



# Challenger Infrastructure Fund

## Reporting Pack – Half Year Ended 31 December 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



**Responsible Entity**

Challenger Listed Investments Limited (ABN 94 055 293 644) (AFSL 236887) (CLIL) is the Responsible Entity of CIF Investment Trust 1 (ARSN 114 139 703) and CIF Investment Trust 2 (ARSN 114 139 632) which together form the Challenger Infrastructure Fund (CIF). CLIL is indirectly wholly owned by Challenger Financial Services Group Limited (ABN 85 106 842 371) (Challenger).

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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 table below provides some notes to assist in the review of the accounts used in this reporting pack. These notes are provided for convenience only and should be read in conjunction with the full accounts contained within this reporting pack and the Important Notice on previous page.

Page reference	Comments
2-14	<ul style="list-style-type: none"> <li>The accounts are management accounts.</li> <li>The figures for Inexus and LBC are based on audited accounts.</li> <li>The figures for Arqiva, Northern Gas Networks, Wales and West Utilities and Southern Water are based solely on management accounts.</li> </ul>
15-16	<ul style="list-style-type: none"> <li>The accounts are management accounts.</li> <li>The financial year end for Southern Water is 31 March.</li> </ul>
17-20	<ul style="list-style-type: none"> <li>The accounts are based on management accounts.</li> </ul>
21-35	<ul style="list-style-type: none"> <li>The accounts are statutory accounts audited under AIFRS.</li> </ul>

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 31 December 2008 includes:

- 80.4% interest in Inexus;
- 66.2% interest in LBC;
- 15.6% interest in Southern Water.

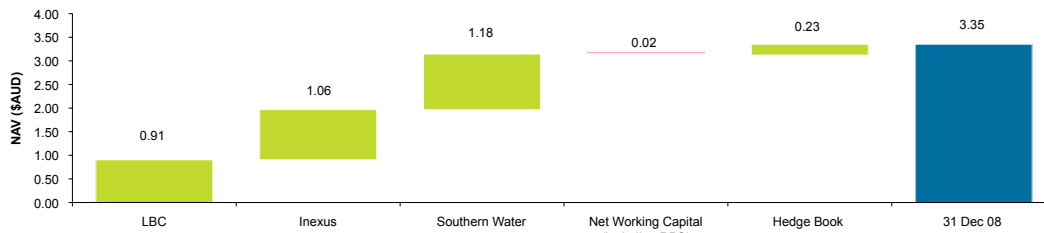
## CIF Group Assets Under Management

Half year ended A\$ millions	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005	%Mvt. 31 Dec 2008- 31 Dec 2007
LBC	317.2	352.6	363.8	323.7	-	-	-	(12.8%)
Inexus	371.9	457.2	543.7	545.5	474.0	424.5	355.7	(31.6%)
Southern Water	412.5	645.6	707.4	-	-	-	-	(41.7%)
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>1,101.6</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>(47%)</b>
Fund level senior debt	-	(381.3)	(488.9)	(230.0)	-	(284.4)	(301.0)	(100%)
Asset net sale proceeds receivable	-	269.8	-	-	-	-	-	N/A
Cash available to repay debt	-	111.5	-	-	-	-	-	N/A
<b>Fund level senior debt after asset sales</b>	<b>-</b>	<b>-</b>	<b>(488.9)</b>	<b>(230.0)</b>	<b>-</b>	<b>(284.4)</b>	<b>(301.0)</b>	<b>(100%)</b>
Redeemable Preference Shares	(104.5)	(207.4)	(222.0)	-	-	-	-	(52.9%)
Fund level foreign currency distribution hedges	44.8	55.2	13.8	13.7	(15.5)	(10.2)	4.0	Large
Fund level foreign currency capital hedges	36.0	-	-	-	-	-	-	N/A
Cash available for capital management initiatives <sup>1</sup>	102.1	-	-	-	-	-	-	N/A
Fund working capital	(5.8)	(0.3)	13.9	(1.7)	160.3	7.1	29.5	Large
<b>NAV</b>	<b>1,174.1</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>(16.4%)</b>
Units on Issue	350.2	348.5	346.8	276.3	240.8	240.8	240.0	1.0%
<b>NAV per unit (\$)</b>	<b>3.35</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>(17.2%)</b>

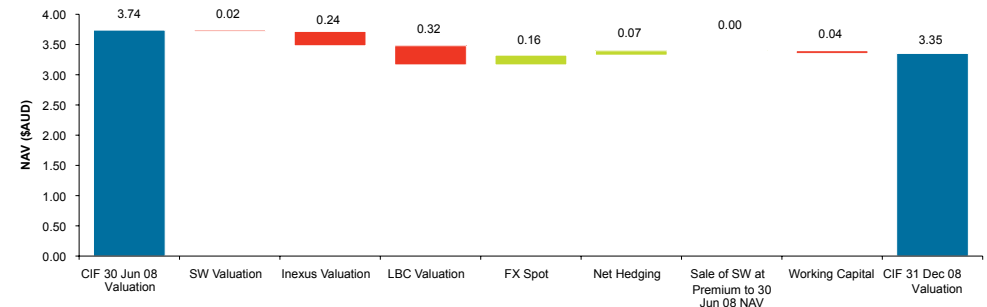
### Footnotes

<sup>1</sup> This includes cash to fund buyback and excludes cash available to fund 31 December 2008 distribution.

CIF NAV per unit build up - December 2008



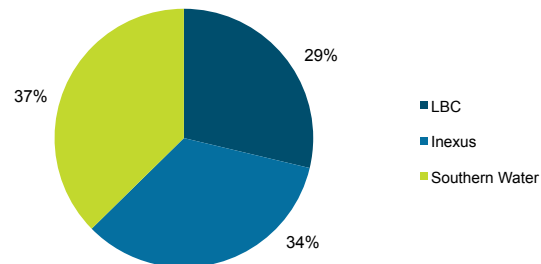
CIF NAV per unit build up - June 2008 to December 2008



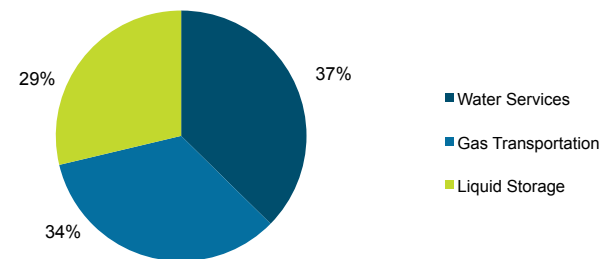
CIF Group Assets Under Management

Half year ended A\$ millions	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005	% Mvt. 31 Dec 2008– 31 Dec 2007
<b>LBC</b>								
Opening Value	352.6	363.8	323.7	–	–	–	–	
Acquisitions/(Disposals)	–	–	18.1	335.7	–	–	–	
Currency revaluation Impacts	75.6	(5.1)	21.9	(11.9)	–	–	–	
Asset revaluation	(111.0)	(6.1)	–	–	–	–	–	
<b>Closing value</b>	<b>317.2</b>	<b>352.6</b>	<b>363.8</b>	<b>323.7</b>	–	–	–	<b>(12.8%)</b>
<b>Inexus</b>								
Opening Value	457.2	543.7	545.5	474.0	424.5	355.7	–	
Acquisitions/(Disposals)	–	–	–	–	–	–	363.6	
Currency revaluation Impacts	(2.6)	(46.4)	(22.6)	(22.6)	(1.0)	22.6	(7.9)	
Asset revaluation	(82.7)	(40.2)	20.8	94.0	50.6	46.2	–	
<b>Closing value</b>	<b>371.9</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>(31.6%)</b>
<b>Southern Water</b>								
Opening Value	645.6	707.4	–	–	–	–	–	
Acquisitions/(Disposals)	(215.2)	–	702.2	–	–	–	–	
Currency revaluation Impacts	(2.4)	(60.3)	5.2	–	–	–	–	
Asset revaluation	(15.4)	(1.5)	–	–	–	–	–	
<b>Closing value</b>	<b>412.6</b>	<b>645.6</b>	<b>707.4</b>	–	–	–	–	<b>(41.7%)</b>
<b>Foreign Exchange rates used:</b>	<b>31 Dec 2008</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>	
GBP/AUD	2.0622	2.0738	2.2671	2.3649	2.4831	2.4895	2.3403	
EUR/AUD	1.9938	1.6418	1.6651	1.5919	–	–	–	

CIF Assets - Asset Diversification



CIF Assets - Industry Diversification



## CIF Fund Distributions

Half year ended A\$ millions	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005 <sup>1</sup>
<b>Investment Income</b>							
– Inexus	11.4	26.3	27.1	13.8	33.8	–	9.3
– LBC Terminals	–	12.0	16.2	–	–	–	–
– Southern Water	33.3	23.2	–	–	–	–	–
– Arqiva	–	16.4	6.5	9.2	3.2	7.1	11.3
– W&W	–	6.2	2.1	6.2	0.8	4.8	2.1
– NOE	–	2.2	7.0	2.1	6.3	2.1	3.5
Management Fees <sup>2</sup>	–	–	–	–	–	–	–
Cash Expenses	(0.5)	(1.2)	(0.9)	(0.5)	(0.5)	(0.3)	(0.3)
Realised FX Gains/(Losses)	4.0	–	8.7	(7.4)	8.3	0.6	0.9
Interest Expense – Redeemable Preference Share	(7.3)	(5.9)	–	–	–	–	–
Net interest – Fund level net senior debt	(5.1)	(15.4)	(7.6)	1.6	4.5	0.9	0.9
<b>Current year cash flow used to fund distribution</b>	<b>35.8</b>	<b>64.1</b>	<b>59.1</b>	<b>25.1</b>	<b>56.4</b>	<b>15.2</b>	<b>27.7</b>
Prior year brought forward asset distributions used to fund distribution	6.2	3.9	–	23.8	–	4.4	–
Distribution Paid	(42.0)	(68.0)	(50.3)	(48.9)	(34.7)	(19.6)	(14.5)
<b>Surplus current year cash flow above distribution requirements</b>	<b>–</b>	<b>–</b>	<b>8.8</b>	<b>–</b>	<b>21.7</b>	<b>–</b>	<b>13.2</b>
<b>Surplus cash flow derived from assets above Fund distributions</b>							
Prior year carried forward surplus cash flow above distribution requirements	11.6	15.6	6.8	30.5	8.8	13.2	–
Surplus derived in current period	–	–	8.8	–	21.7	–	13.2
Utilised during the period to fund distributions	(6.2)	(3.9)	–	(23.8)	–	(4.4)	–
Utilised during the period to repay debt	(1.4)	–	–	–	–	–	–
<b>Carried forward available for future distribution and working capital requirements</b>	<b>3.9</b>	<b>11.6</b>	<b>15.6</b>	<b>6.8</b>	<b>30.5</b>	<b>8.8</b>	<b>13.2</b>
<b>Capital Financing</b>							
Opening Balance	134.2	6.9	6.8	131.4	–	26.0	–
Transfer in to repay debt	1.4	–	–	–	–	–	–
Capital Raisings	–	–	249.7	136.7	420.2	–	401.5
Drawdowns – Redeemable Preference Share	(104.5)	–	225.0	–	–	–	–
Net drawdowns/(repayments) – Fund level senior debt <sup>3</sup>	(408.3)	(70.3)	250.1	227.5	(288.8)	(26.0)	288.1
Net (Acquisitions)/Sales	479.3	197.6	(724.7)	(488.8)	–	–	(663.6)
<b>Closing Capital Financing Cash Balance</b>	<b>102.1</b>	<b>134.2</b>	<b>6.9</b>	<b>6.8</b>	<b>131.4</b>	<b>–</b>	<b>26.0</b>
<b>Closing Cash Balance incl Capital Financing</b>	<b>106.1</b>	<b>145.9</b>	<b>22.5</b>	<b>13.6</b>	<b>161.9</b>	<b>8.8</b>	<b>39.2</b>
Units on issue	350.2	348.5	346.7	276.3	240.8	240.0	240.0
<b>Distribution per unit (DPU)</b>	<b>12.0</b>	<b>19.5</b>	<b>14.5</b>	<b>17.7</b>	<b>14.4</b>	<b>8.2</b>	<b>6.1</b>

**Footnotes**

<sup>1</sup> Period from IPO (August 2005) to 31 December 2005. During the period, CIF was partly paid to \$1.75.

