(11.6)	(5.6)
Increase in payables and other liabilities	52.1	29.2	43.8
<b>Net cashflow from operating activities</b>	<b>61.3</b>	<b>53.6</b>	<b>45.2</b>

## Consolidated Cashflow Statement – Year ended 30 June 2008

## Segmented by asset

\$A millions	Inexus	LBC	Fund & Minorities	Consolidation
<b>Cashflows from operating activities</b>				
Receipts from customers	99.0	253.2	–	352.1
Payments to suppliers	(45.1)	(166.8)	(1.4)	(213.3)
Interest received	0.4	–	21.3	21.7
Dividends received	–	–	21.8	21.8
Interest paid	(25.5)	(45.0)	(36.6)	(107.1)
Tax Refund/(Paid)	(1.9)	(11.4)	(0.7)	(13.9)
<b>Net cashflow from operating activities</b>	<b>26.9</b>	<b>30.0</b>	<b>4.4</b>	<b>61.3</b>
Net profit/(loss) after income tax expense	141.5	6.3	48.3	(86.9)
Depreciation	14.0	44.8	–	58.8
Amortisation	1.4	–	11.9	13.3
Unrealised movements – employee share scheme	5.8	1.3	–	7.1
Unrealised gains/(losses) – derivatives/investments	123.8	(11.3)	(63.2)	49.3
Other	8.0	(3.3)	(26.0)	(21.4)
<b>Change in assets and liabilities</b>				
Net change in assets and liabilities	15.4	(7.9)	33.5	41.0
<b>Net cashflow from operating activities</b>	<b>26.9</b>	<b>30.0</b>	<b>4.4</b>	<b>61.3</b>

## Footnotes

<sup>1</sup> Cashflow is net of consolidation adjustments (ie segments are contribution to overall consolidated cashflow).

## Consolidated Cashflow Statement – Year ended 30 June 2007

 Segmented by asset<sup>1</sup>

\$A millions	Inexus	LBC	Fund & Minorities	Consolidation
<b>Cashflows from operating activities</b>				
Receipts from customers	73.9	20.3	–	94.2
Payments to suppliers	(34.7)	(11.3)	(0.4)	(46.4)
Interest received	0.4	0.7	17.9	19.0
Dividends received	–	–	17.4	17.4
Interest paid	(25.1)	(2.2)	(3.6)	(30.9)
Tax Refund/(Paid)	(0.2)	0.7	(0.2)	0.3
<b>Net cashflow from operating activities</b>	<b>14.3</b>	<b>8.2</b>	<b>31.1</b>	<b>53.6</b>
<b>Net profit/(loss) after income tax expense</b>	<b>(1.0)</b>	<b>(0.1)</b>	<b>41.5</b>	<b>40.4</b>
Depreciation	12.9	4.7	–	17.6
Amortisation	1.6	–	0.9	2.4
Unrealised movements – employee share scheme	16.1	–	–	16.1
Unrealised gains/(losses) – derivatives/investments	(27.0)	0.3	(24.1)	(50.8)
Other	0.9	–	9.3	10.2
<b>Change in assets and liabilities</b>				
Net change in assets and liabilities	10.7	3.3	3.5	17.6
<b>Net cashflow from operating activities</b>	<b>14.3</b>	<b>8.2</b>	<b>31.1</b>	<b>53.6</b>

## Footnotes

<sup>1</sup> Cashflow is net of consolidation adjustments (ie segments are contribution to overall consolidated cashflow).

