



A fresh perspective on energy

Business Review 2011



SP AusNet™

A member of Singapore Power Group

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About this review

This Business Review includes financial summaries and information derived from the company's 2011 Statutory Annual Report and 2011 full year results announcement.

This document is not a concise Annual Report under section 314(2) of the *Corporations Act 2001*(Cth). Securityholders should refer to the Statutory Annual Report for more comprehensive information about SP AusNet and its operations and performance.

Only securityholders who have elected to receive hard-copy communications will receive a copy of the Statutory Annual Report in the mail. This report can be viewed and downloaded online at www.sp-ausnet.com.au.

Useful abbreviations

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
GWh	giga watt hours
km	kilometres
kV	kilovolts, the amount of electric force carried through a high voltage transmission line is measured in kilovolts
MCE	Ministerial Council on Energy
MVA	Mega Volt Amperes, is equal to one million volt amperes
MW	megawatt, unit of electrical power equal to one million watts
PJ	petajoule, a joule is a unit of energy. A petajoule is 10 ¹⁵ joules
SGX-ST	Singapore Exchange Securities Trading Limited
USAIDI	Unplanned Supply Average Interruption Duration Index



In 2011, SP AusNet continued to focus on providing over 1.2 million customers with high quality, safe and reliable energy solutions.

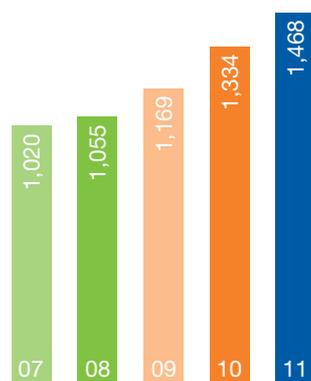
Our business, underpinned by financial stability and a strong regulated asset base, continues to deliver value and growth to securityholders.

We're taking the right perspective on energy.

2011 financial highlights

- > Strong earnings growth, underpinned by growth in revenues to A\$1.468 billion
- > Continued growth in SP AusNet's Regulated Asset Base to A\$6.3 billion
- > Full-year distribution of 8 cents per security
- > 1.2 million consumer connections in 3 energy networks
- > Prudent gearing and 'A' range credit rating enables access to competitively priced finance

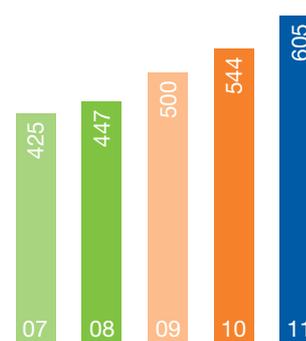
Total revenue
A\$ million



Earnings before interest, tax, depreciation and amortisation*
A\$ million



Earnings before interest and tax*
A\$ million



* Underlying

In 2011 SP AusNet has delivered a strong year of revenue and earnings growth. Organic growth in the regulated asset base continues, with high levels of demand for energy infrastructure.

Looking forward, SP AusNet will continue to fund increased capital expenditure from strong operating cash flows and a well positioned debt portfolio.

+21%

NPAT growth of 21% on prior year

+7.1%

Average RAB growth 7.1% per annum since 2007

+9.0%

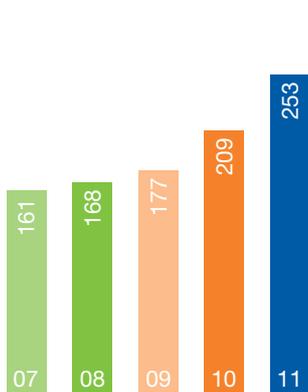
Gross capital expenditure 9% higher on prior year

