ABN 17 090 574 431

Consolidated Financial Report for the Financial Year

1 July 2007 to 28 June 2008

Snowy Hydro Limited

Consolidated Financial Report
for the financial year ended 28 June 2008

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Snowy Hydro Limited

Directors' Report

The directors of Snowy Hydro Limited submit herewith the annual financial report for Snowy Hydro Limited and its controlled entities (here within referred to as the "consolidated entity") for the financial year 1 July 2007 to 28 June 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	Particulars
Rick Holliday-Smith BA (Hons), FAICD	Chairman Mr Holliday-Smith has an extensive background in global financial markets including derivatives. He is a Director of ASX Limited and Chairman of its wholly owned subsidiary SFE Clearing Corporation. He is also a Director of St George Bank Limited, Cochlear Limited and Servcorp Limited. Prior to 1998, Mr Holliday-Smith spent 11 years in Chicago, firstly as CEO of Chicago Research and Trading (CRT) and then as President of NationsBanc-CRT. During the 1980s, he was an executive director with Wardley Australia Limited and Managing Director of HongKongBank Limited, London.
Terry V Charlton BCom, MSc	Managing Director Mr Charlton is Chief Executive Officer and Managing Director of Snowy Hydro Limited. Formerly, he was the Commissioner of Snowy Mountains Hydro-electric Authority, and Chief Executive Officer of Snowy Hydro Trading Pty Ltd from 1999 to 2002. Mr Charlton was appointed a director of Red Energy Limited on 12 November 2004. Previous experience in energy and utilities includes being President of Edison Mission Energy, United Kingdom, Europe, Middle East, Africa, and Group General Manager, Tubemakers of Australia Limited – Water, Oil and Gas Division.
Bruce Hogan AM BEc (Hons), FAICD	Non Executive Director Mr Hogan is a director of NSW Treasury Corporation and Chairman of State Super Financial Services Australia Ltd. He is a former Joint Managing Director of Bankers Trust Australia Limited, former Chairman of Adelaide Casino and a former director of Energy Australia, Coles Myer Limited, Metcash Limited, Funds South Australia and GIO Australia Limited.
Bruce R Brook BCom BAcc FCA MAICD	Non Executive Director Mr Brook is a chartered accountant with 20 years' experience in the mining industry. Mr Brook is a director of Lihir Gold Limited and Boart Longyear Limited and a member of the Financial Reporting Council. He is a former director of Consolidated Minerals Limited. He is also on the Audit committee of the Salvation Army (Southern Territory) and the Finance Committee of the University of Melbourne. Mr Brook has previously held executive roles with Rio Tinto as well as Pacific Dunlop, ANZ Bank and WMC Resources.
Peter Lowe MBA, BCom, FCPA, MAICD	Non Executive Director Mr Lowe has over 30 years' experience in various financial roles including CFO of public companies in Australia and the USA. He is currently on the boards of Aurora Energy Pty Ltd, Alinta Network Holding Pty Ltd, Citywide Services Pty Ltd, Norfolk Group Limited, Meridian Wind Macarthur Pty Ltd, United Energy Distribution Holdings Pty Ltd and Multinet Group Holdings Pty Ltd. He has also held a board role at Southern Hydro Pty Ltd and GasNet Limited.

Robert D Hogg, AO	Non Executive Director Mr Hogg was formerly national secretary of the Australian Labor Party, Executive Director/Deputy Chair Singleton Group (1994-98) and Director/Secretary - Homax Pty Ltd.
David J Klingberg, AM FTSE, BTech, FIEAust, FAusIMM, FAICD, KSJ	Non Executive Director Mr Klingberg holds a number of non-executive directorships and appointments with both public and private bodies including Barossa Infrastructure Ltd, Codan Limited, Centrex Metals Limited and E & A Limited. He is Chairman of the South Australian Premier's Climate Change Council and the Leaders Institute of South Australia. He is a former Chancellor of the University of South Australia and has a strong background in engineering through a long association with Kinhill Limited. He has substantial professional expertise in project evaluation, management and systems and the structuring of major infrastructure projects.

All the above named directors held office during and since the end of the year.

Glen Dewing BCom, MBA, FCPA, FCIS	Company Secretary Glen Dewing has over 20 years experience in auditing, finance and governance-related roles, 18 years of which have been spent with the company and its legal predecessor. Glen was admitted as a Chartered Secretary in 1995.

Principal Activities

The consolidated entity comprises Snowy Hydro Limited ("Snowy Hydro") and its active wholly owned controlled entities; Red Energy Pty Ltd ("Red Energy"), Valley Power Pty Ltd ("Valley Power"), and various inactive subsidiaries. A full list of controlled entities is provided in note 31.