## Securities on Issue

Number of securities (millions)	30 Jun 08	31 Dec 2007	Half Year ended		30 Jun 2006	31 Dec 2005
			30 Jun 2007	31 Dec 2006		
<b>Total Ordinary Securities: Quoted (CIF)</b>						
Opening	346.7	276.3	240.8	240.0	240.0	–
Additions (+)						
i) Initial Public Offering	–	–	–	–	–	180.0
ii) Entitlement Offers	–	69.1	–	–	–	60.0
iii) Equity Placements	–	–	34.4	–	–	–
iv) Management Fees	1.8	1.4	1.1	0.9	–	–
<b>Closing</b>	<b>348.5</b>	<b>346.8</b>	<b>276.3</b>	<b>240.8</b>	<b>240.0</b>	<b>240.0</b>
<b>Weighted average number of Securities</b>	<b>348.5</b>	<b>343.6</b>	<b>254.2</b>	<b>240.4</b>	<b>240.0</b>	<b>116.5</b>
<b>Class A Securities</b>						
Opening	301.7	231.3	150.8	150.0	150.0	–
Additions (+)						
i) Initial Public Offering	–	–	–	–	–	90.0
ii) Entitlement Offers	–	69.1	–	–	–	60.0
iii) Equity Placements	–	–	34.4	–	–	–
iv) Management Fees	1.8	1.4	1.1	0.9	–	–
Conversion of Class B to Class A	45.0	–	45.0	–	–	–
<b>Closing</b>	<b>348.5</b>	<b>301.8</b>	<b>231.3</b>	<b>150.8</b>	<b>150.0</b>	<b>150.0</b>
<b>Class B Securities</b>						
Opening	45.0	45.0	90.0	90.0	90.0	–
Additions (+)						
i) Initial Public Offering	–	–	–	–	–	90.0
ii) Entitlement Offers	–	–	–	–	–	–
iii) Equity Placements	–	–	–	–	–	–
iv) Management Fees	–	–	–	–	–	–
Conversion of Class B to Class A	(45.0)	–	(45.0)	–	–	–
<b>Closing</b>	<b>–</b>	<b>45.0</b>	<b>45.0</b>	<b>90.0</b>	<b>90.0</b>	<b>90.0</b>

# Appendix 1

Minority assets sold during year ended 30 June 2008

## North DN

## Key Financial Metrics

Performance metrics £ millions	Full Year ended			Half Year ended					
	30 Jun 2008	30 Jun 2007	30 Jun 2006	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005 <sup>1</sup>
Revenue	241.8	260.9	294.2	96.7	145.4	144.1	116.8	156.5	137.7
EBITDA	96.1	80.0	96.2	37.9	58.6	48.1	31.9	57.2	39.0
EBITDA Margin (%)	39.7%	30.7%	32.7%	39.2%	40.3%	33.4%	27.3%	36.5%	28.3%
Distributions paid to CIF	3.8	3.5	2.3	0.9	2.9	0.9	2.6	0.9	1.5
Nominal RAV	–	1,395.5	1,265.3	–	1,446.4	1,395.5	1,347.1	1,265.3	1,260.6
<b>Distribution waterfall</b>	<b>Full Year Actual</b>								
<b>£millions</b>	<b>31 Dec 2007</b>								
Revenue	289.5								
EBITDA	106.7								
Net interest and fees	(48.6)								
Other <sup>2</sup>	(11.1)								
<b>Operating Cashflow</b>	<b>47.0</b>								
Capital expenditure	(28.4)								
Excess cash and reserve accounts	3.6								
Drawdowns/(repayments) of debt	42.8								
<b>Equity distribution</b>	<b>65.0</b>								
Operating cash flow coverage (%)	72%								
Opening cash funding	6%								
<b>Free cash flow coverage (%)</b>	<b>78%</b>								
Debt Funding (%)	22%								
<b>Total</b>	<b>100%</b>								

## Footnotes

<sup>1</sup> The period ended 31 Dec 2005 indicates a 7 month period from 1 June 2005 to 31 December 2005

<sup>2</sup> Includes working capital and tax paid

<sup>3</sup> Northern Gas Networks was sold on 31 March 2008

## North DN (continued)

## Key Financial Metrics

Debt Capital £ millions	Half Year ended				
	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
Senior debt	953.6	929.8	910.8	872.3	873.1
Junior debt	25.0	25.0	25.0	8.0	25.0
Other debt	–	–	–	–	–
<b>Total debt</b>	<b>978.6</b>	<b>954.8</b>	<b>935.8</b>	<b>880.3</b>	<b>898.1</b>
Net cash & Reserves	1.2	5.7	4.6	9.7	0.9
Net debt	977.4	949.1	931.2	870.6	897.2

North DN Enterprise Value £ millions	30 Jun 2008	Half Year ended				
		31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
<b>Entire Business</b>						
Equity value	–	702.5	670.7	670.7	654.1	627.8
Net Debt	–	977.4	949.1	931.2	870.6	897.2
Enterprise Value (EV)	–	1,679.9	1,619.8	1,601.9	1,524.7	1,525.0
Debt to EV	N/A	58.2%	58.6%	58.1%	57.1%	58.8%

North DN Equity Valuation (100%)	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
Opening Value	702.5	702.5	670.7	654.1	627.8	–
Acquisitions / (Disposals)	(786.1)	–	–	–	–	627.8
Asset revaluation	83.6	–	–	16.6	26.2	–
<b>Closing equity value</b>	<b>–</b>	<b>702.5</b>	<b>670.7</b>	<b>670.7</b>	<b>654.1</b>	<b>627.8</b>