<sup>2</sup> For periods beginning on or after 1 July 2008, management fees and performance fees will be paid in cash pursuant to the terms of the Investment Management Agreement with Challenger Management Services Limited. The first cash payment in respect of the fee period ended 31 December 2008 will occur during the half year ended 30 June 2009.

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

## CIF Fund Distribution Free Cashflow – Half year ended 31 December 2008

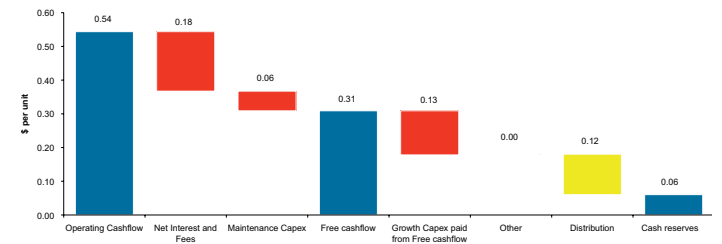
### CIF AUD Proportionate share Cents per security

	LBC	Inexus	Southern Water	Fund	Total
EBITDA	11.0	8.2	38.8	(0.1)	57.9
Other	1.6	–	(5.1)	–	(3.5)
<b>Operating cashflow</b>	<b>12.6</b>	<b>8.2</b>	<b>33.7</b>	<b>(0.1)</b>	<b>54.4</b>
Net interest and fees	(4.3)	(4.7)	(5.0)	(3.5)	(17.6)
Maintenance Capex	(2.5)	–	(3.4)	–	(5.8)
<b>Free cashflow</b>	<b>5.8</b>	<b>3.5</b>	<b>25.3</b>	<b>(3.7)</b>	<b>30.9</b>
<b>Capital Management</b>					
Growth Capex	(9.2)	(10.0)	(26.1)	–	(45.2)
Acquisitions	–	(0.9)	–	–	(0.9)
New business start-up costs	–	(1.4)	–	–	(1.4)
Debt fund growth Capex	4.7	10.7	–	–	15.4
Other debt drawdowns	–	1.4	–	–	1.4
Cash reserves to fund Capex	4.5	0.2	10.2	1.8	16.8
FX Hedge Gains/(Losses) – distribution	–	–	2.0	(0.9)	1.1
<b>Total Capital Management cashflows</b>	<b>–</b>	<b>–</b>	<b>(13.8)</b>	<b>0.9</b>	<b>(12.9)</b>
<b>Free Cashflow available for distribution</b>	<b>5.8</b>	<b>3.5</b>	<b>11.5</b>	<b>(2.8)</b>	<b>18.0</b>
Distribution composition – Half year ended 31 December 2008	–	3.2	11.5	(2.8)	12.0
<b>Free cashflow retained for capital management</b>	<b>5.8</b>	<b>0.2</b>	<b>–</b>	<b>–</b>	<b>6.0</b>

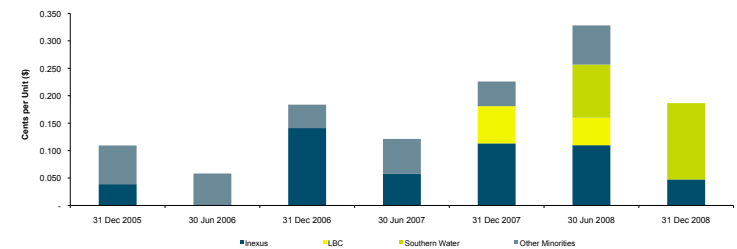
### Half year ended 31 December 2008 Cents per security

	LBC	Inexus	Southern Water	Fund	Total
Free cashflow (excluding hedging)	5.8	3.5	25.3	(3.7)	30.9
Hedging	–	–	2.0	(0.9)	1.1
<b>Free cashflow including hedging</b>	<b>5.8</b>	<b>3.5</b>	<b>27.3</b>	<b>(4.5)</b>	<b>32.0</b>
<b>Distribution composition</b>	<b>–</b>	<b>3.2</b>	<b>11.5</b>	<b>(2.8)</b>	<b>12.0</b>

CIF Free Cash Flow to Distribution waterfall - December 2008



CIF Distribution composition (by asset)



CIF 31 December 2008 distribution waterfall



## CIF Proportionate EBITDA from Continuing Operations

## CIF Proportionate EBITDA

Half year ended

A\$ millions

	31 Dec 2008	30 Jun 2008	31 Dec 2007
Asset EBITDA (CIF Share)			
– LBC	37.4	31.8	29.7
– Inexus	21.4	20.5	20.7
– Southern Water <sup>1</sup>	126.1	115.5	51.8
– Arqiva <sup>2</sup>	–	7.2	9.3
– NOE <sup>3</sup>	–	4.8	7.8
– W&W <sup>4</sup>	–	6.9	9.3
<b>Total Asset EBITDA (CIF Share)</b>	<b>185.0</b>	<b>186.7</b>	<b>128.7</b>
Management Fees (including performance fee) <sup>5</sup>	(7.2)	(3.7)	(5.3)
Realised exchange gains/(losses)	19.9	3.6	8.2
Operating expenses	0.3	(2.5)	(1.0)
<b>CIF Proportionate EBITDA</b>	<b>197.9</b>	<b>184.1</b>	<b>130.6</b>
<b>Normalisation adjustments</b>			
– Arqiva	–	(7.2)	(9.3)
– NOE	–	(4.8)	(7.8)
– W&W	–	(6.9)	(9.3)
Southern Water – July 2007 to acquisition	–	–	70.8
<b>CIF Proportionate EBITDA from continuing operations</b>	<b>197.9</b>	<b>165.2</b>	<b>175.0</b>
<b>Underlying EBITDA adjustments</b>			
– LBC <sup>6</sup>	5.9	–	–
– Inexus <sup>7</sup>	4.2	2.0	0.4
<b>CIF Underlying Proportionate EBITDA from continuing operations</b>	<b>208.0</b>	<b>167.2</b>	<b>175.4</b>

## Footnotes

<sup>1</sup> For the period since acquisition (15 October 2007) to 31 December 2007.

<sup>2</sup> For the period from 1 January 2008 to sale date of 21 May 2008.

<sup>3</sup> For the period from 1 January 2008 to sale date of 14 March 2008.

<sup>4</sup> For the period from 1 January 2008 to sale date of 20 March 2008.

<sup>5</sup> Management fees for the period ending 31 December 2008 include a performance fee of \$2.1m

<sup>6</sup> See LBC Key Performance Metrics for reconciliation of EBITDA to Underlying EBITDA.

<sup>7</sup> See Inexus Key Performance Metrics for reconciliation of EBITDA to Underlying EBITDA.

LBC Key Financial Metrics<sup>1</sup>
**Performance metrics**
**Half year ended**

€ millions

	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007 <sup>2</sup>
Revenue	86.1	74.6	72.0	11.5
EBITDA	30.9	29.8	27.6	3.7
Underlying EBITDA	35.3	29.8	27.6	3.7
Underlying EBITDA Margin (%)	41%	40%	38%	33%
Utilisation (%)	95%	94%	94%	95%
Growth Capex	29.5	34.8	33.1	5.4
Distributions paid to CIF	–	7.3	9.8	–
Capacity (Cbm '000) <sup>3</sup>	2,454			

**Reconciliation EBITDA to Underlying EBITDA**
**EBITDA**

Restructure costs	1.8
Litigation costs	0.6
Repairs and maintenance provisions	1.7
Hurricane Ike	0.3
<b>Underlying EBITDA</b>	<b>35.3</b>

**LBC Segments**
**Half year ended**

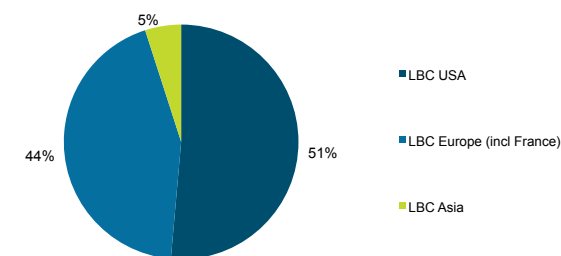
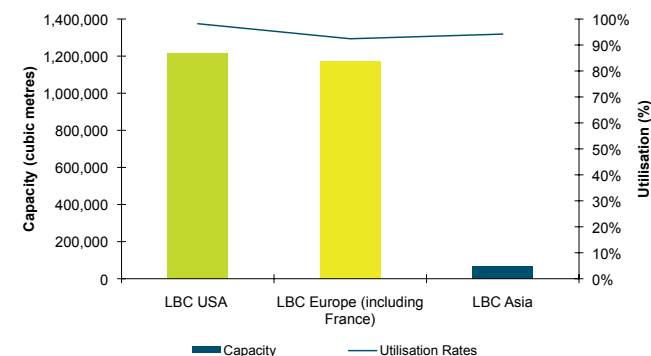
€ millions

	31 Dec 2008	30 Jun 2008	31 Dec 2007
<b>LBC USA</b>			
Revenue	31.0	24.8	23.1
Underlying EBITDA	18.2	14.9	12.5
Underlying EBITDA Margin (%)	59%	60%	54%
Growth Capex	15.3	17.9	14.7
Utilisation (%)	98%	98%	98%
Capacity (Cbm '000) <sup>3</sup>	1,217		
<b>LBC Europe (including France)</b>			
Revenue	52.4	47.7	47.6
Underlying EBITDA	15.4	13.8	14.3
Underlying EBITDA Margin (%)	29%	29%	30%
Growth Capex	14.2	16.9	18.4
Utilisation (%)	92%	90%	92%
Capacity (Cbm '000) <sup>3</sup>	1,171		
<b>LBC Asia</b>			
Revenue	2.7	2.1	1.3
Underlying EBITDA	1.8	1.0	0.8
Underlying EBITDA Margin (%)	66%	48%	60%
Growth Capex	–	–	–
Utilisation (%)	94%	93%	–
Capacity (Cbm '000) <sup>3</sup>	66		

**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 – December 2008**

**LBC Capacity and Utilisation**


## LBC Distribution Waterfall

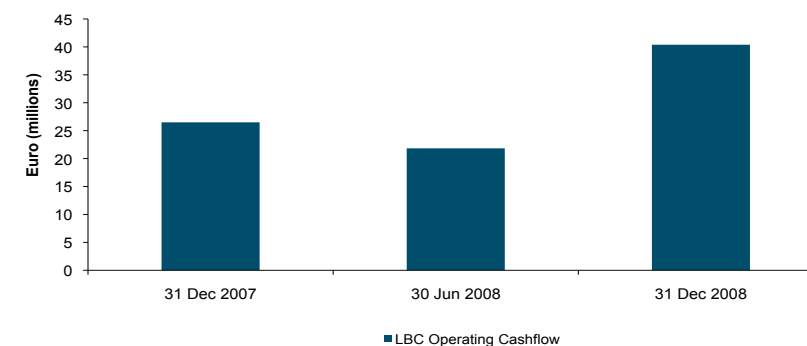
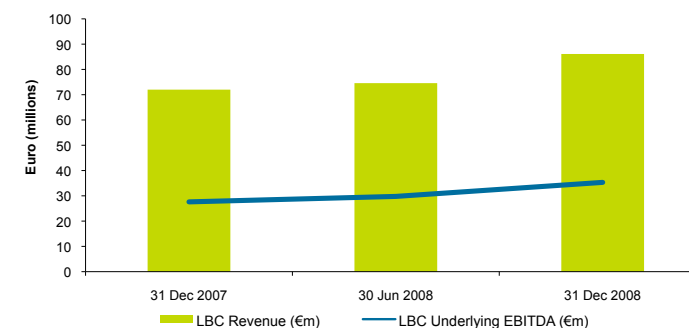
**Distribution Waterfall**

