

24 May 2007

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**TO:** Australian Stock Exchange Limited  
Singapore Exchange Securities Trading Limited

## SP AusNet 2006/07 Full-Year Results Media Release “Delivering on Prospectus”

Please find attached the SP AusNet 2006/07 Full-Year Results Media Release.

**Elizabeth Mildwater**  
Company Secretary

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**SP AusNet**

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

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

SP Australia Networks (Finance) Trust  
ARSN 116 783 914

SP Australia Networks (RE) Ltd  
ABN 46 109 977 371  
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## SP AusNet 2006/07 Full-Year Results Delivering on Prospectus

### Earnings (Comparison to Prospectus)

<b>Total Revenues</b>	<b>A\$1,019.5m</b>	<b>up 2.2%</b>
<b>EBIT</b>	<b>A\$424.7m</b>	<b>on target</b>
<b>NPAT (from continuing operations)</b>	<b>A\$161.2m</b>	<b>up 3.2%</b>

### Distributions

<b>2006/07 Final Distribution</b>	<b>5.635 cents</b>
<b>2006/07 Full Year Distribution</b>	<b>11.27 cents</b>
<b>Percentage Fully Franked</b>	<b>9.0%</b>
<b>Percentage Tax Deferred</b>	<b>63.6%</b>
<b>Annualised Yield</b>	<b>7.7%<sup>(1)</sup></b>

### Financial Highlights

- Delivered distributions in line with Prospectus forecasts
- Revenues 2.2% higher than Prospectus forecast
- EBIT forecast delivered despite recognising provision for legal claim
- Exceeded Prospectus forecast for NPAT from continuing operations by 3.2%
- Capital expenditure ahead of Prospectus driven by continued strong customer demand

Note: To enable a meaningful comparison the actual 2006/07 results have been compared against the 2006/07 Prospectus forecast, as the SP AusNet Stapled Group did not exist prior to stapling on 21 October 2005. The 2005/06 historic actuals do not reflect comparative numbers, as they include only 7 months contribution from the transmission business as well as contributions from the Merchant Energy Business which was divested in May 2006.

(1) Based on a security price of A\$1.465 as at 11 May 2007.

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## SP AusNet 2006/07 Full-Year Results

SP AusNet (ASX Code: SPN) today lodged its full year results with the ASX & SGX-ST. SP AusNet reported Net Profit After Tax (NPAT) from continuing operations of A\$161.2m, exceeding the Prospectus forecast by 3.2%.

Total NPAT, including discontinued operations, was A\$178.3m, including A\$17.1m of profits and income tax adjustments following finalisation of 2005/06 income tax returns.

The Directors declared a 2006/07 final distribution to securityholders of 5.635 Australian cents per security. This brought SP AusNet's total distribution to 11.27 cents, representing a yield of 7.7%.

Managing Director Nino Ficca said, "We are very pleased with the results. It has been another eventful and rewarding year for SP AusNet in which we continued to deliver results for securityholders and exceeded our Prospectus forecasts."

"The significant organic growth opportunities we pursued this year, including network extensions, new contracts and increased connections, reinforce our commitment to growing the business and increasing our asset base."

The 2006/07 financial year was also significant as SP AusNet's first full year of reporting as a listed entity.

"Our focus over the past 12 months has been bedding down the new systems and processes we implemented during the previous year and continuing with our strategy of providing a solid, reliable investment for our securityholders and a sustainable and reliable energy network for our customers," Mr Ficca said.

### Distribution Key Dates

The Directors announced a 2006/07 final distribution of 5.635 Australian cents per security. The distribution will comprise 3.544 cents from a return of capital (62.9%); 0.507 cents from a fully franked dividend (9.0%); and 1.584 cents from interest income (28.1%).

#### *Important dates:*

Wednesday 6 June 2007	Ex-Distribution date
Wednesday 13 June 2007	Record date for distribution
Thursday 28 June 2007	Payment of distribution

24 May 2007

## Outlook

“We will continue our focus on organic growth with the objective of further building a sustainable energy network, a sustainable business and a sustainable investment,” said Mr Ficca. “We expect to see continued growth in our Regulated Asset Base of around 7%, driven by ongoing strong customer demand.”

“We remain committed to increasing value for our securityholders and expect to grow distributions by around 2.5% in 2007/08.”

In February and March 2007, SP AusNet submitted initial proposals to the regulators for the upcoming revenue resets on its electricity transmission and gas distribution networks. Over the next six months, SP AusNet will be committed to achieving satisfactory outcomes for the business for the next regulatory period.

On 11 May 2007, Singapore Power International (SPI) advised that it had, in conjunction with Babcock and Brown, signed a Scheme Implementation Agreement to acquire Alinta Ltd. SPI has stated that it currently intends to invest through SP AusNet in electricity and gas transmission and distribution businesses in Australia and New Zealand and will offer SP AusNet the chance to consider this opportunity.