CIF Ownership Interest (%)	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
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CIF Share	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
Opening Value	40.7	40.7	38.9	37.9	36.4	–
Acquisitions / (Disposals)	(45.6)	–	–	–	–	36.4
Asset revaluation	4.8	–	–	1.0	1.5	–
<b>Closing equity value</b>	<b>–</b>	<b>40.7</b>	<b>38.9</b>	<b>38.9</b>	<b>37.9</b>	<b>36.4</b>

Net Debt	–	56.7	55.0	54.0	50.5	52.0
Enterprise Value (EV)	–	97.4	93.9	92.9	88.4	88.5
Debt to EV	N/A	58.2%	58.6%	58.1%	57.1%	58.8%

## Arqiva

## Key Financial Metrics

Performance metrics <sup>1</sup> £ millions	Full Year ended			Half Year ended					
	30 Jun 2008	30 Jun 2007	30 Jun 2006	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
Revenue	419.2	362.8	323.4	195.9	223.3	198.8	164.0	184.6	138.8
EBITDA	116.1	127.3	122.1	52.7	63.4	66.5	60.8	69.2	52.9
EBITDA Margin (%)	27.7%	35.1%	37.8%	26.9%	28.4%	33.5%	37.0%	37.5%	38.1%
Distributions paid to CIF	9.5	5.1	7.6	6.8	2.7	3.8	1.3	2.9	4.7
<b>Distribution waterfall</b>									
£ millions	Full Year Actual 30 Jun 2008	Actual 30 Jun 2007							
Revenue	461.5	362.8							
EBITDA	117.4	127.3							
NGW Income	85.0	0.0							
Net interest and fees	(159.7)	(59.4)							
Other <sup>2</sup>	15.6	9.7							
<b>Operating Cashflow</b>	<b>58.2</b>	<b>77.6</b>							
Capital expenditure	(84.4)	(63.0)							
Excess cash and reserve accounts	116.1	16.1							
Drawdowns/(repayments) of net debt	105.0	50.8							
<b>Equity distribution</b>	<b>195.0</b>	<b>81.5</b>							
Operating cash flow coverage (%)	30%	95%							
Opening cash funding	60%	5%							
<b>Free cash flow coverage (%)</b>	<b>89%</b>	<b>100%</b>							
Debt Funding (%)	11%	0%							
<b>Total</b>	<b>100%</b>	<b>100%</b>							

## Footnotes

<sup>1</sup> Results relate to the Arqiva stand alone business

<sup>2</sup> Includes working capital and tax paid.

## Arqiva (continued)

Debt Capital £ millions	Half Year ended					
	31 Dec 2007 <sup>1</sup>	30 Jun 2007 <sup>1</sup>	31 Dec 2006	30 Jun 2006	31 Dec 2005	
Senior debt	2,150.0	2,150.0	575.0	575.0	575.0	
Junior debt	475.0	475.0	150.0	150.0	150.0	
Other debt	18.0	18.0	35.0	–	–	
<b>Total debt</b>	<b>2,643.0</b>	<b>2,643.0</b>	<b>760.0</b>	<b>725.0</b>	<b>725.0</b>	
Net cash & Reserves	106.0	238.5	43.5	42.2	39.2	
Net debt	2,537.0	2,404.5	716.5	682.8	685.8	
Enterprise Value £ millions	Half Year ended					
	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
Entire Business						
Equity value	–	1,994.1	1,994.0	810.0	810.0	803.7
Net Debt	–	2,537.0	2,404.5	716.5	682.8	685.8
Enterprise Value (EV)	–	4,531.1	4,398.5	1,526.5	1,492.8	1,489.5
Debt to EV	N/A	56.0%	54.7%	46.9%	45.7%	46.0%
Arqiva Equity Valuation (100%)						
Opening Value	1,994.1	1,994.1	810.0	810.0	803.7	–
Acquisitions / (Disposals)	(2,001.0)	–	998.6	–	–	803.7
Asset revaluation	6.9	–	185.4	–	6.3	–
<b>Closing equity value</b>	<b>–</b>	<b>1,994.1</b>	<b>1,994.0</b>	<b>810.0</b>	<b>810.0</b>	<b>803.7</b>
CIF Ownership Interest (%)	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
CIF Share						
Opening Value	126.0	126.0	51.2	51.2	50.8	–
Acquisitions / (Disposals)	(126.5)	–	63.1	–	–	50.8
Asset revaluation	0.4	–	11.7	–	0.4	–
<b>Closing equity value</b>	<b>–</b>	<b>126.0</b>	<b>126.0</b>	<b>51.2</b>	<b>51.2</b>	<b>50.8</b>
Net Debt	–	160.3	152.0	45.3	43.2	43.3
Enterprise Value (EV)	–	286.4	278.0	96.5	94.3	94.1
Debt to EV	N/A	56.0%	54.7%	46.9%	45.7%	46.0%