Half year ended

€ millions

	31 Dec 2008	30 Jun 2008	31 Dec 2007
Revenue	86.1	74.6	72.0
Underlying EBITDA	35.3	29.8	27.6
Other <sup>1</sup>	5.1	(7.9)	(1.1)
<b>Operating Cashflow</b>	<b>40.4</b>	<b>21.8</b>	<b>26.5</b>
Net interest and fees	(13.9)	(14.0)	(11.2)
Maintenance Capex	(7.9)	(7.7)	(7.4)
<b>Free Cashflow</b>	<b>18.6</b>	<b>0.1</b>	<b>7.9</b>
<b>Capital Management</b>			
Growth Capex	(29.5)	(34.8)	(33.1)
Debt fund growth Capex	15.0	42.9	28.6
Surplus cash reserves to fund future Capex	14.5	(8.1)	4.5
Acquisitions	–	–	(25.1)
Equity inflow to fund acquisitions	–	–	16.3
Cash reserves to fund acquisitions and growth Capex	–	–	8.8
Cash reserves to fund distributions	–	10.9	7.0
<b>Free Cashflow available for distribution</b>	<b>18.6</b>	<b>11.0</b>	<b>14.9</b>
Equity distribution	–	11.0	14.9
<b>Free Cash Flow retained for capital management</b>	<b>18.6</b>	<b>–</b>	<b>–</b>
Free cash flow coverage (%)	n/a	1%	53%
Cash reserves	n/a	99%	47%
<b>Distribution free cash flow coverage (%)</b>	<b>n/a</b>	<b>100%</b>	<b>100%</b>
Debt Funding (%)	n/a	–	–
<b>Total</b>	<b>n/a</b>	<b>100%</b>	<b>100%</b>
CIF Ownership %	66.2%	66.2%	66.2%
<b>CIF Share of Distribution</b>	<b>–</b>	<b>7.3</b>	<b>9.9</b>
Blended Hedge Rate (AUD/EUR)	1.6449	1.6461	1.6461
<b>CIF Distribution (AUDm)</b>	<b>–</b>	<b>12.0</b>	<b>16.2</b>

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

**LBC Operating Cashflow**

**LBC Underlying EBITDA and Revenue Growth**


## LBC Debt and Investment Balance

<b>Debt Capital</b>				
<b>Half year ended</b>				
<b>€ millions</b>	<b>31 Dec 2008</b>	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>	<b>30 June 2007</b>
<b>Senior debt</b>				
– USD Denominated (\$USDm)	387.6	387.6	363.2	352.0
– EUR Denominated (€m)	67.2	67.2	70.0	65.0
<b>Senior debt (€m)<sup>1</sup></b>	<b>345.7</b>	<b>313.1</b>	<b>316.7</b>	<b>325.6</b>
<b>Junior debt</b>				
– USD Denominated (\$USDm)	18.0	11.8	3.8	–
– EUR Denominated (€m)	42.0	41.7	40.3	40.0
<b>Junior debt (€m)<sup>1</sup></b>	<b>55.0</b>	<b>49.2</b>	<b>42.9</b>	<b>40.0</b>
<b>Other Senior debt</b>				
– USD Denominated (\$USDm)	7.2	7.2	7.2	7.2
– EUR Denominated (€m)	47.1	39.8	17.1	7.0
<b>Other Senior debt (€m)<sup>1</sup></b>	<b>52.3</b>	<b>44.4</b>	<b>22.0</b>	<b>12.3</b>
<b>Total debt (€m)</b>	<b>453.0</b>	<b>406.6</b>	<b>381.6</b>	<b>377.9</b>
<b>Total facilities available</b>				
– USD Denominated (\$USDm)	468.1			
– EUR Denominated (€m)	178.6			
<b>Total facilities available (€m)</b>	<b>514.9</b>			
Undrawn Facilities (€m)	61.9			
<b>Net Debt</b>				
<b>Half year ended</b>				
<b>€ millions</b>	<b>31 Dec 2008</b>	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>	<b>30 Jun 2007</b>
Total debt	453.0	406.6	381.6	377.9
Net cash and reserves	27.5	34.8	39.6	26.3
<b>Net debt</b>	<b>425.5</b>	<b>371.9</b>	<b>342.0</b>	<b>351.6</b>

## Footnotes

	<b>31 Dec 2008</b>	<b>30 June 2008</b>	<b>31 Dec 2007</b>	<b>30 June 2007</b>
<sup>1</sup> EUR/USD conversion of USD debt balances included in total are at the following rates.	1.3920	1.5764	1.4721	1.3505

## LBC Debt and Investment Balance

**LBC Enterprise Value**

Half year ended

€ million

	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007
Equity Valuation (100%)				
Opening Value	324.4	330.0	309.0	–
Acquisitions/(Disposals) <sup>1</sup>	–	–	15.4	309.0
Asset revaluation	(84.1)	(5.6)	5.6	–
<b>Closing equity value</b>	<b>240.3</b>	<b>324.4</b>	<b>330.0</b>	<b>309.0</b>
<b>Enterprise Value (EV)</b>				
Equity value	240.3	324.4	330.0	309.0
Net Debt	425.5	371.9	342.0	351.6
<b>Enterprise Value (EV)</b>	<b>665.8</b>	<b>696.3</b>	<b>672.0</b>	<b>660.6</b>
CIF Ownership Interest (%)	66.2%	66.2%	66.2%	66.0%
<b>CIF Share EV</b>				
Opening Value	214.8	218.5	203.9	–
Acquisitions/(Disposals) <sup>1</sup>	–	–	10.8	203.9
Asset revaluation	(55.7)	(3.7)	3.8	–
<b>Closing equity value</b>	<b>159.1</b>	<b>214.8</b>	<b>218.5</b>	<b>203.9</b>
Net Debt	281.7	246.2	226.4	232.1
<b>Enterprise Value (EV)</b>	<b>440.8</b>	<b>460.9</b>	<b>444.8</b>	<b>436.0</b>

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

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

### Performance metrics

Half year ended  
£ millions

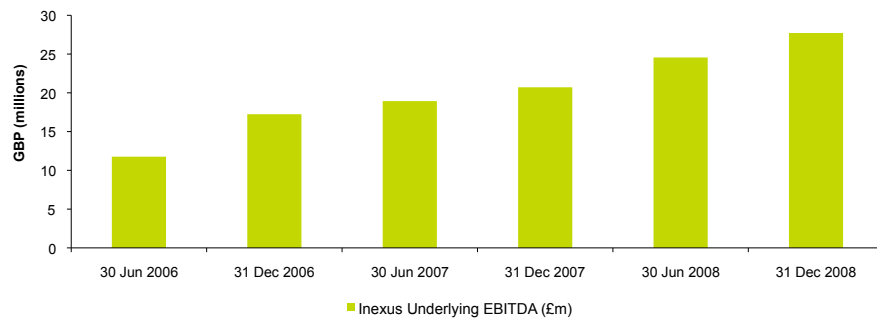
	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005 <sup>2</sup>
Revenue	24.6	23.6	19.9	16.7	15.4	14.4	9.0
EBITDA	11.9	12.0	11.1	9.4	9.5	7.7	4.1
Underlying EBITDA	14.5	13.3	11.3	9.4	9.5	7.7	4.1
Underlying EBITDA Margin (%)	59%	56%	57%	57%	62%	54%	45%
Distributions paid to CIF	4.6	10.7	11.0	5.6	13.7	–	3.8
% Revenue regulated	74%						
% Revenue unregulated	26%						
<b>Reconciliation EBITDA to Underlying EBITDA</b>							
<b>EBITDA</b>	<b>11.9</b>	<b>12.0</b>	<b>11.1</b>	<b>9.4</b>	<b>9.5</b>	<b>7.7</b>	<b>4.1</b>
Start-up Business EBITDA – and other one offs	1.5	1.2	0.2	–	–	–	–
Restructuring costs	1.0	–	–	–	–	–	–
<b>Underlying EBITDA</b>	<b>14.5</b>	<b>13.3</b>	<b>11.3</b>	<b>9.4</b>	<b>9.5</b>	<b>7.7</b>	<b>4.1</b>

### Footnotes

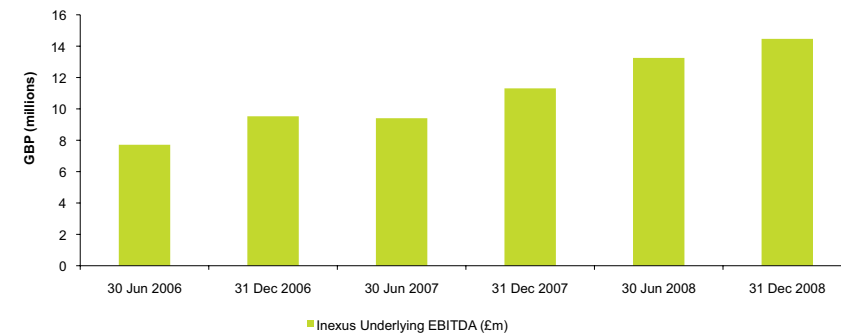
<sup>1</sup> All metrics are shown for 100% of Inexus unless otherwise stated.

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

Inexus Underlying EBITDA (Rolling 12 months)



Inexus Underlying EBITDA (6 months)



Inexus Distribution Waterfall<sup>1</sup>**Distribution Waterfall**

Half year ended £ millions	31 Dec 2008	30 Jun 2008	31 Dec 2007
Revenue	24.6	23.6	19.9
Underlying EBITDA <sup>2</sup>	14.5	13.3	11.1
Other <sup>3</sup>	0.1	(1.5)	1.7
<b>Operating Cashflow</b>	<b>14.5</b>	<b>11.7</b>	<b>12.8</b>
Net interest and fees	(8.4)	(8.2)	(6.2)
<b>Free Cashflow</b>	<b>6.1</b>	<b>3.6</b>	<b>6.6</b>
<b>Capital Management</b>			
Growth Capex	(17.7)	(14.8)	(11.0)
Start-up business – EBITDA and other one offs	(2.5)	(1.2)	–
Acquisitions	(1.7)	(3.1)	(11.9)
Drawdowns/(repayments) of debt	21.5	28.8	30.0
Cash reserves to fund Capex	0.4	–	–
<b>Free Cashflow available for distribution</b>	<b>6.1</b>	<b>13.3</b>	<b>13.7</b>
Equity distribution	5.7	13.3	13.7
<b>Free Cashflow retained for capital management</b>	<b>0.4</b>	<b>–</b>	<b>–</b>
Operating cash flow coverage (%)	100%	27%	48%
Cash reserves	–	–	–
<b>Distribution free cash flow coverage (%)</b>	<b>100%</b>	<b>27%</b>	<b>48%</b>
Debt Funding (%)	–	73%	52%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
CIF Ownership %	80.4%	80.4%	80.4%
<b>CIF Share of Distribution</b>	<b>4.6</b>	<b>10.7</b>	<b>11.0</b>
Blended Hedge Rate (AUD/GBP)	2.4631	2.4631	2.4673
<b>CIF Distribution (AUDm)</b>	<b>11.4</b>	<b>26.3</b>	<b>27.1</b>

**Footnotes**

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

<sup>2</sup> See Inexus Key Financial Metrics for reconciliation between EBITDA and Underlying EBITDA.