Snowy Hydro owns, manages and maintains the Snowy Mountains Hydro-electric Scheme, which consists of seven power stations and sixteen large dams located mainly in the Kosciuszko National Park ("KNP"), and owns two gas-fired power stations in Victoria; a 320 MW power station at Laverton North and Valley Power, a 300 MW power station in the Latrobe Valley. Snowy Hydro's operations consist of the generation and marketing of flexible and renewable electrical energy, ancillary services and related electricity products, and the storage and diversion of bulk water to the Murray and Murrumbidgee Rivers. Red Energy retails electricity and operates in the National Electricity Market ("NEM").

Review of Operations

For the financial year ended 28 June 2008, net profit after tax was $95,939,000. This result is after bringing to account the reduction in market values of Snowy Hydro's price risk hedging contracts in the amount of $61,414,000 before tax, as prescribed by accounting standard AASB 139 "Financial Instruments: Recognition and Measurement". **The underlying net profit after tax excluding this adjustment is $138,929,000 (tax adjusted).**

In the previous reporting period to 30 June 2007, net profit after tax was $40,974,000, which included a MtM loss relating to electricity price risk hedging contracts of $103,252,000 before tax. Generation was 4,633 GWh and water releases were 1,725 GL. **The underlying net profit after tax excluding the MtM loss was $113,250,000 (tax adjusted).**

The prescriptive nature of the accounting standard AASB 139 precludes Snowy Hydro's electricity price risk hedging contracts from being designated and recognised as hedges, despite the fact that these instruments function as economic hedges by dampening the impact of spot price volatility on the value of Snowy Hydro's generation output. Consequently, all electricity price risk hedging contracts are deemed to be trading instruments. The valuation of these financial derivative instruments is subject to significant management judgement in the application of appropriate forward price curves and with respect to assumptions that need to be made regarding future counterparty behaviour. The changes in valuations between reporting periods are known as mark-to-market ("MtM") adjustments and are recognised in the income statement as "movements in fair value of derivatives".

The high forward price curves as at 28 June 2008 have resulted in a MtM valuation which implies that the derivative financial instruments are a significant liability, with the movement since June 2007 taken to the Income Statement. However, AASB 139 precludes Snowy Hydro from recognising any increase in the future income stream that would be expected to result if the prices implied in these same curves were applied to the expected generation output. This one sided accounting adjustment is likely to produce high volatility in reported net profit after tax from one year to the next, which will not necessarily be accompanied by any corresponding change in underlying economic earnings.

Snowy Hydro's operating environment for the 2007 and 2008 financial year was characterised by both low NEM volatility and low water inflows. Snowy Hydro relied heavily on the gas-fired power stations and on recycling at the Tumut 3 pumping station, in both years. The costs involved in utilising these water resource risk hedges were reflected in Direct Costs of Revenue.

In the financial year ended 28 June 2008, 3,762 GWh were generated (from gas and hydro-electric sources) and 1,354 GL of water were released.

Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Subsequent Events

There has not been any matter or circumstances, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

The consolidated entity is subject to the full range of Commonwealth, Victorian and New South Wales environmental laws including the Environmental Protection and Biodiversity Conservation Act (Cth), the Environmental Planning & Assessment Act (NSW) ("EP&A Act"), the Protection of the Environment Operations Act (NSW), the National Parks & Wildlife Act (NSW) ("NPW Act") and the Contaminated Lands Management Act (NSW).

Within the Kosciuszko National park ("KNP"), Snowy Hydro's operations are subject to both the Kosciuszko Plan of Management and the Snowy Management Plan ("SMP"). Both are plans of management made under the NPW Act. The latter is specifically enforceable against Snowy Hydro through regulation.

On corporatisation, the Snowy Scheme was given deemed planning approvals for the purposes of the EP&A Act and the NSW Local Government Act. Any future development by Snowy Hydro is subject to the standard approval processes under the NPW Act and the EP&A Act.

For completeness it should also be noted that under Part 5 of the Act, Snowy Hydro has been issued with the Snowy Water Licence. The Snowy Water Licence prescribes Snowy Hydro's rights and obligations with respect to the collection, diversion, storage, use and release of water within the Snowy area. The Snowy Water Licence also imposes some obligations on Snowy Hydro in terms of releasing environmental flows into the Snowy River and the montane rivers within the Snowy area. Snowy Hydro has complied with the environmental flow obligations that have come into effect up until the date of this report.

Snowy Hydro and its subsidiaries are subject to the Renewable Energy (Electricity) Act 2000 and the Renewable Energy (Electricity) (Charge) Act 2000, supported by the Renewable Energy (Electricity) Regulations. Under these Acts renewable generators including Snowy Hydro are entitled to create Renewable Energy Certificates ("RECs"). Electricity retailers (including Snowy Hydro's subsidiary Red Energy Pty Limited) and wholesale electricity buyers on liable grids in all States and Territories are required to annually surrender RECs to the Regulator equal to the proportion of energy purchased.