**Footnotes**
<sup>1</sup> Relates to combined Arqiva/NGW business

## Wales &amp; West

## Key Financial Metrics

Performance metrics £ millions	30 Jun 2008	Full Year ended		30 Jun 2008	Half Year ended			30 Jun 2006
		30 Jun 2007	30 Jun 2006	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006
Revenue	249.7	243.9	200.7	114.8	134.9	127.0	116.9	200.7
EBITDA	84.1	62.7	63.9	37.1	47.0	36.6	26.2	63.9
EBITDA Margin (%)	33.7%	25.7%	31.8%	32.3%	34.9%	28.8%	22.4%	31.8%
Distributions paid to CIF	3.5	2.9	2.8	2.6	0.9	2.6	0.3	2.8
<b>Distribution waterfall</b>								
		Full Year ended						
<b>£ millions</b>		Forecast	Actual					
		31 Mar 2008	31 Mar 2007					
Revenue		277.7	233.8					
EBITDA		83.1	52.3					
Net interest and fees		(52.7)	(42.9)					
Other <sup>1</sup>		2.7	6.8					
<b>Operating Cashflow</b>		<b>33.2</b>	<b>16.2</b>					
Capital expenditure		(42.7)	(33.9)					
Excess cash and reserve accounts		–	12.8					
Drawdowns/(repayments) of debt		49.5	39.0					
<b>Equity distribution</b>		<b>40.0</b>	<b>34.0</b>					
Operating cash flow coverage (%)		83%	48%					
Opening cash funding		–	38%					
<b>Free cash flow coverage (%)</b>		<b>83%</b>	<b>85%</b>					
Debt Funding (%)		17%	15%					
<b>Total</b>		<b>100%</b>	<b>100%</b>					

## Footnotes

<sup>1</sup> Includes working capital and tax paid.

## Wales &amp; West (continued)

Debt Capital £ millions	Half Year ended			
	30 Sept 07	31 March 07	30 Sept 06	30 Mar 06
Senior debt	982.0	918.0	920.0	879.0
Junior debt	65.0	65.0	65.0	65.0
Other debt	–	–	–	–
Total debt	1,047.0	983.0	985.0	944.0
Net cash & Reserves	24.6	26.9	6.1	32.7
<b>Net debt</b>	<b>1,022.4</b>	<b>956.1</b>	<b>978.9</b>	<b>911.3</b>

Enterprise Value £ millions	Half Year ended					
	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
Entire Business						
Equity value	–	481.0	449.8	449.8	449.8	431.8
Net Debt	–	1,012.9	1,012.6	979.2	955.4	939.7
Enterprise Value (EV)	–	1,493.9	1,462.4	1,429.0	1,405.2	1,371.5
Debt to EV (%)	N/A	67.8%	69.2%	68.5%	68.0%	68.5%
Wales & West Equity Valuation (100%)						
Opening Value	481.0	481.0	449.8	449.8	431.8	–
Acquisitions / (Disposals)	(574.3)	–	–	–	–	431.8
Asset revaluation	93.3	–	–	–	18.1	–
<b>Closing equity value</b>	<b>–</b>	<b>481.0</b>	<b>449.8</b>	<b>449.8</b>	<b>449.8</b>	<b>431.8</b>
CIF Ownership Interest (%)	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
CIF Share						
Opening Value	41.5	41.5	38.8	38.8	37.3	–
Acquisitions / (Disposals)	(49.6)	–	–	–	–	37.3
Asset revaluation	8.1	–	–	–	1.6	–
<b>Closing equity value</b>	<b>–</b>	<b>41.5</b>	<b>38.8</b>	<b>38.8</b>	<b>38.8</b>	<b>37.3</b>
Net Debt	–	87.4	87.4	84.5	82.5	81.1
Enterprise Value (EV)	–	128.9	126.2	123.3	121.3	118.4
Debt to EV (%)	N/A	67.8%	69.2%	68.5%	68.0%	68.5%