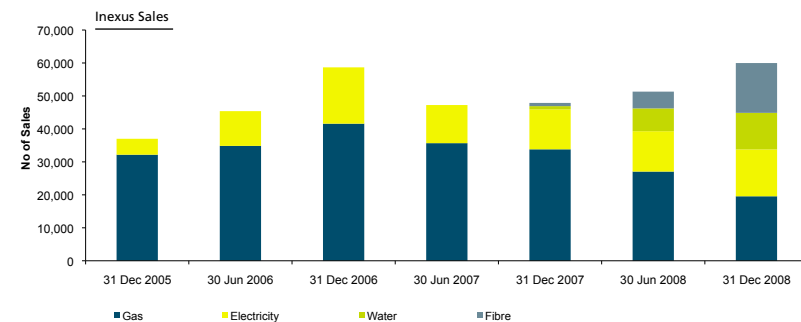
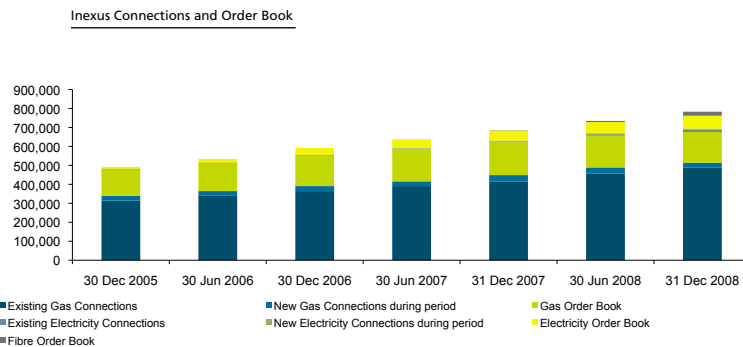
<sup>3</sup> Includes working capital and tax paid.

Inexus Connections

Half year ended	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
<b>Sales</b>							
Gas	19,568	27,065	33,813	35,682	41,596	34,854	32,181
Electricity	14,221	12,245	12,132	11,563	17,078	10,537	4,828
Water	11,085	6,913	970	-	-	-	-
Fibre	15,107	5,089	970	-	-	-	-
<b>Total</b>	<b>59,981</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	489,262	456,831	415,878	390,889	364,535	339,567	314,006
Additions <sup>1</sup>	-	-	8,071	-	-	-	-
New gas connections	24,922	32,431	32,882	24,989	26,354	24,968	25,561
<b>Closing gas connections</b>	<b>514,184</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 electricity connections	12,772	7,560	3,572	1,723	983	331	55
New electricity connections	4,578	5,212	3,988	1,849	740	652	276
<b>Closing electricity connections</b>	<b>17,350</b>	<b>12,772</b>	<b>7,560</b>	<b>3,572</b>	<b>1,723</b>	<b>983</b>	<b>331</b>
<b>Water Connections</b>							
Opening water connections	-	-	-	-	-	-	-
New water connections	58	-	-	-	-	-	-
<b>Closing water connections</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total Connections	531,592	502,034	464,391	419,450	392,612	365,518	339,898
Total Order Book	270,348	240,224	228,952	218,461	199,419	168,553	152,200
<b>Total Connections &amp; Order Book</b>	<b>801,940</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>

Footnotes

<sup>1</sup> Relates to acquired EGS connections balance of 8,071.



## Inexus Debt and Investment Balances

<b>Debt Capital</b> Half year ended £ millions	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
Senior debt	385.3	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	35.0
<b>Total debt</b>	<b>420.3</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	54.7						
<b>Net Debt</b> Half year ended £ millions	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
Total debt	420.3	389.2	366.8	336.8	312.8	307.8	303.8
Net cash and Reserves	6.1	5.2	5.3	2.3	3.4	4.1	8.0
<b>Net debt</b>	<b>414.1</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</b> Half year ended £ millions	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
<b>Equity Valuation (100%)</b>							
Opening Value	274.3	298.4	287.0	237.5	212.3	189.1	–
Acquisitions/(Disposals)	–	–	–	–	–	–	189.1
Asset revaluation	(49.9)	(24.1)	11.4	49.5	25.3	23.1	–
<b>Closing equity value</b>	<b>224.4</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	224.4	274.3	298.4	287.0	237.6	212.2	189.1
Net Debt	414.1	384.0	361.4	334.5	309.3	303.7	295.8
<b>Enterprise Value (EV)</b>	<b>638.5</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>
CIF Ownership Interest (%)	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%
<b>CIF Share</b>							
Opening Value	220.5	239.8	230.7	190.9	170.5	152.0	–
Acquisitions/(Disposals)	–	–	–	–	–	–	152.0
Asset revaluation	(40.1)	(19.4)	9.2	39.8	20.4	18.6	–
<b>Closing equity value</b>	<b>180.4</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	332.8	308.6	290.5	268.8	248.6	244.1	237.7
<b>Enterprise Value (EV)</b>	<b>513.2</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>

## Southern Water Key Financial Metrics

**Performance metrics**

Half year ended £ millions	31 Dec 2008	30 Jun 2008	31 Dec 2007 <sup>1</sup>
Revenue	335.0	318.4	130.0
EBITDA	248.0	231.7	89.7
EBITDA Margin (%)	74%	73%	69%
Distributions paid to CIF	13.8	9.6	–
% Revenue regulated	99%		
% Revenue unregulated	1%		

**Distribution Waterfall**

Half year ended £ millions	30 Sept 2008	31 Mar 2008
Revenue	341.1	277.7
EBITDA	241.2	201.1
Other <sup>2</sup>	(31.7)	(11.3)
<b>Operating Cashflow</b>	<b>209.5</b>	<b>189.8</b>
Net interest and fees <sup>3</sup>	(31.3)	(84.6)
Maintenance Capex <sup>4</sup>	(20.9)	(23.8)
<b>Free Cash Flow</b>	<b>157.3</b>	<b>81.4</b>
Growth Capex	(161.8)	(165.5)
Drawdowns/(repayments) of debt	–	21.7
Excess cash and reserve accounts	63.6	103.5
<b>Free Cashflow available for distribution</b>	<b>59.1</b>	<b>41.1</b>
Equity distribution	59.1	41.1
<b>Free Cashflow retained for capital management</b>	<b>–</b>	<b>–</b>
Operating cashflow coverage (%)	100%	100%
Cash reserves	–	–
<b>Distribution free cashflow coverage (%)</b>	<b>100%</b>	<b>100%</b>
Debt Funding (%)	–	–
<b>Total</b>	<b>100%</b>	<b>100%</b>
CIF Ownership %	23.4%	23.4%
<b>CIF Distribution Proportion</b>	<b>13.8</b>	<b>9.6</b>
Blended Hedge Rate (AUD/GBP)	2.4116	2.4116
<b>CIF Distribution (A\$m)</b>	<b>33.3</b>	<b>23.2</b>

**Footnotes**

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

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

<sup>3</sup> The variance in the net interest and fees between 30 September 2008 and 31 March 2008 is due to Southern Water payment timing of annual interest payment periods.

<sup>4</sup> Maintenance Capex relates to total infrastructure renewals expenditure within Southern Water.

## Southern Water Debt and Investment Balances

<b>Debt Capital</b> Half year ended £ millions	<b>31 Dec 2008</b>	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>
Senior debt	3,152.9	3,099.3	3,035.0
Junior debt	238.2	234.2	226.0
Other debt	–	–	–
<b>Total debt</b>	<b>3,391.2</b>	<b>3,333.5</b>	<b>3,261.0</b>
Total facilities available	3,670.2		
Undrawn Facilities	279.0		
<b>Net Debt</b> Half year ended £ millions <th><b>31 Dec 2008</b></th> <th><b>30 Jun 2008</b></th> <th><b>31 Dec 2007</b></th>	<b>31 Dec 2008</b>	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>
Total debt	3,391.2	3,333.5	3,261.0
Net cash and reserves	183.9	180.2	347.1
<b>Net debt</b>	<b>3,207.3</b>	<b>3,153.3</b>	<b>2,913.9</b>
<b>Enterprise Value</b> Half year ended £ millions <th><b>31 Dec 2008</b></th> <th><b>30 Jun 2008</b></th> <th><b>31 Dec 2007</b></th>	<b>31 Dec 2008</b>	<b>30 Jun 2008</b>	<b>31 Dec 2007</b>
<b>Equity Valuation (100%)</b>			
Opening Value	1,329.8	1,332.9	–
Acquisitions/(Disposals)	–	–	1,332.9
Asset revaluation	(48.5)	(3.1)	–
<b>Closing equity value</b>	<b>1,281.2</b>	<b>1,329.8</b>	<b>1,332.9</b>
<b>Enterprise Value (EV)</b>			
Equity value	1,281.2	1,329.8	1,332.9
Net Debt	3,207.3	3,153.3	2,913.9
<b>Enterprise Value (EV)</b>	<b>4,488.5</b>	<b>4,483.1</b>	<b>4,246.8</b>
CIF Ownership Interest (%)	15.6%	23.4%	23.4%
<b>CIF Share</b>			
Opening Value	311.3	312.0	–
Acquisitions/(Disposals) <sup>1</sup>	(103.8)	–	312.0
Asset revaluation	(7.5)	(0.7)	–
<b>Closing equity value</b>	<b>200.0</b>	<b>311.3</b>	<b>312.0</b>
Net Debt	500.8	738.2	682.1
<b>Enterprise Value (EV)</b>	<b>700.8</b>	<b>1,049.5</b>	<b>994.2</b>

**Footnotes**

<sup>1</sup> Southern Water valuation includes £12.0m of capitalised transaction costs at 31 December 2007.

## CIF Capital Management

## Proportionate Net Debt

Half year ended A\$ millions					\$Mvt.	%Mvt.
	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2008– 30 Jun 2008	31 Dec 2008– 30 Jun 2008
LBC	561.6	404.2	376.9	345.4	157.4	39.0%
Inexus	686.3	640.1	658.6	635.8	46.3	7.2%
Southern Water	1,032.7	1,530.9	1,545.8	–	(498.1)	(32.5%)
Arqiva	–	–	363.5	359.4	–	N/A
North DN	–	–	128.5	127.4	–	N/A
Wales & West	–	–	198.2	212.9	–	N/A
Fund level net debt <sup>1,2</sup>	(102.1)	–	488.9	218.0	(102.1)	N/A
<b>Total</b>	<b>2,178.5</b>	<b>2,575.1</b>	<b>3,760.4</b>	<b>1,898.8</b>	<b>(396.5)</b>	<b>(15.4%)</b>
Assets Under Management (A\$m)	1,101.6	1,455.3	2,087.1	1,351.0		
Debt to Enterprise Value <sup>3</sup> (%)	66.4%	63.9%	64.3%	58.4%		

## Debt Capital

Debt as at 31 December 2008 A\$ millions	Ownership (%)	Gross Debt	Cash <sup>1</sup>	Net Debt <sup>4</sup>	Proportional Gross Debt	Proportional Net Debt
LBC	66.2%	903.1	(54.8)	848.3	597.8	561.6
Inexus	80.4%	866.6	(12.6)	854.0	696.5	686.3
Southern Water	15.6%	6,993.2	(379.2)	6,614.0	1,092.0	1,032.7
Fund level net debt <sup>1,2</sup>	100.0%	–	(102.1)	(102.1)	–	(102.1)
<b>Total</b>		<b>8,762.9</b>	<b>(548.8)</b>	<b>8,214.1</b>	<b>2,386.3</b>	<b>2,178.5</b>

Gearing ratio	Proportional % Gross	Proportional % Net
Assets Under Management (A\$m)	1,101.6	1,101.6
Debt to Enterprise Value <sup>3</sup> (%)	68.4%	66.4%

## Footnotes

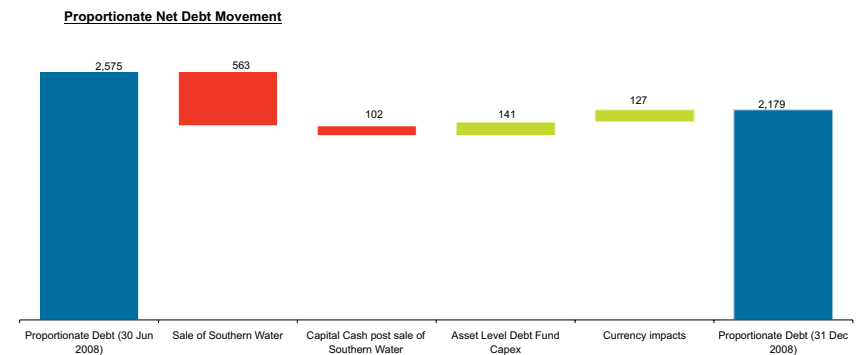
<sup>1</sup> Fund level net debt cash is in respect of cash available to repay debt, asset net sale proceeds and capital cash held at fund level.