87%

87% of total revenues are regulated

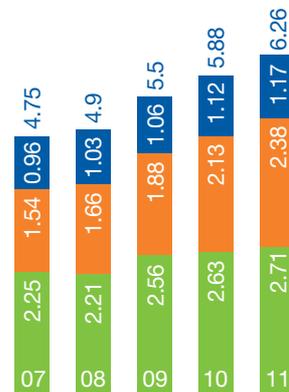
Net profit after tax*

A\$ million



Regulated asset base

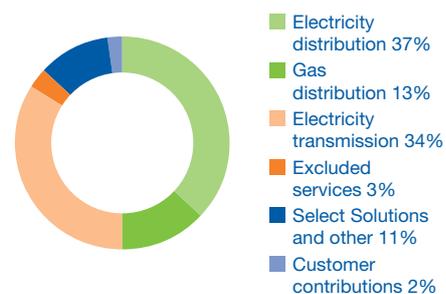
A\$ billion

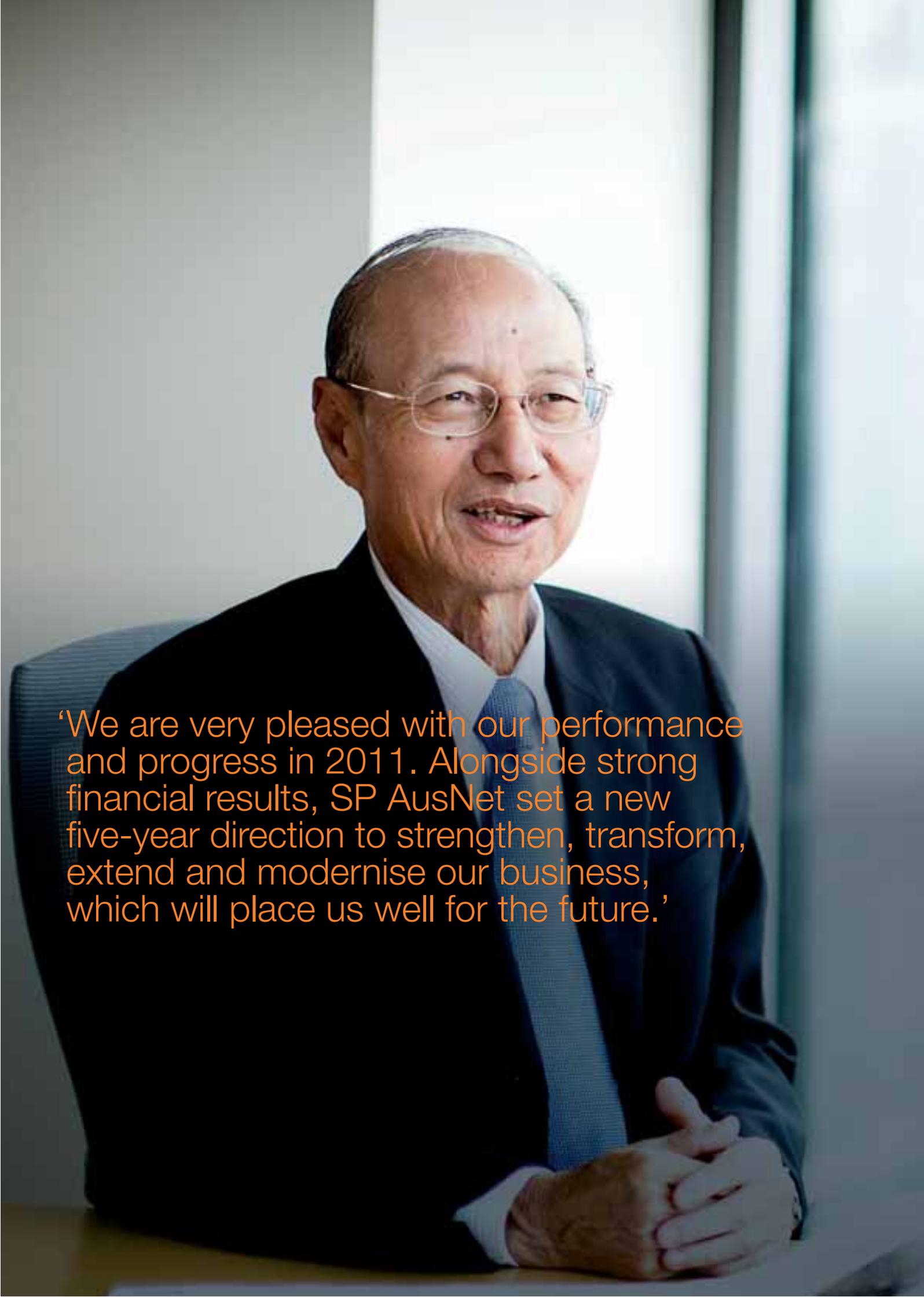


■ Electricity transmission
■ Electricity distribution
■ Gas distribution

Total FY11 Revenue

A\$1,468 million





‘We are very pleased with our performance and progress in 2011. Alongside strong financial results, SP AusNet set a new five-year direction to strengthen, transform, extend and modernise our business, which will place us well for the future.’

Chairman's and Managing Director's report

Safety

At SP AusNet, safety is our number one priority and a core value. We have maintained steady improvement this year but will look to accelerate this improvement in coming years in our mission to achieve zero harm to employees, contractors and the community.

Financial performance

This year has produced solid financial results, supported by higher regulated revenues, a sound debt portfolio and an 'A' range credit rating, providing SP AusNet with a sound platform to keep delivering for our securityholders.

The Directors declared a final distribution of 4 cents, bringing the full-year distribution to 8 cents, and we are pleased to have maintained the tax effective nature of the distribution for investors.

SP AusNet has recorded a strong underlying net profit after tax (NPAT) from operations of A\$252.9 million and earnings before interest and tax (EBIT) of A\$605.2 million – showing double digit growth for the last five years.

SP AusNet's revenues were up 10.1 per cent to A\$1,468.0 million on 2010.

In October 2010, SP AusNet received the Australian Energy Regulator's (AER) Final Decision regarding the Victorian electricity distribution network price determination. This provides \$2.5 billion of regulated electricity distribution revenues over a five-year period that commenced on 1 January 2011. This decision means that around 90 per cent of SP AusNet's total revenue is locked in until 2013.

Continuing our prudent debt strategy, SP AusNet successfully refinanced a total of \$800 million. SP AusNet maintains a well diversified debt profile by both maturity date and funding source, which further reinforces the stability of our financial position.

Strategy

In 2010, we launched a new five-year strategic direction in order to position our business to continue to create and maintain value to securityholders, customers, employees and the community. This is covered in more detail in this review.

Our success as a business is due to the dedication of our people, with support and co-operation from our customers and government stakeholders. It is truly appreciated.

We would like, personally, to thank all our investors for their continued support. We aim to ensure that the company continues to perform strongly and to deliver a stable, solid and secure long-term investment.