The consolidated entity has complied with all relevant environmental regulations to the date of this report, with the sole exception of the Jindabyne Dam pollution event referred to in note 30 to the financial statements.

Dividends

No dividends were declared or paid in the 2008 financial year. In the year ended 30 June 2007, a fully franked cash dividend of $50.0 million ($0.25 per share) was paid on 29 September 2006. No March dividend was paid for either 2008 or 2007. No other dividends were, or will be, declared or paid in respect to the 2008 financial year.

Share Options

Snowy Hydro has not granted share options to Directors or Executives.

Indemnification of Officers and Auditors

During the financial year, Snowy Hydro paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary and all officers of the company and of any related body corporate against a liability incurred by a director, secretary or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, nine board meetings and 18 committee meetings were held.

	Board of Directors		Audit and Compliance Committee		Remuneration Committee		Contract Portfolio Risk Committee		Safety, Operations and Environmental Risk Committee		Nominations Committee	
Directors	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R Holliday-Smith	9	9			3	3	4	4				
T V Charlton	9	9										
B R Brook	9	9	7	7			4	4	4	4		
B Hogan	9	8					4	4				
R D Hogg	9	9			3	3			4	4		
D J Klingberg	9	9	7	6					4	4		
P Lowe	9	9	7	7	3	3						

T V Charlton is not a member of any subcommittees.

Auditor's Independence Declaration

The Auditor's independence declaration is included on page 8 of the financial report.

Rounding Off of Amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

R Holliday- Smith
Chairman
Sydney 27 August 2008

Bruce R Brook
Director
Sydney 27 August 2008

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The Board of Directors
Snowy Hydro Limited
Monaro Highway
Cooma NSW 2630

27 August 2008

Dear Board Members

Snowy Hydro Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Snowy Hydro Limited.

As lead audit partner for the audit of the financial statements of Snowy Hydro Limited for the financial year ended 28 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Samantha Lewis
Partner
Chartered Accountants

Member of
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Independent Auditor's Report to the Members of Snowy Hydro Limited

We have audited the accompanying financial report of Snowy Hydro Limited, which comprises the balance sheet as at 28 June 2008, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 11 to 55.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Deloitte.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion, the financial report of Snowy Hydro Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 28 June 2008 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Samantha Lewis
Partner
Chartered Accountants
Sydney, 27 August 2008

Directors' Declaration

The directors declare that:

in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is a party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 31 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

R Holliday-Smith
Chairman
Sydney, 27 August 2008

Bruce R Brook
Director
Sydney, 27 August 2008

Snowy Hydro Limited

Income Statement
for the Financial Year Ended 28 June 2008

		Consolidated		Snowy Hydro	
		Year ended 28 June 2008	Year ended 30 June 2007	Year ended 28 June 2008	Year ended 30 June 2007
	Notes	$000	$000	$000	$000
Revenue		651,779	594,026	488,316	447,033
Other income		4,928	5,932	40,846	5,578
Direct costs of revenue		(206,795)	(198,884)	(88,776)	(93,581)
Consumables and supplies		(44,989)	(39,521)	(43,680)	(38,488)
Employee benefits expense		(76,055)	(65,877)	(59,960)	(52,298)
Depreciation and amortisation expense		(54,267)	(49,880)	(44,954)	(40,882)
Borrowing costs		(56,785)	(51,886)	(56,785)	(51,886)
Other expenses from ordinary activities		(25,512)	(25,498)	(15,477)	(13,329)
Profit before movements in fair value		192,304	168,412	219,530	162,147
Movements in fair value of derivatives	1 (i)	(61,414)	(103,252)	(185,436)	(107,725)
Profit before income tax expense		130,890	65,160	34,094	54,422
Income tax (expense) benefit	3	(34,951)	(24,186)	538	(17,878)
Profit attributable to members of the parent entity	2	95,939	40,974	34,632	36,544

Statement of Recognised Income and Expense

	Consolidated		Snowy Hydro	
	Year ended 28 June 2008	Year ended 30 June 2007	Year Ended 28 June 2008	Year Ended 30 June 2007
	$000	$000	$000	$000
Cash flow hedges				
Gain taken to equity	1,673	1,798	1,673	1,798
Initial position transferred to income statement	(35)	4,098	(35)	4,098
Income tax effect	(491)	(1,769)	(491)	(1,769)
Net income recognised directly in equity	1,147	4,127	1,147	4,127
Profit for the period	95,939	40,974	34,632	36,544
Total recognised income and expense for the period attributable to members of the parent entity	97,086	45,101	35,779	40,671