<sup>2</sup> Excludes redeemable preference shares.

<sup>3</sup> Enterprise Value (EV) is calculated as CIF equity value plus proportional net debt.

<sup>4</sup> Net debt is converted at the following rates:

	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007
GBP/AUD	2.0622	2.0738	2.2671	2.3649
EUR/AUD	1.9938	1.6418	1.6651	1.5919



## CIF Capital Management

## Debt Capital (continued)

Debt as at 30 June 2008 A\$ millions	Ownership (%)	Gross Debt	Cash <sup>1</sup>	Net Debt <sup>1,2</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)	6,539.4	1,618.4	1,530.9
Fund level net debt <sup>3</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>3,090.4</b>	<b>2,575.1</b>

Gearing Ratio A\$ millions	Proportional % Gross	Proportional % Net
Assets Under Management (A\$m)	1,455.3	1,455.3
Debt to Enterprise Value <sup>4</sup> (%)	68.0%	63.9%

Debt as at 31 December 2007 A\$ millions	Ownership (%)	Gross Debt	Cash <sup>1</sup>	Net Debt <sup>1,2</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 net debt <sup>3</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 A\$ millions	Proportional % Gross	Proportional % Net
Assets Under Management (A\$m)	2,087.1	2,087.1
Debt to Enterprise Value <sup>4</sup> (%)	65.8%	64.3%

## Footnotes

<sup>1</sup> Fund level net debt cash is in respect of cash available to repay debt, asset net sale proceeds, and capital cash held at the Fund level.

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

	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007
GBP/AUD	2.0622	2.0738	2.2671	2.3649
EUR/AUD	1.9938	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

### Maturity Profile

#### Maturity profile – gross debt 31 December 2008 Local currency millions

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 and beyond	Total
LBC (€m)	–	5.2	12.7	–	–	400.7	34.4	453.0
Inexus (£m)	–	–	420.3	–	–	–	–	420.3
Southern Water (£m)	141.6	–	–	–	227.8	250.0	2,771.8	3,391.2

#### Maturity profile – gross debt 31 December 2008 A\$ millions<sup>1</sup>

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 and beyond	Total
LBC	–	10.3	25.2	–	–	798.8	68.7	903.1
Inexus	–	–	866.6	–	–	–	–	866.6
Southern Water	292.1	–	–	–	469.7	515.5	5,715.9	6,993.2
<b>Total</b>	<b>292.1</b>	<b>10.3</b>	<b>891.9</b>	<b>–</b>	<b>469.7</b>	<b>1,314.4</b>	<b>5,784.6</b>	<b>8,762.9</b>
<b>Percentage of total proportional gross debt</b>	<b>3.3%</b>	<b>0.1%</b>	<b>10.2%</b>	<b>–</b>	<b>5.4%</b>	<b>15.0%</b>	<b>66.0%</b>	<b>100.0%</b>

#### Maturity profile – proportional gross debt 31 December 2008 A\$ millions<sup>1</sup>

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 and beyond	Total
LBC	–	6.8	16.7	–	–	528.8	45.5	597.8
Inexus	–	–	696.5	–	–	–	–	696.5
Southern Water	45.6	–	–	–	73.3	80.5	892.5	1,092.0
<b>Total</b>	<b>45.6</b>	<b>6.8</b>	<b>713.2</b>	<b>–</b>	<b>73.3</b>	<b>609.3</b>	<b>938.0</b>	<b>2,386.3</b>
<b>Percentage of total proportional gross debt</b>	<b>1.9%</b>	<b>0.3%</b>	<b>29.9%</b>	<b>–</b>	<b>3.1%</b>	<b>25.5%</b>	<b>39.3%</b>	<b>100.0%</b>

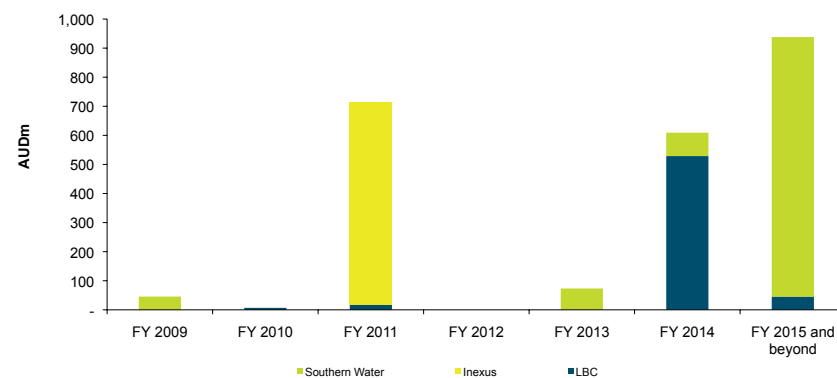
#### Footnotes

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

31 Dec 2008

GBP/AUD	2.0622
EUR/AUD	1.9938

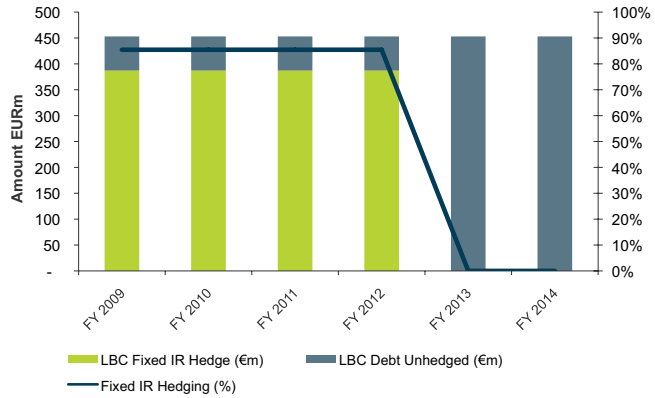
CIF Proportionate Debt Maturity Profile



CIF Capital Management

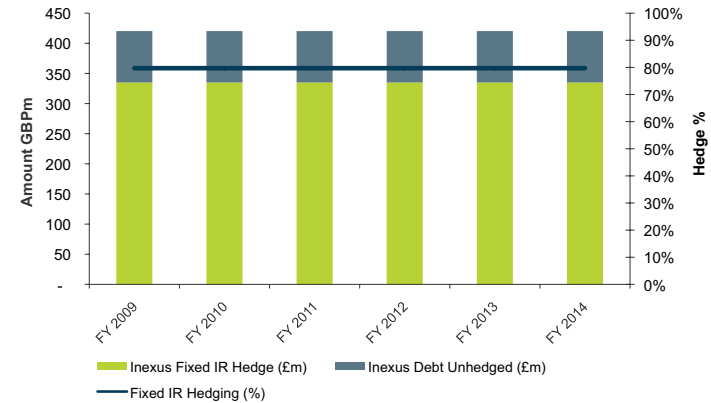
Interest Rate Hedging Profile

1. LBC Interest Rate Hedge (€m)



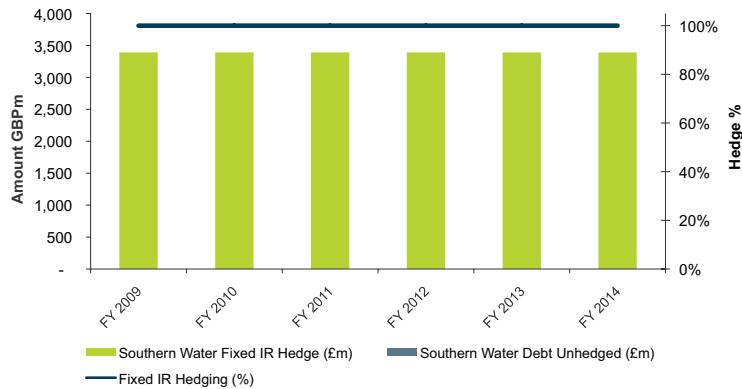
85% of total LBC debt outstanding at 31 December 2008 is interest rate hedged.

2. Inexus Interest Rate Hedge (£m)



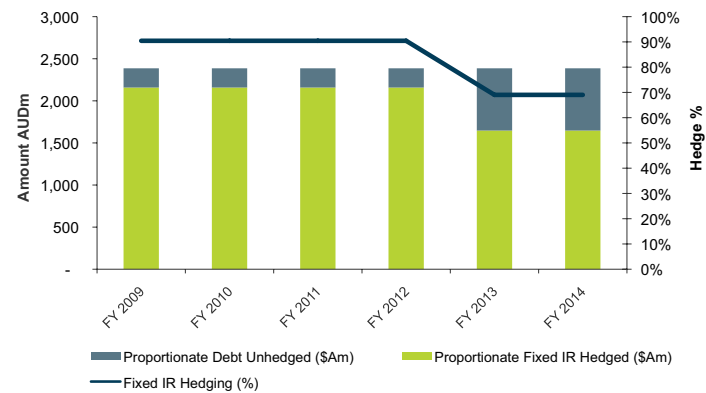
80% of total Inexus debt outstanding at 31 December 2008 is interest rate hedged.

3. Southern Water Interest Rate Hedge (£m)



100% of total Southern Water debt outstanding at 31 December 2008 is hedged into either index linked or fixed rate obligations.

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



90% of total CIF proportionate debt outstanding at 31 December 2008 is hedged into either index linked or fixed rate obligations.