Mr Ng Kee Choe
Chairman



Mr Nino Ficca
Managing Director



Ng Kee Choe
Chairman

Non-executive Chairman of the Board since 2005, Mr Ng is also Chairman of the Nomination Committee and of the Issuing Committee.

Nino Ficca
Managing Director

Managing Director since 2005, Mr Ficca is a member of the Bushfire Litigation Committee and the Issuing Committee.

Jeremy Davis AM
Non-executive Director

A non-executive Director since 2005, Professor Davis is a member of the Audit and Risk Management Committee and the Nomination Committee.

Eric Gwee
Non-executive Director

A non-executive Director since 2005, Mr Gwee is a member of the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee.

Ho Tian Yee
Non-executive Director

A non-executive Director since 2008, Mr Ho is a member of the Compliance Committee, the Remuneration Committee and the Issuing Committee.

Antonio (Tony) Iannello
Independent non-executive Director

An independent non-executive Director since 2006, Mr Iannello is Chairman of the Audit and Risk Management Committee and a member of the Compliance Committee, the Bushfire Litigation Committee and the Issuing Committee.

George Lefroy
Independent non-executive Director

A non-executive Director since 2005, Dr Lefroy is Chairman of the Remuneration Committee and a member of the Bushfire Litigation Committee.

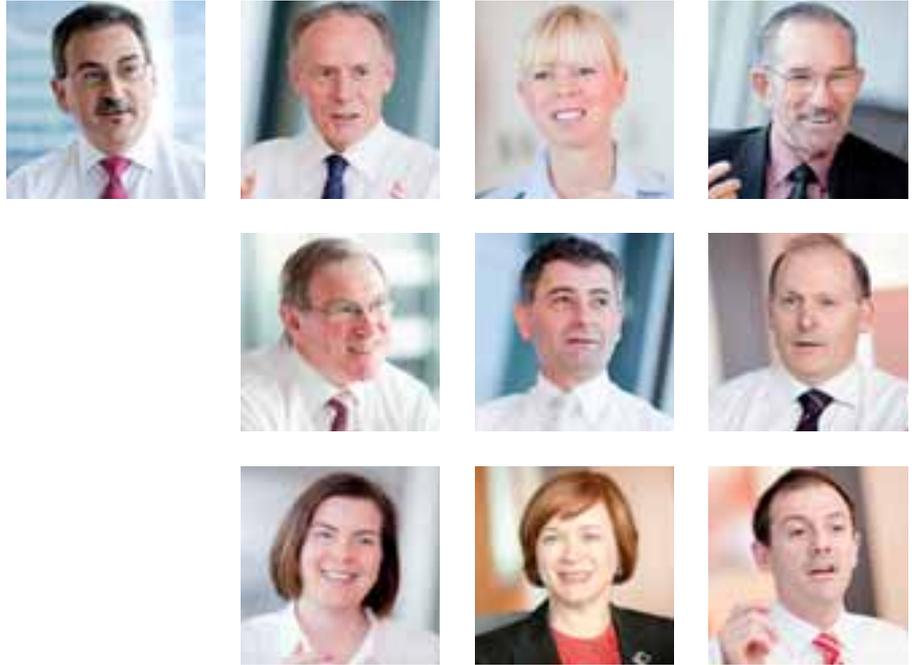
Tina McMeckan
Independent non-executive Director

Appointed an independent non-executive Director in August 2010, Ms McMeckan is a member of the Remuneration Committee and the Audit and Risk Management Committee.

Ian Renard
Independent non-executive Director

An independent non-executive Director since 2005, Mr Renard is Chairman of the Compliance Committee and the Bushfire Litigation Committee. Mr Renard is a member of the Audit and Risk Management Committee and the Nomination Committee.

The Board of Directors



Top

Nino Ficca
 Managing Director

Geoff Nicholson
 Chief Financial Officer

Susan Taylor
 General Counsel and Company Secretary

Norm Drew
 Group General Manager –
 Integrated Network Services

Centre

Charles Popple
 Group General Manager –
 Networks Strategy and Development

John Azaris
 General Manager –
 Operations and Services

John Kelso
 General Manager –
 Select Solutions

Bottom

Claire Hamilton
 General Manager –
 Risk and Assurance

Geraldine Leslie
 General Manager –
 People and Safety

Ash Peck
 General Manager –
 Information and
 Communication Technology

Executive Leadership Team

Our strategy

In order to position our business to continue to create and maintain value to securityholders, customers, employees and the community, SP AusNet's strategy is designed to achieve our company purpose:

To provide our customers with superior network and energy solutions.