“SP AusNet has established an independent process for the assessment of this investment opportunity, and this includes the appointment of independent advisers,” said Mr Ficca.

“We are looking forward to continuing to deliver value for our securityholders and providing a reliable network for our customers in the year ahead.”

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## SP AusNet 2006/07 Operational Review

SP AusNet's assets include Victoria's high voltage electricity transmission network, an electricity distribution network located in eastern Victoria and a gas distribution network in western Victoria.

As a diversified energy networks business, SP AusNet plays a vital role in underpinning the economic and social strength of Victorian communities, while also contributing to the wider Australian energy market. The sustainability of the networks is key to SP AusNet's business decisions and SP AusNet is committed to continually improving its networks' performance.

### Electricity Transmission Business

SP AusNet's electricity transmission business contributed A\$420.8m in total revenues for the year ended 31 March 2007. Total electricity transmitted through the network was 51,815 GWh which is an increase of almost 3.2% on 2005/06.

The program of capital expenditure on the transmission network has progressed well during the year, with the Rowville and Moorabool contestable projects both ahead of time. In addition, the Board approved additional capital expenditure (capex) to enable SP AusNet to meet growth in customer initiated connections to the transmission network. Total capex was \$154.2m for the year, of which \$60.8m was customer initiated. The additional capital investment will result in future revenue streams.

On 28 February 2007, SP AusNet submitted its Transmission Revenue Reset (TRR) proposal to the Australian Energy Regulator (AER) for the period 2008-2014. The proposal reflects SP AusNet's commitment to the sustainable and long term delivery of transmission services. The next six months will see a consultative process with the AER to determine SP AusNet's final revenue outcome for the electricity transmission network. The new revenue period will commence on 1 April 2008.

### Electricity Distribution Business

SP AusNet's electricity distribution business contributed A\$433.5m in total revenues for the year ended 31 March 2007. Revenues were higher than forecast as a result of favourable weather conditions.

Growth in revenues for the electricity distribution business continues to be driven by increased volume from penetration of air-conditioning into the residential market and new customer growth. This financial year 7,436 GWh was distributed through the network, representing an increase of 3.6% over 2005/06.

In the year to 31 March 2007 over 9,000 additional customers were connected to the network and this represents an increase of almost 1.6% in total customers. Total capex for the year was \$171.7m, of which \$82.8m was customer growth related.

From early December 2006 until late January 2007, Victoria was forced to defend the state from aggressive bushfires in the north east. SP AusNet was pleased with the way our crews managed the crisis with only minor damage suffered to our distribution lines. The smoke and debris from the fires also affected our transmission lines in this region causing a safety response that ultimately affected power supply on 16 January 2007. Our teams worked tirelessly to restore power to ensure the majority of customers experienced minimal supply interruptions during this time.

SP AusNet's metering business, Data & Measurement Solutions (DMS), recently won a competitive tender contract to supply metering solutions and data management services to Victoria's third largest water business, City West Water. The contract is for an initial five-year period and increases DMS's market share in the water industry to approximately 20%.

### **Gas Distribution Business**

SP AusNet's gas distribution business contributed A\$175.0m in total revenues for the year ended 31 March 2007. Revenues were favourably impacted by increased volumes due to cooler than average autumn and winter weather conditions in Victoria.

Strong demand in Victoria's growth corridors is continuing to generate high customer connections to the network. In the year to 31 March 2007 over 13,000 additional customers were connected to the network, which represents approximately 2.6% growth in customers connected. The rollout of natural gas to regional towns is progressing well with the townships of Gisborne, New Gisborne, Port Fairy, Macedon and Woodend connected during the period. Capex for the year was \$80.1m of which \$55.4m was customer initiated. Total gas delivered through the network was 71.7 PJ, an increase of 8.1% compared with 2005/06.

In August 2006, the Supreme Court of Victoria Court of Appeal upheld AGL's appeal in the matter of AGL Victoria Pty Ltd v SPI Networks (Gas) Pty Ltd and Victorian Energy Networks Corporation. SP AusNet sought leave to appeal the decision, however in February 2007 the application was dismissed by the High Court of Australia and the matter was settled with AGL.

On 30 March 2007, SP AusNet submitted its Gas Access Arrangement Review (GAAR) proposal to the Victorian Essential Services Commission (ESC) for the period 2008-2012. The proposal reflects SP AusNet's long term business plan and delivers positive outcomes for customers. The next six months will see a consultative process with the ESC to determine SP AusNet's final revenue outcome for the gas distribution network. The new reset period will commence on 1 January 2008.