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

## Statutory – Management Presentation

Half year ended A\$ millions	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005 <sup>2</sup>
<b>Income</b>							
Investment income <sup>3</sup>	38.2	27.7	23.9	11.7	15.9	10.2	14.6
Transportation revenue	54.8	50.5	46.2	40.5	38.1	34.7	21.1
Tank storage revenue	158.9	125.6	126.2	18.4	–	–	–
<b>Total revenue</b>	<b>251.9</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	(52.4)	(33.1)	(41.1)	(10.4)	(3.6)	(3.5)	(2.3)
Employee expenses	(51.0)	(43.9)	(43.4)	(14.7)	(7.5)	(6.8)	(3.2)
Management fees	(5.1)	(5.9)	(6.6)	(5.7)	(3.9)	(1.2)	(1.2)
Performance fees	(2.1)	–	–	–	–	–	–
Other operating expenses	(26.9)	(25.9)	(17.0)	(5.7)	(3.7)	(6.0)	(3.3)
<b>Total operating expenses</b>	<b>(137.5)</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	(0.1)	3.6	8.2	(6.7)	7.1	1.6	–
Realised gains/(losses) on FX	20.0	–	–	–	–	–	–
Realised gains/(losses) on disposal of investments	(0.9)	22.2	–	–	–	–	–
<b>EBITDA before specific items</b>	<b>133.4</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	(34.0)	(30.6)	(28.3)	(11.3)	(6.3)	(5.9)	(3.4)
<b>EBIT before specific items</b>	<b>99.5</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	2.6	4.5	3.9	5.2	4.2	0.8	1.2
Interest expense	(71.9)	(63.2)	(56.6)	(27.4)	(24.2)	(29.3)	(20.2)
Amortisation of loan issue costs	(7.1)	(2.5)	(10.8)	(1.2)	(1.2)	(1.4)	(2.0)
	<b>(76.4)</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>23.1</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>	(84.5)	28.9	(85.4)	66.2	(31.6)	0.2	(15.1)
Goodwill impairment <sup>5</sup>	(73.5)	–	–	–	–	–	–
Interest on minority investor shareholder loans <sup>6</sup>	(3.7)	(4.0)	(4.2)	(3.3)	(3.7)	(3.3)	(2.2)
Transaction fees <sup>7</sup>	–	–	(16.3)	–	–	–	–
	<b>(161.7)</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>(135.7)</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	11.1	(33.9)	(5.9)	3.5	1.9	4.5	0.7
<b>Net profit/(loss) after tax</b>	<b>(127.6)</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>

## Performance metrics

Half year ended	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
EBITDA margin (%)	53%	59%	49%	39%	78%	65%	72%
Distributions Paid (\$m)	42.0	68.0	50.3	48.9	34.7	19.6	14.5
Distributions per security (cents)	12.0	19.5	14.5	17.7	14.4	8.2	6.1
Assets Under Management (\$m)	1,101.6	1,455.3	2,087.1	1,351.0	794.1	743.0	647.0
NAV (\$ per unit)	3.35	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 respective periods 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 31 December 2005.

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

Unrealised items comprise:	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
– Inflation hedge revaluations – Inexus	(63.8)	(43.3)	(80.5)	46.0	(19.0)	15.1	(18.8)
– Distribution FX hedge revaluations – CIF fund	(10.4)	55.2	(8.2)	29.2	(5.1)	(14.2)	4.1
– Distribution FX hedge revaluations – LBC	(12.8)	6.1	5.1	(0.3)	–	–	–
– Capital FX hedge revaluations – CIF fund	36.0	–	–	–	–	–	–
– RPS contract revaluations	–	(0.8)	0.8	–	–	–	–
– FX revaluations on investments and debt fair valued through P&L	(50.8)	11.5	4.7	–	–	–	–
– Employee share schemes – Inexus & LBC	17.3	0.2	(7.3)	(8.7)	(7.5)	(0.7)	(0.4)
Total unrealised items	(84.5)	28.9	(85.4)	66.2	(31.6)	0.2	(15.1)

<sup>5</sup> Goodwill impairment in respect of LBC for the period ending 31 December 2008 is \$73.5m.

Interest on minority investor shareholder loans	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
– Inexus loan notes issued to minority shareholders	(0.5)	(0.5)	(0.5)	(0.9)	(0.2)	(0.5)	(0.3)
– Inexus preference shares issued to minority shareholders	(2.6)	(2.5)	(2.7)	(2.3)	(3.5)	(2.8)	(1.8)
– LBC minorities	(0.6)	(1.1)	(0.9)	(0.1)	–	–	–
Total interest on minority investor shareholder loans	(3.7)	(4.0)	(4.2)	(3.3)	(3.7)	(3.3)	(2.2)

<sup>7</sup> Relates to transaction fees paid in respect of acquisition of Southern Water required to be expensed under AIFRS

## Statutory Consolidated Profit &amp; Loss – Half year ended 31 December 2008

## Statutory – Management presentation segmented by assets

A\$ millions	Inexus	LBC	Southern Water	Fund & Other	Consolidation
<b>Income</b>					
Investment income <sup>1</sup>	–	–	38.2	–	38.2
Transportation revenue	54.8	–	–	–	54.8
Tank storage revenue	–	158.9	–	–	158.9
<b>Total revenue</b>	<b>54.8</b>	<b>158.9</b>	<b>38.2</b>	<b>–</b>	<b>251.9</b>
<b>Expenses</b>					
Cost of sales	(11.0)	(41.3)	–	–	(52.4)
Employee expenses	(9.7)	(41.3)	–	–	(51.0)
Management fees	–	–	–	(5.1)	(5.1)
Performance fees	–	–	–	(2.1)	(2.1)
Other operating expenses	(7.4)	(19.8)	–	0.3	(26.9)
<b>Total operating expenses</b>	<b>(28.2)</b>	<b>(102.4)</b>	<b>–</b>	<b>(6.9)</b>	<b>(137.5)</b>
Realised gains on derivative contracts	–	–	–	(0.1)	(0.1)
Realised gains/(losses) on FX	–	–	–	20.0	20.0
Realised gains/(losses) on disposal of investments	–	–	–	(0.9)	(0.9)
<b>EBITDA before specific items</b>	<b>26.6</b>	<b>56.5</b>	<b>38.2</b>	<b>12.1</b>	<b>133.4</b>
Depreciation	(8.2)	(25.8)	–	–	(34.0)
<b>EBIT before specific items</b>	<b>18.5</b>	<b>30.7</b>	<b>38.2</b>	<b>12.1</b>	<b>99.5</b>
<b>Interest &amp; borrowing costs</b>					
Interest income	0.2	1.0	–	1.4	2.6
Interest expense	(29.9)	(25.8)	–	(16.2)	(71.9)
Amortisation of loan issue costs	(0.7)	–	–	(6.4)	(7.1)
	<b>(30.4)</b>	<b>(24.8)</b>	<b>–</b>	<b>(21.2)</b>	<b>(76.4)</b>
<b>Net profit/(loss) before tax and specific items</b>	<b>(11.9)</b>	<b>5.9</b>	<b>38.2</b>	<b>(9.1)</b>	<b>23.1</b>
<b>Specific items</b>					
Unrealised items <sup>2</sup>	(48.1)	(11.2)	(17.2)	(8.0)	(84.5)
Goodwill impairment <sup>3</sup>	–	(73.5)	–	–	(73.5)
Interest on minority investor shareholder loans <sup>4</sup>	(3.1)	(0.6)	–	–	(3.7)
	<b>(51.2)</b>	<b>(85.3)</b>	<b>(17.2)</b>	<b>(8.0)</b>	<b>(161.7)</b>
<b>Net profit/(loss) before tax</b>	<b>(63.1)</b>	<b>(79.5)</b>	<b>21.0</b>	<b>(17.1)</b>	<b>(138.7)</b>
Tax	4.0	(2.4)	–	9.5	11.1
<b>Net profit/(loss) after tax</b>	<b>(59.2)</b>	<b>(81.9)</b>	<b>21.0</b>	<b>(7.5)</b>	<b>(127.6)</b>
<b>Footnotes</b>					
<sup>1</sup> Investment income from non-controlled investments include CIF's investment in Southern Water.					
<sup>2</sup> Unrealised items					
– Inflation hedge revaluations	(63.8)	–	–	–	(63.8)
– Distribution FX hedge revaluations – CIF fund	–	–	–	(10.4)	(10.4)
– Distribution FX hedge revaluations – LBC	–	(12.8)	–	–	(12.8)
– Capital FX hedge revaluations – CIF fund	–	–	–	36.0	36.0
– FX revaluations on investments and debt fair valued through P&L	–	–	(17.2)	(33.6)	(50.8)
– Employee share scheme – Inexus & LBC	15.7	1.6	–	–	17.3
Total unrealised items	(48.1)	(11.2)	(17.2)	(8.0)	(84.5)
<sup>3</sup> Goodwill impairment in respect of LBC for the period ending 31 December 2008.					
<sup>4</sup> Interest on minority shareholder loans; Inexus loan notes issued to minorities	(0.5)	–	–	–	(0.5)
– Inexus preference shares	(2.6)	–	–	–	(2.6)
– LBC minorities	–	(0.6)	–	–	(0.6)
Total interest on minority shareholder loans	(3.1)	(0.6)	–	–	(3.7)

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

## Statutory – Management presentation segmented by assets

A\$ millions	Inexus	LBC	Southern Water	Fund & Other	Consolidation
<b>Income</b>					
Investment income <sup>1</sup>	–	–	21.0	6.7	27.7
Transportation revenue	50.5	–	–	–	50.5
Tank storage revenue	–	125.6	–	–	125.6
<b>Total revenue</b>	<b>50.5</b>	<b>125.6</b>	<b>21.0</b>	<b>6.7</b>	<b>203.8</b>
<b>Expenses</b>					
Cost of sales	(9.0)	(24.1)	–	–	(33.1)
Employee expenses	(8.2)	(35.7)	–	–	(43.9)
Management fees	–	(2.3)	–	(3.7)	(5.9)
Other operating expenses	(7.7)	(15.6)	–	(2.6)	(25.9)
<b>Total operating expenses</b>	<b>(24.9)</b>	<b>(77.6)</b>	<b>–</b>	<b>(6.3)</b>	<b>(108.8)</b>
Realised gains on derivative contracts	–	–	–	3.6	3.6
<b>EBITDA before specific items</b>	<b>25.6</b>	<b>48.0</b>	<b>21.0</b>	<b>4.0</b>	<b>98.6</b>
Depreciation	(7.1)	(23.4)	–	–	(30.6)
<b>EBIT before specific items</b>	<b>18.5</b>	<b>24.6</b>	<b>21.0</b>	<b>4.0</b>	<b>68.1</b>
<b>Interest &amp; borrowing costs</b>					
Interest income	0.2	2.3	–	2.0	4.5
Interest expense	(24.6)	(13.3)	–	(25.2)	(63.2)
Amortisation of loan issue costs	(0.7)	–	–	(1.8)	(2.5)
	<b>(25.1)</b>	<b>(11.1)</b>	<b>–</b>	<b>(25.1)</b>	<b>(61.2)</b>
<b>Net profit/(loss) before tax and specific items</b>	<b>(6.6)</b>	<b>13.5</b>	<b>21.0</b>	<b>(21.1)</b>	<b>6.8</b>
<b>Specific items</b>					
Unrealised items <sup>2</sup>	(41.8)	4.8	11.5	54.4	28.9
Gains/(losses) on disposal of investments	–	–	–	22.2	22.2
Interest on minority investor shareholder loans <sup>3</sup>	(2.9)	(1.1)	–	–	(4.0)
	<b>(44.7)</b>	<b>3.8</b>	<b>11.5</b>	<b>76.6</b>	<b>47.1</b>
<b>Net profit/(loss) before tax</b>	<b>(51.4)</b>	<b>17.3</b>	<b>32.5</b>	<b>55.5</b>	<b>54.0</b>
Tax	4.2	(14.0)	–	(24.1)	(33.9)
<b>Net profit/(loss) after tax</b>	<b>(47.2)</b>	<b>3.3</b>	<b>32.5</b>	<b>31.4</b>	<b>20.1</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	(43.3)	–	–	–	(43.3)
– Distribution FX hedge revaluations – CIF fund	–	–	–	55.2	55.2
– Distribution FX hedge revaluations – LBC	–	6.1	–	–	6.1
– RPS contract revaluations	–	–	–	(0.8)	(0.8)
– FX revaluations on investments and debt fair valued through P&L	–	–	11.5	–	11.5
– Employee share scheme – Inexus and LBC	1.5	(1.3)	–	–	0.2
Total unrealised items	(41.8)	4.8	11.5	54.4	28.9
<sup>3</sup> Interest on minority shareholder loans					
– Inexus loan notes issued to minorities	(0.5)	–	–	–	(0.5)
– Inexus preference shares	(2.5)	–	–	–	(2.5)
– LBC minorities	–	(1.1)	–	–	(1.1)
Total interest on minority shareholder loans	(2.9)	(1.1)	–	–	(4.0)