Our five-year strategy is built around four strategic themes:



Strengthen

Strengthening the existing business and improve service delivery



Transform

Transforming our business, people and commercial mindset to achieve operational excellence and enhance the company's ability to deliver on objectives



Extend

Developing a diversified portfolio of utility businesses (regulated and unregulated)



Modernise

Modernising the business to provide customers with superior, innovative and sustainable solutions

Business plan initiatives 2011

2011 highlights

Enhance financial performance and growth to deliver securityholder value

- > Grow revenues from the Select Solutions business and commercialise new products
- > Develop emerging markets projects

- > Select Solutions contributed A\$129.6 million in revenue to SP AusNet, an increase of 18.7 per cent in external revenue over the previous year
- > In October 2010, Select Solutions acquired the commercial and industrial plumbing and specialist water metering business Schultz Plumbing, creating a stronger business with more scale to extend service offerings interstate
- > Developed Smart Networks trial facility to pursue 'beyond the meter' revenue opportunities

Excel in customer focus and service delivery

- > Improve network performance through targeted smart investment in the distribution network
- > Improve customer fault restoration time

- > Significantly increased 'smart' technologies to deliver faster response times to customer outages
- > Maintained overall customer satisfaction rating of 87 per cent
- > In 2010/11, Distribution Feeder Automation (DFA) schemes were increased, resulting in over 170,000 consumers in SP AusNet's network benefiting from reduced power outages. This technology allows power to be restored to consumers within 60 seconds, preventing thousands of consumers from experiencing sustained outages

Continuously review and improve internal business processes

- > Undertake business process reviews to reduce waste, improve efficiency and save costs
- > Enhance the accountability based model and embed it within the SP AusNet culture

- > An improved internal service culture has been achieved through the introduction of Service Level Agreements (SLAs) that set deliverables between business units
- > Business process reviews have commenced, with a focus on the top four business-wide improvements completed

Manage people, culture and safety effectively

- > Improve safety performance through accountability, training, reporting and communication of our safety vision
- > Undertake a strategic capability analysis to assess key gaps to deliver on the five-year business strategy
- > Improve diversity performance: focus on attraction, coaching and mentoring of diverse talent

- > Improved safety performance has been achieved by a reduction in Recordable Injury Frequency Rate (RIFR) of 6 per cent on 2010
- > Engaged our business in planning for a new safety vision and strategy to achieve a zero harm workplace. This was launched in April 2011
- > Developed a diversity policy that was approved by the Board in January 2011 to guide the development and implementation of diversity improvement objectives
- > Developed a talent strategy to ensure SP AusNet is well placed to attract, develop and retain the capability required for current and future business needs
- > Received a Federal Ministerial Award for excellence in apprentice training

Ensure sustainability through responsible long-term management

- > Develop opportunities from Advanced Metering Infrastructure (AMI) and Smart Network initiatives
- > Develop a Climate Change strategy including response to Carbon Pollution Reduction Scheme and Emissions Trading Scheme policies
- > Develop a Smart Networks business case, including AMI

- > Developed a Smart Network strategy that outlines future opportunities for our business
- > Trialled in-home displays, to provide energy consumption information, to capture the future benefits of smart energy solutions for consumers and networks
- > Recorded the company's greenhouse emissions in its second report under the *National Greenhouse and Energy (NGER) Act 2007* (Cth). We are using this data to inform our greenhouse gas emissions reduction activities and our response to Climate Change policies

Our business



There is nothing more important than the safety and wellbeing of our people and the communities in which we operate. In 2011, we have made some key improvements, and are building on these to further lift our safety performance, heading towards zero harm.

Safety and our people

Safety

At SP AusNet, safety is our number one priority. We believe every workplace injury is unacceptable. We continue to work hard at improving our safety performance.

This year we improved our average Lost Time Injury Frequency Rate (LTIFR) from 3.09 for the year ended 31 March 2010 to 2.33 for the year ended 31 March 2011.

Our Medical Treatment Injury Frequency Rate (MTIFR) was 8.16 for the 12 months ended 31 March 2011.

In 2009/10, we implemented our safety observation program. It has been an overwhelming success again this year, as our employees have exceeded the internal target (5,000) by 83 per cent.

SP AusNet's Recordable Injury Frequency Rate (RIFR) for the 2010/11 financial year was 10.5. We did not achieve our target of 9, but this result represents a 6 per cent improvement on the previous year (11.12). Pleasingly, our employee RIFR recorded a 15 per cent year-on-year improvement. However, this was offset by a 5 per cent deterioration in our contractor safety performance. We are actively engaging with our contractor partners to ensure our safety values and expectations are embedded in their operations.

Despite our overall improved safety performance in 2010/11, the fact remains that too many employees were injured at work. We will continue to focus on lifting performance heading towards our goal of zero harm.

In April 2011, SP AusNet launched a new safety vision and strategy that will build on our solid platform of compliance, systems and work practices. It provides the

necessary change required to improve our safety performance.

SP AusNet's new safety vision and strategy will focus on strong leadership, clearly stated behavioural expectations, safety systems and processes, measurement and feedback.

Our people

Building and supporting a high performance culture is one of the key targets of SP AusNet's business strategy. This is being achieved through a commitment to planning and implementing programs that encourage and develop our people, and ensure we have the right skills and resources for the future.

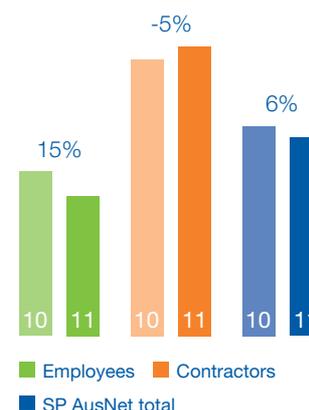
Key highlights

- > Talent. SP AusNet has developed a talent management strategy to assist in building a high performance culture and deliver transformational change across the business. This strategy recognises and outlines the need to attract, assess, develop and retain our most important asset, our people.
- > Skilling for the future. This year, 34 new starters joined the existing 128 apprentice, trainees and graduates to work across our networks in various capacities from designers, testers, line workers and graduate engineers in gas and electricity.
- > SP AusNet was presented with the 2010 Minister's Award for Excellence for Employers of Australian Apprentices for the Gippsland region by the Federal Skills Minister, Senator Chris Evans. The award recognises and rewards SP AusNet for demonstrating commitment, innovation and

outstanding achievement in the training of apprentices.

- > Diversity. SP AusNet has developed a Board approved diversity policy and, during 2011/12, will focus on the implementation of measurable objectives against this policy.

Recordable Injury Frequency Rate
% improvement



The electricity transmission network has performed favourably against reliability targets in 2010/11, and the network contributed A\$540.6 million to revenues.

Electricity transmission

2010/11 financial year highlights

	2011	2010
Revenue contributed	A\$540.6 million	A\$519.4 million*
Capital expenditure invested	A\$164.6 million	A\$160.5 million*
Electricity volume transmitted	50,812 GWh	51,278 GWh

Overview

SP AusNet's electricity transmission network spans the whole of Victoria, with more than 6,500 kilometres of transmission lines that transport electricity from power stations to electricity distributors and large customers. The network is centrally located among Australia's five eastern states that form the National Energy Market, providing key connections between South Australia, New South Wales and Tasmania's electricity transmission networks.

Performance and reliability

Electricity transmission network availability was 99.15 per cent in the 2010 calendar year, favourable against the target of 98.73 per cent that was set by the Australian Energy Regulator (AER) for the regulatory period from 2008 to 2013. The transmission system minutes off supply measure of 0.19 was favourable against the target of 1.15.

Upgrades and extensions

Major upgrades to the transmission system in the past year aimed to improve its reliability, capacity and performance to meet increasing energy demands. The Thomastown terminal station rebuild is forecast to be completed in 2011 and the upgrades to Brooklyn, Ringwood, Dederang, Keilor, Horsham and Morwell terminal stations are progressing.

SP AusNet has commenced the design process to build two new terminal stations, in Tarrone and Wemen. It is also consulting, in conjunction with AEMO and Citipower on the augmentation of Brunswick terminal station. SP AusNet was awarded the tender to build the Tarrone terminal station, between Warrnambool and Portland. SP AusNet's works to connect the Mortlake power station have been completed, ready for the station to commence generation. SP AusNet expanded the capacity of its Keilor and Geelong terminal stations by installing new transformers to cope with the extra load in these key growth corridors.

* Restated, as Select Solutions has been determined to be a separate reportable segment in 2011.





In 2011, the electricity distribution network improved its reliability and revenues increased. A new regulated price path from January 2011, means that around 90 per cent of SP AusNet's total revenue is locked in until 2013.

Electricity distribution

2010/11 financial year highlights

	2011	2010
Revenue contributed	A\$609.1 million	A\$528.8 million*
Capital expenditure invested	A\$391.1 million	A\$346.7 million*
Electricity volume distributed	7,881 GWh	7,780 GWh
Additional consumers connected	11,562	11,417

Overview

SP AusNet's electricity distribution network carries electricity from zone substations to connected electricity consumers in outer eastern metropolitan Melbourne and eastern Victoria. The network is approximately 48,000 kilometres in length, spanning an area of approximately 80,000 square kilometres and servicing more than 630,000 consumers. The electricity distribution network contains two of the fastest growth corridors in Australia and is constantly expanding to meet these needs. In 2011, almost 12,000 new consumer connections were added to the distribution network, with energy delivered growing by 1.3 per cent over the year.

For the 2010 calendar year⁽¹⁾, the distribution network's reliability performance was 178.8 minutes USAIDI⁽²⁾. This is an improvement against the previous year.

SP AusNet is continuing to invest in initiatives that will make the network more resilient to extreme weather events and deliver reliability improvements. These initiatives include the further deployment of Distribution Feeder Automation (DFA), which is described in more detail below, and in reviewing the physical aspects of key feeders to make them more robust.

Growth and upgrades

The electricity distribution network has undergone significant upgrades and

improvement works to meet increased demand and improve reliability of supply.

A new zone substation has been established at Lysterfield, in one of Melbourne's largest growth corridors. The substation entered service in advance of the summer peak loading period. It alleviates the growing demand on other zone substations serving the region.

The electricity distribution network also received major technological upgrades to increase flexibility in delivering energy to customers and reducing time off supply. More of the network was equipped with increased 'smart' capabilities that allow parts of the electricity grid to be remote controlled, enabling a faster response time to outages and the ability to switch power around the network from other areas if a fault occurs through DFA.

SP AusNet has stringent bushfire mitigation practices to comply with key external targets each year. With the introduction of a mid cycle inspection program on average, approximately 75,000 poles are routinely inspected from the ground and 45,000 from the air using helicopters and unmanned aerial vehicles to ensure ongoing serviceability. This year, the program has been increased with a further 3,000 poles as part of the introduction of the mid cycle inspection program.

* Restated, as Select Solutions has been determined to be a separate reportable segment in 2011.

(1) Performance is measured over the calendar year to align with regulatory arrangements.

(2) USAIDI is the total number of minutes a customer experiences loss of supply due to unplanned interruptions, on average, in a year.

Strong growth in consumer connections and higher volumes have resulted in strong revenue growth from our gas network.