## Statutory Consolidated Profit &amp; Loss – Half year ended 31 December 2007

## Statutory – Management presentation segmented by assets

A\$ millions	Inexus	LBC	Southern Water	Fund & Other	Consolidation
<b>Income</b>					
Investment income <sup>1</sup>	–	–	4.8	19.1	23.9
Transportation revenue	46.2	–	–	–	46.2
Tank storage revenue	–	126.2	–	–	126.2
<b>Total revenue</b>	<b>46.2</b>	<b>126.2</b>	<b>4.8</b>	<b>19.1</b>	<b>196.4</b>
<b>Expenses</b>					
Cost of sales	(7.2)	(33.9)	–	–	(41.1)
Employee expenses	(9.4)	(33.9)	–	–	(43.4)
Management fees	–	(1.3)	–	(5.3)	(6.6)
Other operating expenses	(3.9)	(12.1)	–	(1.0)	(17.0)
<b>Total operating expenses</b>	<b>(20.5)</b>	<b>(81.3)</b>	<b>–</b>	<b>(6.2)</b>	<b>(108.0)</b>
Realised gains on derivative contracts	–	–	–	8.2	8.2
<b>EBITDA before specific items</b>	<b>25.7</b>	<b>44.9</b>	<b>4.8</b>	<b>21.0</b>	<b>96.5</b>
Depreciation	(6.9)	(21.4)	–	–	(28.3)
<b>EBIT before specific items</b>	<b>18.8</b>	<b>23.5</b>	<b>4.8</b>	<b>21.0</b>	<b>68.2</b>
<b>Interest &amp; borrowing costs</b>					
Interest income	0.2	1.6	–	2.1	3.9
Interest expense	(25.2)	(17.1)	–	(14.3)	(56.6)
Amortisation of loan issue costs	(0.7)	–	–	(10.1)	(10.8)
	<b>(25.7)</b>	<b>(15.5)</b>	<b>–</b>	<b>(22.3)</b>	<b>(63.5)</b>
<b>Net profit/(loss) before tax and specific items</b>	<b>(6.9)</b>	<b>8.0</b>	<b>4.8</b>	<b>(1.3)</b>	<b>4.7</b>
<b>Specific items</b>					
Unrealised items <sup>2</sup>	(87.8)	5.1	4.7	(7.4)	(85.4)
Interest on minority investor shareholder loans <sup>3</sup>	(3.2)	(0.9)	–	–	(4.2)
Transaction fees <sup>4</sup>	–	–	(16.3)	–	(16.3)
	<b>(91.0)</b>	<b>4.2</b>	<b>(11.6)</b>	<b>(7.4)</b>	<b>(105.8)</b>
<b>Net profit/(loss) before tax</b>	<b>(97.9)</b>	<b>12.3</b>	<b>(6.8)</b>	<b>(8.6)</b>	<b>(101.1)</b>
Tax	3.6	(9.3)	–	(0.2)	(5.9)
<b>Net profit/(loss) after tax</b>	<b>(94.3)</b>	<b>3.0</b>	<b>(6.8)</b>	<b>(8.9)</b>	<b>(107.0)</b>

**Footnotes**

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

<sup>2</sup> Unrealised items

– Inflation hedge revaluations	(80.5)	–	–	–	(80.5)
– Distribution FX hedge revaluations – CIF fund	–	–	–	(8.2)	(8.2)
– Distribution FX hedge revaluations – LBC	–	5.1	–	–	5.1
– RPS contract revaluations	–	–	–	0.8	0.8
– FX revaluations on investments and debt fair valued through P&L	–	–	4.7	–	4.7
– Employee share scheme – Inexus	(7.3)	–	–	–	(7.3)
<b>Total unrealised items</b>	<b>(87.8)</b>	<b>5.1</b>	<b>4.7</b>	<b>(7.4)</b>	<b>(85.4)</b>

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

– Inexus loan notes issued to minorities	(0.5)	–	–	–	(0.5)
– Inexus preference shares	(2.7)	–	–	–	(2.7)
– LBC minorities	–	(0.9)	–	–	(0.9)
<b>Total interest on minority shareholder loans</b>	<b>(3.2)</b>	<b>(0.9)</b>	<b>–</b>	<b>–</b>	<b>(4.2)</b>

<sup>4</sup> Relates to transaction fees paid in respect of acquisition of Southern Water required to be expensed under AIFRS

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

Half year ended A\$ millions	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
<b>Assets</b>							
Cash and cash equivalents	198.2	236.4	91.5	127.4	171.5	36.6	66.8
Trade and other receivables <sup>2</sup>	123.7	365.2	112.2	65.1	21.6	438.1	440.5
Other assets	2.7	2.1	2.6	1.9	1.0	0.8	5.9
Derivatives at fair value	80.8	66.1	–	20.1	–	–	–
Investments	412.4	645.8	1,151.8	481.2	320.1	318.5	291.3
Deferred tax assets	3.6	6.7	2.9	6.5	4.2	7.0	–
Property plant and equipment	1,512.3	1,192.1	1,190.7	1,075.1	285.9	273.0	242.6
Intangibles <sup>3</sup>	1,439.7	1,401.9	1,517.6	1,472.4	1,027.7	1,030.4	968.5
<b>Total assets</b>	<b>3,773.4</b>	<b>3,916.4</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	42.0	68.0	50.3	48.9	34.7	19.6	14.5
Trade & other payables	253.3	251.3	255.6	201.9	93.2	76.5	69.7
Derivatives at fair value	297.5	132.3	98.2	–	85.3	59.5	70.6
Provisions	67.4	53.0	63.6	49.6	0.1	0.4	0.3
Interest bearing liabilities – external	1,756.0	1,835.5	1,932.1	1,606.6	770.7	1,043.3	1,003.7
Redeemable preference shares	104.5	207.4	222.6	–	–	–	–
Minority investor shareholder loans <sup>4</sup>	101.2	107.2	122.9	111.4	91.4	91.7	86.2
Deferred tax liabilities	226.7	176.7	169.6	169.4	5.5	10.5	–
<b>Total liabilities</b>	<b>2,848.6</b>	<b>2,831.6</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>924.8</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>

**Footnotes**

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

<sup>2</sup> Trade and other receivables includes \$244m net receivable in respect of proceeds from Arqiva sale received on completion on 30 September 2008 net of costs payable in respect of the asset sale program.

<sup>3</sup> Goodwill impairment in respect of LBC for the period ending 31 December 2008 is \$73.5m.

<sup>4</sup> Minority investor shareholder loans are required under AIFRS to be classified as liabilities

These loans comprise:

– Loan notes – Inexus	20.7	23.9	26.2	13.9	14.6	14.7	13.8
– Loan notes – LBC	16.7	19.2	26.7	24.4	–	–	–
– Preference shares – Inexus	63.8	64.1	70.1	73.1	76.8	77.0	72.4
<b>Total minority investor shareholder loans</b>	<b>101.2</b>	<b>107.2</b>	<b>122.9</b>	<b>111.4</b>	<b>91.4</b>	<b>91.7</b>	<b>86.2</b>

CIF Group Statutory Consolidated Balance Sheet as at 31 December 2008<sup>1</sup>

## Segmented by asset

A\$ millions	Inexus	LBC	Southern Water	Fund & Other	Consolidation
<b>Assets</b>					
Cash and cash equivalents	12.6	54.8	–	130.8	198.2
Trade and other receivables	23.7	89.1	–	10.8	123.7
Other assets	1.8	0.8	–	–	2.7
Derivatives at fair value	–	–	–	80.8	80.8
Investments	–	–	412.4	–	412.4
Deferred tax assets	2.8	–	–	0.8	3.6
Property plant and equipment	344.5	1,167.8	–	–	1,512.3
Intangibles <sup>2</sup>	881.3	358.4	–	–	1,439.7
<b>Total assets</b>	<b>1,266.7</b>	<b>1,871.0</b>	<b>412.4</b>	<b>223.3</b>	<b>3,773.4</b>
<b>Liabilities</b>					
Distributions payable	–	–	–	42.0	42.0
Trade and other payables	110.3	132.8	–	10.3	253.3
Derivatives at fair value	228.2	69.2	–	–	297.5
Provisions	–	67.4	–	–	67.4
Interest bearing liabilities – external <sup>3</sup>	864.4	891.6	–	–	1,756.0
Redeemable preference shares	–	–	–	104.5	104.5
Minority investor shareholder loans <sup>4</sup>	84.5	16.7	–	–	101.2
Deferred tax liabilities	(3.8)	226.5	–	4.0	226.7
<b>Total liabilities</b>	<b>1,283.6</b>	<b>1,404.1</b>	<b>–</b>	<b>160.9</b>	<b>2,848.6</b>
<b>Net assets per consolidated balance sheet</b>	<b>(16.9)</b>	<b>466.8</b>	<b>412.4</b>	<b>62.4</b>	<b>924.8</b>

## Footnotes

<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> Goodwill impairment in respect of LBC for the period ending 31 December 2008 is \$73.5m.

<sup>3</sup> Interest Bearing Liabilities comprise of loans and capitalised line fees. The split of these is as follows:

– Loans	866.6	903.3	–	–	1,769.9
– Capitalised line fees	(2.3)	(11.7)	–	–	(14.0)
<b>Total interest bearing liabilities</b>	<b>864.4</b>	<b>891.6</b>	<b>–</b>	<b>–</b>	<b>1,756.0</b>

<sup>4</sup> Minority investor shareholder loans are required under AIFRS to be classified as liabilities.