Gas distribution

2010/11 financial year highlights

	2011	2010
Revenue contributed	A\$201.1 million	A\$189.7 million*
Capital expenditure invested	A\$72.9 million	A\$67.1 million*
Gas volume distributed	73.3 PJ	71.4 PJ
Additional consumers connected	17,777	17,181

Overview

SP AusNet's gas distribution network transports natural gas from the principal transmission pipeline system to consumers in central and western Victoria. It consists of approximately 9,900 kilometres of gas distribution and transmission pipeline delivering natural gas to more than 589,000 consumer connections across approximately 60,000 square kilometres. The natural gas network is SP AusNet's fastest growing network, experiencing a 3.1 per cent growth in connections on the previous year.

Performance and reliability

SP AusNet takes pride in the reliability and response times of its gas distribution network. Reliability is measured as the total number of minutes, on average, customers could expect in unplanned interruptions to their supply during a calendar year.

For the 2010 calendar year, the gas distribution network's reliability performance was 1.16 customer minutes off supply, marginally exceeding our internal target of 0.95. This was influenced by an elevation in third party damages and unseasonal weather, including excessive rains, experienced during the year.

Revenues from the gas network were favourably impacted by the annual regulated price adjustments, at 1 January 2010, and by the strong growth in consumer connections. There was an increase in gas usage on the previous year, due to favourable weather conditions.

Growth and upgrades

The gas network continued its strong growth in 2010/11, increasing its reach into new towns and key growth corridors in Victoria's west.

As part of its commitment to the replacement of low pressure gas assets, SP AusNet continued its gas mains renewal program during the year, installing modern polyethylene pipes, which operate at higher pressures. SP AusNet replaced approximately 75 kilometres of gas mains with the new pipes in the suburbs of Avondale Heights and East Keilor, increasing reliability and efficiencies for customers.

Over the past few years, SP AusNet has been building on its joint initiative with the Victorian Government to supply and reticulate natural gas to regional Victoria.

* Restated, as Select Solutions has been determined to be a separate reportable segment in 2011.





Select Solutions continues to contribute to growth in unregulated revenues, contributing A\$129.6 million to overall revenue in 2011.

Select Solutions is the commercial services division of SP AusNet, delivering non-regulated end-to-end specialised services to utilities, government, energy and water retailers, including commercial and industrial customers. Select Solutions also delivers a range of services for SP AusNet, including vegetation management services, data and metering services.

In 2011, Select Solutions contributed A\$129.6 million in revenue to SP AusNet, increasing by 18.7 per cent on the previous year. Through a range of strategic contracts, Select Solutions expanded further into New South Wales, Tasmania and Queensland.

The expansion into New South Wales was through securing two significant condition monitoring and high voltage testing contracts for the transmission and generation businesses, TransGrid and Delta Electricity.

Select Solutions strengthened its position in the specialist water services sector through its acquisition of the Schultz Plumbing business in October 2010. This acquisition established Select Solutions as Victoria's largest water metering service provider.

Select Solutions continued to pursue commercial opportunities from innovative technologies. In 2011, Select Solutions made a significant investment into non-evasive electrical asset testing with robotic vehicle mounted thermal and ultraviolet cameras.

These cameras provide high definition images on patrolled powerlines to assist in the identification of issues or potential faults on electricity assets.

This technology helped Select Solutions to play a key role in the response and recovery from Cyclone Ului and, more recently, Cyclone Yasi in Queensland. Working with Ergon Energy, Select Solutions undertook aerial inspections and reported on the network, as well as providing online mapping and data on extensive patrols of the key areas affected.

Select Solutions also contributed greatly to SP AusNet's bushfire mitigation efforts, inspecting close to 200,000 spans of powerlines, including all of its high bushfire risk areas, to ensure SP AusNet achieved its annual target bushfire mitigation index rating.

Select Solutions



Continued expansion into the water market

In October 2010, the Schultz Plumbing business, a major supplier of plumbing and specialist services to both domestic and industrial customers for over 15 years, was acquired by Select Solutions. Through the integration with the Schultz Plumbing business, Select Solutions offers a wider range of services, including water meter reading, new connections, replacement and maintenance services and other specialist utility related solutions. This creates an even stronger business, with more scale and scope to extend the Select Solutions business.

Operating sustainably is a key priority for SP AusNet, shown through our response to the ever-changing social, financial and environmental climates across Australia.

Community and the environment



Thanking the community

When the terminal station south of Kerang faced a critical flooding threat, the local community was quick to respond. Community volunteers worked round the clock alongside SP AusNet employees and the emergency services to prevent rising waters from inundating crucial electrical infrastructure.

As an expression of our thanks to the community, SP AusNet donated A\$5,000 to both the local Country Fire Authority and State Emergency Service. The donations were made in appreciation of their hard work and help with the reconstruction of the local community.

SP AusNet is committed to building stronger relationships across the communities in which we operate, ensuring that we minimise our environmental impact on these communities and deliver superior network solutions for our customers.

In early 2011, severe floods affected towns in northern Victoria and threatened the operations of key electricity infrastructure that supports electricity supply to many thousands of customers. For SP AusNet, the greatest threat was to the Kerang terminal station in north-west Victoria.

Through the inspiring efforts of employees, local emergency service workers and local community volunteers, these critical assets were saved, flood damage was minimised and power was maintained to more than 20,000 customers.

SP AusNet supported a number of community events during the past year, including sponsorship of the Wonthaggi innovation festival, supporting environmentally friendly energy alternatives in Victoria's Gippsland region. The business also demonstrated its support for the communities in which we operate through a major supporting partner arrangement for regional business awards in Baw Baw Shire and Cardinia Shire.

SP AusNet supported the local rebuilding and revegetation of key areas affected by bushfires through two community-driven sponsorships, namely the Traralgon South and District Shed Project and the Baw Baw Shire Community Trailer. Both initiatives provided building and maintenance supplies, housed in a central location, to be accessed by the wider community to work on rebuilding fire-affected bushland and community reserves.

SP AusNet also continued its partnership with Landcare Australia, providing key funding for native flora and fauna projects within our network areas.

For a full overview of SP AusNet's sustainability achievements and reporting, please read SP AusNet's Sustainability Report, available online at www.sp-ausnet.com.au



Our performance

Five-year financial summary

	2011	2010	2009	2008	2007
Revenue (A\$ million)	1,468.0	1,333.6	1,169.4	1,055.1	1,019.5
EBITDA (A\$ million)	863.4	778.3	666.3 ⁽¹⁾	623.3 ⁽²⁾	634.3
EBIT (A\$ million)	605.2	543.8	457.2 ⁽¹⁾	422.7 ⁽²⁾	434.3
Profit for the year (A\$ million)	252.9	209.0	146.9 ⁽¹⁾	157.4 ⁽²⁾	178.3
Total assets (A\$ million)	8,476.6	8,259.3	7,712.5	7,419.5	6,932.4
Total borrowings (A\$ million)	4,374.2	4,432.0	4,492.2	3,671.2	3,560.2
Total equity (A\$ million)	2,864.9	2,774.1	2,227.8	2,610.5	2,652.6
Net debt to RAB (%)	71 ⁽³⁾	71	77	79	77
Net gearing (%)	59	59	67	58	57
Interest cover (times) ⁽⁴⁾	2.8 ⁽⁵⁾	2.6	2.3 ⁽¹⁾	2.6 ⁽²⁾	2.8
Dividend (cents)	8.00	8.00	11.854	11.564	11.270
Earnings per stapled security (cents)	9.19	8.09	6.99	7.52	8.52
Capital expenditure (A\$ million)	650.4	580.7	471.5	402.2	406.0
Operating cash flows (A\$ million)	472.8	420.6	348.8	373.4	393.2

(1) Includes non-cash impairment of meters to be replaced under the Advanced Metering Infrastructure roll-out program of A\$43.3 million pre-tax and A\$30.3 million post-tax.

(2) Includes transaction costs of A\$24.6 million pre-tax and A\$17.2 million post-tax associated with the proposed acquisition of the Alinta assets, which did not proceed.

(3) Includes the receivable recognised for the A\$250.0 million ten-year Australian bond issue completed on 29 March 2011. These proceeds were received on

1 April 2011 and subsequently used to repay existing debt.

(4) Calculated as EBITDA divided by net interest expense.

(5) Adjusted for non-cash de-designation cost of A\$27.4 million.

Income statement

For the year ended 31 March 2011

A\$ million	Combined	
	2011	2010
Revenue	1,468.0	1,333.6
Expenses, excluding finance costs	(862.8)	(789.8)
Profit/(loss) from operating activities	605.2	543.8
Finance income	29.8	13.8
Finance costs	(370.1)	(308.5)
Net finance (costs)/income	(340.3)	(294.7)
Profit before income tax	264.9	249.1
Income tax (expense)/benefit	(12.0)	(40.1)
Profit/(loss) for the year	252.9	209.0
Attributable to:		
SP AusNet Distribution	46.1	25.9
SP AusNet Transmission and SP AusNet Finance Trust (non-controlling interest)	206.8	183.1
Profit/(loss) for the year	252.9	209.0
Earnings per stapled security		
Basic and diluted earnings per stapled security (cents per stapled security)*	9.19	8.09

The above income statement should be read in conjunction with the Statutory Annual Report 2011.

Statement of financial position

As at 31 March 2011

Combined

A\$ million	2011	2010 Restated
Assets		
Current assets		
Cash and cash equivalents	49.9	545.1
Receivables	491.5	207.6
Inventories	32.4	16.4
Derivative financial instruments	17.5	12.4
Other assets	17.0	11.2
Total current assets	608.3	792.7
Non-current assets		
Inventories	16.1	15.8
Intangible assets	371.1	356.2
Property, plant and equipment	7,439.0	7,065.0
Deferred tax assets	3.9	-
Derivative financial instruments	37.4	28.7
Other assets	0.8	0.9
Total non-current assets	7,868.3	7,466.6
Total assets	8,476.6	8,259.3
Liabilities		
Current liabilities		
Payables and other liabilities	236.0	215.9
Borrowings	683.6	749.0
Derivative financial instruments	141.1	119.0
Current tax payable	10.5	4.1
Provisions	62.0	57.6
Total current liabilities	1,133.2	1,145.6
Non-current liabilities		
Payables and other liabilities	3.1	4.1
Borrowings	3,690.6	3,683.0
Derivative financial instruments	458.4	302.3
Deferred tax liabilities	290.8	306.5
Provisions	35.6	43.7
Total non-current liabilities	4,478.5	4,339.6
Total liabilities	5,611.7	5,485.2
Net assets	2,864.9	2,774.1
Equity		
Equityholders of SP AusNet Distribution	556.5	531.6
Equityholders of SP AusNet Transmission and SP AusNet Finance Trust (non-controlling interest)	2,308.4	2,242.5
Total equity	2,864.9	2,774.1

The above statement of financial position should be read in conjunction with the Statutory Annual Report 2011.