These loans comprise:

– Loan notes	20.7	16.7	–	–	37.4
– Preference shares	63.8	–	–	–	63.8
<b>Total minority investor shareholder loans</b>	<b>84.5</b>	<b>16.7</b>	<b>–</b>	<b>–</b>	<b>101.2</b>

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

## Segmented by asset

A\$ millions	Inexus	LBC	Southern Water	Fund & Other	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	–	–	–	66.1	66.1
Investments	–	–	645.8	–	645.8
Deferred tax assets	6.7	–	–	–	6.7
Property plant & equipment	324.7	867.4	–	–	1,192.1
Intangibles	878.2	523.7	–	–	1,401.9
<b>Total assets</b>	<b>1,246.4</b>	<b>1,509.1</b>	<b>645.8</b>	<b>515.1</b>	<b>3,916.4</b>
<b>Liabilities</b>					
Distributions payable	–	–	–	68.0	68.0
Trade & other payables	126.5	88.3	–	36.5	251.3
Derivatives at fair value	120.7	0.7	–	10.9	132.3
Provisions	–	53.0	–	–	53.0
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)	174.4	–	4.0	176.7
<b>Total liabilities</b>	<b>1,137.4</b>	<b>992.4</b>	<b>–</b>	<b>701.8</b>	<b>2,831.6</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. Investment in Southern Water is 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	–	381.3	1,855.7
– Capitalised line fees	(2.9)	(10.9)	–	(6.4)	(20.2)
<b>Total interest bearing liabilities</b>	<b>803.9</b>	<b>656.7</b>	<b>–</b>	<b>374.9</b>	<b>1,835.5</b>

<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
<b>Total minority investor shareholder loans</b>	<b>88.0</b>	<b>19.2</b>	<b>–</b>	<b>–</b>	<b>107.2</b>

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

## Segmented by asset

A\$ millions	Inexus	LBC	Southern Water	Fund & Other	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	1,151.8
Deferred tax assets	2.9	–	–	–	2.9
Property plant & equipment	325.3	865.4	–	–	1,190.7
Intangibles	960.0	557.6	–	–	1,517.6
<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	1,932.1
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>

## Consolidated Cashflow Statement

## Statutory – Management Presentation

**CIF Group Cashflow**  
**Half year ended**  
**A\$ million**

	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
<b>Cashflows from operating activities</b>							
Receipts from customers	223.5	189.6	162.5	58.3	36.0	37.3	21.2
Payments to suppliers	(108.5)	(123.4)	(89.9)	(28.2)	(18.3)	(15.8)	(6.0)
Interest received	1.9	16.8	4.9	11.2	7.8	5.1	4.7
Dividends received	32.6	10.3	11.5	5.9	11.5	6.0	10.1
Interest paid	(64.4)	(51.0)	(56.1)	(17.5)	(13.4)	(10.8)	(8.7)
Tax refund/(paid)	(10.3)	(5.6)	(8.4)	0.7	(0.3)	0.5	(0.5)
<b>Net cashflow from operating activities</b>	<b>74.8</b>	<b>36.7</b>	<b>24.6</b>	<b>30.4</b>	<b>23.3</b>	<b>22.3</b>	<b>20.8</b>
<b>Cashflows from investing activities</b>							
Acquisition of investments	–	(7.3)	(702.2)	(153.9)	–	–	(300.4)
Sale of investments	469.4	220.3	–	–	–	–	–
Purchase of controlled entities (net of cash acquired)	(3.5)	(2.1)	(66.8)	(1,037.5)	–	–	(1,149.7)
Payments for purchase of property, plant and equipment	(113.5)	(97.0)	(94.8)	(33.5)	(21.3)	(23.4)	(4.6)
<b>Net cashflow from investing activities</b>	<b>352.3</b>	<b>113.8</b>	<b>(863.8)</b>	<b>(1,225.0)</b>	<b>(21.3)</b>	<b>(23.4)</b>	<b>(1,454.7)</b>
<b>Cashflows from financing activities</b>							
Gross proceeds from issue of securities	–	–	259.6	140.0	420.2	–	420.0
Transaction costs on issue of securities	–	–	(10.0)	(3.5)	–	–	(18.5)
Net Inexus and LBC minorities financing	(6.6)	(7.3)	8.1	173.0	–	–	74.0
Proceeds from redeemable preference shares	–	–	225.0	–	–	–	–
Repayment of redeemable preference shares	(109.6)	–	–	–	–	–	–
Proceeds from borrowings	98.7	120.7	650.4	891.6	13.6	9.9	1,193.1
Repayment of borrowings	(420.9)	(78.0)	(275.9)	0.4	(288.8)	(26.0)	(168.3)
Distributions paid to Inexus and LBC minorities	(6.3)	(6.7)	(3.2)	(7.6)	–	–	–
Distributions paid to securityholders	(68.0)	(50.2)	(48.9)	(34.7)	(19.5)	(14.5)	–
<b>Net cashflow from financing activities</b>	<b>(512.7)</b>	<b>(21.5)</b>	<b>805.1</b>	<b>1,159.1</b>	<b>125.5</b>	<b>(30.7)</b>	<b>1,500.3</b>
<b>Net increase/(decrease) in cash assets held</b>	<b>(85.6)</b>	<b>129.1</b>	<b>(34.1)</b>	<b>(35.5)</b>	<b>127.5</b>	<b>(31.7)</b>	<b>66.3</b>
Cash and cash equivalents at beginning of period	236.4	91.5	127.4	171.5	36.6	66.8	–
Net foreign exchange differences	47.3	15.9	(1.8)	(8.7)	7.5	1.5	0.5
<b>Cash and cash equivalents at end of period</b>	<b>198.2</b>	<b>236.4</b>	<b>91.5</b>	<b>127.4</b>	<b>171.5</b>	<b>36.6</b>	<b>66.8</b>

## Consolidated Cashflow Statement

## Statutory – Management Presentation (continued)

Half year ended A\$ millions	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
<b>CIF Cashflow Information</b>							
<b>Net profit/(loss) after income tax expense</b>	<b>(127.6)</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>
Depreciation	34.0	30.6	28.3	11.3	6.3	5.9	3.4
Amortisation	7.1	2.5	10.8	1.2	1.2	1.4	2.0
Unrealised movements – employee share scheme	(17.3)	(0.2)	7.3	8.7	7.5	0.7	0.4
Unrealised gains/(losses) – derivatives/investments	101.8	(28.7)	78.1	(74.9)	24.1	(0.9)	14.7
Goodwill impairment	73.5	–	–	–	–	–	–
Other	(11.1)	(15.3)	(6.0)	10.2	–	–	–
<b>Change in assets and liabilities</b>							
Increase in receivables	6.5	(1.5)	(9.7)	(10.8)	(0.9)	2.2	(7.8)
Increase in payables and other liabilities	7.9	29.4	22.8	25.6	3.6	18.4	23.3
<b>Net cashflow from operating activities</b>	<b>74.8</b>	<b>36.7</b>	<b>24.6</b>	<b>30.4</b>	<b>23.3</b>	<b>22.3</b>	<b>20.8</b>

## Consolidated Cashflow Statement – Half year ended 31 December 2008

 Segmented by asset<sup>1</sup>

A\$ millions	Inexus	LBC	Fund & Other	Consolidation
<b>Cashflows from operating activities</b>				
Receipts from customers	49.7	168.1	5.8	223.5
Payments to suppliers	(25.0)	(83.2)	(0.3)	(108.5)
Interest received	0.2	–	1.7	1.9
Dividends received	–	–	32.6	32.6
Interest paid	(17.5)	(28.2)	(18.7)	(64.4)
Tax refund/(paid)	–	(10.3)	–	(10.3)
<b>Net cashflow from operating activities</b>	<b>7.3</b>	<b>46.4</b>	<b>21.1</b>	<b>74.8</b>

A\$ millions	Inexus	LBC	Fund & Other	Consolidation
<b>Net profit/(loss) after income tax expense</b>	<b>(59.2)</b>	<b>(81.9)</b>	<b>13.4</b>	<b>(127.6)</b>
Depreciation	8.2	25.8	–	34.0
Amortisation	0.7	–	6.4	7.1
Unrealised movements – employee share scheme	(15.7)	(1.6)	–	(17.3)
Unrealised gains/(losses) – derivatives/investments	63.8	12.8	25.2	101.8
Goodwill impairment	–	73.5	–	73.5
Other	(0.6)	(5.2)	(5.3)	(11.1)
<b>Change in assets and liabilities</b>				
Net change in assets and liabilities	10.1	22.9	(18.6)	14.4
<b>Net cashflow from operating activities</b>	<b>7.3</b>	<b>46.4</b>	<b>21.1</b>	<b>74.8</b>

## Footnotes

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

## Consolidated Cashflow Statement – Half year ended 30 June 2008

 Segmented by asset<sup>1</sup>

A\$ millions	Inexus	LBC	Fund & Other	Consolidation
<b>Cashflows from operating activities</b>				
Receipts from customers	61.1	128.5	–	189.6
Payments to suppliers	(30.4)	(93.4)	0.4	(123.4)
Interest received	0.2	(1.7)	18.2	16.8
Dividends received	–	–	10.3	10.3
Interest paid	(11.3)	(18.3)	(21.3)	(51.0)
Tax refund/(paid)	(0.4)	(4.9)	(0.3)	(5.6)
<b>Net cashflow from operating activities</b>	<b>19.2</b>	<b>10.2</b>	<b>7.3</b>	<b>36.7</b>

A\$ millions	Inexus	LBC	Fund & Other	Consolidation
<b>Net profit/(loss) after income tax expense</b>	<b>(47.2)</b>	<b>3.3</b>	<b>64.0</b>	<b>20.1</b>
Depreciation	7.1	23.4	(0.1)	30.5
Amortisation	0.7	–	1.8	2.5
Unrealised movements – employee share scheme	(1.5)	1.3	–	(0.2)
Unrealised gains/(losses) – derivatives/investments	43.3	(4.7)	(67.4)	(28.7)
Other	9.6	(3.3)	(21.7)	(15.3)
<b>Change in assets and liabilities</b>				
Net change in assets and liabilities	7.2	(9.8)	30.7	28.0
<b>Net cashflow from operating activities</b>	<b>19.2</b>	<b>10.2</b>	<b>7.3</b>	<b>36.7</b>

## Footnotes

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

## Consolidated Cashflow Statement – Half year ended 31 December 2007

 Segmented by asset<sup>1</sup>

A\$ millions	Inexus	LBC	Fund & Other	Consolidation
<b>Cashflows from operating activities</b>				
Receipts from customers	37.9	124.6	–	162.5
Payments to suppliers	(14.7)	(73.3)	(1.8)	(89.9)
Interest received	0.2	1.7	3.0	4.9
Dividends received	–	–	11.5	11.5
Interest paid	(14.2)	(26.7)	(15.2)	(56.1)
Tax refund/(paid)	(1.5)	(6.5)	(0.4)	(8.4)
<b>Net cashflow from operating activities</b>	<b>7.7</b>	<b>19.8</b>	<b>(3.0)</b>	<b>24.6</b>

A\$ millions	Inexus	LBC	Fund & Others	Consolidation
<b>Net profit/(loss) after income tax expense</b>	<b>(94.3)</b>	<b>3.0</b>	<b>(15.7)</b>	<b>(107.0)</b>
Depreciation	6.9	21.4	0.1	28.4
Amortisation	0.7	–	10.1	10.8
Unrealised movements – employee share scheme	7.3	–	–	7.3
Unrealised gains/(losses) – derivatives/investments	80.5	(6.6)	4.2	78.1
Other	(1.7)	–	(4.4)	(6.0)
<b>Change in assets and liabilities</b>				
Net change in assets and liabilities	8.3	2.0	2.7	13.0
<b>Net cashflow from operating activities</b>	<b>7.7</b>	<b>19.8</b>	<b>(3.0)</b>	<b>24.6</b>

## Footnotes

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

## Securities on Issue

Half year ended	31 Dec 2008	30 Jun 2008	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006	31 Dec 2005
<b>Number of securities (millions)</b>							
<b>Total Ordinary Securities: Quoted (CIF)</b>							
Opening	348.5	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	1.7	1.8	1.4	1.1	0.9	–	–
v) Unit On-Market Buyback <sup>1</sup>	–	–	–	–	–	–	–
<b>Closing</b>	<b>350.2</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>350.2</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>Ordinary Stapled Securities</b>							
Opening	–	–	–	–	–	–	–
Additions (+)							
Management Fees	1.7	–	–	–	–	–	–
Unit On-Market Buyback <sup>1</sup>	–	–	–	–	–	–	–
Conversion of Class A and Class B to Ordinary Securities	348.5	–	–	–	–	–	–
<b>Closing</b>	<b>350.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Class A Securities</b>							
Opening	303.5	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	–	–	–
Conversion of Class A to Ordinary Securities	(303.5)	–	–	–	–	–	–
<b>Closing</b>	<b>–</b>	<b>303.5</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	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)	–	–	–
Conversion of Class B to Ordinary Securities	(45.0)	–	–	–	–	–	–
<b>Closing</b>	<b>–</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>90.0</b>	<b>90.0</b>	<b>90.0</b>

## Footnotes

<sup>1</sup> CIF announced an on-market buy-back on 22 December 2008. This commenced on 6 January 2009.