Statement of cash flows

For the year ended 31 March 2011

A\$ million	Combined	
	2011	2010
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	1,563.1	1,362.3
Payments to suppliers and employees (inclusive of goods and services tax)	(743.4)	(611.3)
Income tax paid	(18.3)	(21.7)
Interest received	23.4	9.3
Interest and other costs of finance paid	(352.0)	(318.0)
Net cash inflow/(outflow) from operating activities	472.8	420.6
Cash flows from investing activities		
Payments for property, plant and equipment	(611.2)	(583.4)
Proceeds from sale of property, plant and equipment	0.3	4.2
Payments for acquisition of business	(13.7)	(1.8)
Net cash inflow/(outflow) from investing activities	(624.6)	(581.0)
Cash flows from financing activities		
Proceeds from issue of securities (net of transaction costs)	-	399.3
Distributions paid ⁽ⁱ⁾	(143.4)	(185.5)
Proceeds from borrowings	805.0	1,283.5
Repayment of borrowings	(1,005.0)	(799.0)
Net cash inflow/(outflow) from financing activities	(343.4)	698.3
Net increase/(decrease) in cash held	(495.2)	537.9
Cash and cash equivalents at the beginning of the financial year	545.1	7.2
Cash and cash equivalents at the end of the financial year	49.9	545.1

(i) Amounts shown represent distributions paid of A\$218.1 million (2010: A\$232.2 million) offset by proceeds from the Distribution Reinvestment Plan of A\$74.8 million (2010: A\$46.9 million), less transaction costs of A\$0.1 million (2010: A\$0.2 million).

The above statement of cash flows should be read in conjunction with the Statutory Annual Report 2011.

Financial calendar

2011 Annual General Meeting	13 July 2011
2011/12 Financial Half Year end	30 September 2011
2011/12 Half Year Results announced	9 November 2011*
Payment of 2011/12 Half Year Distribution	21 December 2011*
2011/12 Financial Year end	31 March 2012

* Subject to confirmation

Enquiries and information

Enquiries about stapled securities

SP AusNet's register of stapled securities is maintained by Computershare Investor Services Pty Limited (Computershare). For enquiries about SP AusNet stapled securities, a transfer of securities or distributions, contact:

Computershare
Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford, VIC 3067
Australia

GPO Box 2957
Melbourne, VIC 3001
Australia

Telephone: 1300 850 505
(within Australia)
+61 3 9415 4000
(outside Australia)
Facsimile: +61 3 9473 2500

Enquiries about SP AusNet

Contact SP AusNet:

Investor Relations
Telephone: +61 3 9695 6000
Facsimile: +61 9695 6666
Email:
investor.enquiries@sp-ausnet.com.au
Website: www.sp-ausnet.com.au

Or write to:

Investor Relations
SP AusNet
Level 31, 2 Southbank Boulevard
Southbank, VIC 3006
Australia

Stock Exchange listing

The stapled securities are listed under the name 'SP AusNet' and code 'SPN' on the Australian Stock Exchange, and on the Singapore Exchange Limited under the code 'SP AUSNET'.

The securities participate in the Clearing House Electronic Subregister System (CHESS).

Tax File Number (TFN) information

While it is not compulsory for securityholders to provide a TFN, SP AusNet is obliged to deduct tax from distributions to holders resident in Australia who have not supplied such information. If you have not already supplied your TFN, you may wish to do so by writing to Computershare.

Change of address or name

A securityholder should notify Computershare immediately, in writing, if there is any change in his or her registered address or name.

SP AusNet

SP Australia Networks (Distribution)
Limited ABN 37 108 788 245

SP Australia Networks (Transmission)
Limited ABN 48 116 124 362

SP Australia Networks (Finance) Trust
ARSN 116 783 914

SP Australia Networks (RE) Limited
ABN 46 109 977 371 (as responsible
entity of SP Australia Networks
(Finance) Trust)

Annual General Meeting

The Annual General Meeting of SP AusNet will be held on Wednesday 13 July 2011 at 10 am. The location of the Annual General Meeting is:

The Auditorium
Melbourne Exhibition Centre
2 Clarendon Street
Southbank, VIC
Australia

Registered office

Level 31, 2 Southbank Boulevard
Southbank VIC 3006
Telephone: +61 3 9695 6000
Facsimile: +61 3 9695 6666

Directors

Mr **Ng** Kee Choe (Chair)
Mr Nino **Ficca** (Managing Director)
Prof. Jeremy **Davis**
Mr Eric **Gwee** Teck Hai
Mr **Ho** Tian Yee
Mr Tony **Iannello**
Dr George **Lefroy**
Ms Tina **McMeckan**
Mr Ian **Renard**

Company Secretary

Ms Susan **Taylor**

Auditors

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www.sp-ausnet.com.au



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