Notes to the financial statements are included on pages 15 to 55

Snowy Hydro Limited
Balance Sheet

	Notes	Consolidated As at 28 June 2008 $000	Consolidated As at 30 June 2007 $000	Snowy Hydro As at 28 June 2008 $000	Snowy Hydro As at 30 June 2007 $000
Current Assets					
Cash and cash equivalents		15,032	778	14,604	463
Receivables	6	91,992	158,520	48,719	83,735
Inventories	7	9,579	7,884	9,579	7,884
Other financial assets	8	70,992	410,655	71,003	394,588
Tax assets	3	10,420	16,064	10,420	16,064
Other	9	17,901	18,795	17,530	18,473
Total Current Assets		215,916	612,696	171,855	521,207
Non Current Assets					
Other financial assets	10	-	-	296,942	299,525
Deferred tax assets	3	322,661	320,459	362,881	332,074
Goodwill	11	79,312	79,738	-	-
Property, plant & equipment	12	1,777,897	1,779,049	1,638,241	1,633,237
Total Non Current Assets		2,179,870	2,179,246	2,298,064	2,264,836
Total Assets		2,395,786	2,791,942	2,469,919	2,786,043
Current Liabilities					
Payables	13	38,568	115,866	20,093	88,363
Interest bearing liabilities	14	-	50,174	-	50,174
Provisions	15	23,250	19,427	22,724	18,892
Other financial liabilities	16	278,262	561,363	410,528	561,363
Total Current Liabilities		340,080	746,830	453,345	718,792
Non Current Liabilities					
Trade and other payables	17	203	1,071	203	1,071
Interest bearing liabilities	18	663,163	748,816	663,163	748,816
Provisions	19	2,428	3,173	2,428	3,173
Total Non Current Liabilities		665,794	753,060	665,794	753,060
Total Liabilities		1,005,874	1,499,890	1,119,139	1,471,852
Net Assets		1,389,912	1,292,052	1,350,780	1,314,191
Equity					
Issued capital	22	816,084	816,084	816,084	816,084
Reserves	23	1,134	(13)	1,134	(13)
Retained profits	24	572,694	475,981	533,562	498,120
Total Equity		1,389,912	1,292,052	1,350,780	1,314,191

Notes to the financial statements are included on pages 15 to 55

Snowy Hydro Limited

Statement of Cash Flows
for the Financial Year Ended 28 June 2008

		Consolidated		Snowy Hydro	
		Year ended 28 June 2008	Year ended 30 June 2007	Year ended 28 June 2008	Year ended 30 June 2007
	Note	$000	$000	$000	$000
Cash Flows from Operating Activities					
Receipts from customers		762,361	549,706	546,365	467,715
Payments to suppliers and employees		(469,917)	(311,855)	(302,408)	(232,346)
Interest received		1,431	2,551	1,264	2,464
Interest and other costs of finance paid		(54,973)	(57,253)	(54,973)	(57,253)
Income tax paid		(31,998)	(20,469)	(31,998)	(20,469)
Net Cash provided by Operating Activities	27	206,904	162,680	158,250	160,111
Cash Flows from Investing Activities					
Payment for property, plant and equipment		(55,013)	(57,913)	(51,919)	(55,555)
Receipts from Security Deposits		-	14,321	-	14,321
Payment for business		-	(7,735)	-	(7,735)
Proceeds from sale of property, plant & equipment		337	2,118	337	2,118
Net Cash used in Investing Activities		(54,676)	(49,209)	(51,582)	(46,851)
Cash Flows from Financing Activities					
Repayment of borrowings		(132,500)	(71,700)	(132,500)	(71,700)
Loan payment from related party / controlled entity		-	220	45,447	840
Payment for debt issue costs		(300)	(250)	(300)	(250)
Dividends paid	25	-	(50,000)	-	(50,000)
Net Cash used in Financing Activities		(132,800)	(121,730)	(87,353)	(121,110)
Net Increase / (Decrease) in cash and cash equivalents		19,428	(8,259)	19,315	(7,850)
Cash and cash equivalents at Beginning of Period		(4,396)	3,863	(4,711)	3,139
Cash and cash equivalents at End of the Period		15,032	(4,396)	14,604	(4,711)

Notes to the financial statements are included on pages 15 to 55

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1 Summary of Accounting Policies

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the Company and the consolidated financial statements of the group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes of the Company and the consolidated entity comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the directors on 27 August 2008.

Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

In the application of accounting policies management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of the accounting policies that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Adoption of new and Revised Accounting Standards

The consolidated entity has adopted all of the new and revised Standard and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any material changes.

The directors have also elected under s334(5) of the Corporations Act 2001 to apply AASB 8 "Operating Segments" even though the Standard is not required to be applied until annual reporting periods beginning on or after 1 January 2009. In accordance with s334(5) of the Corporations Act 2001, this election has been made in writing by the directors.

Accounting standards not yet effective

At the date of authorisation of the financial report the following Standards were in issue but not yet effective:

• AASB 101 "Presentation of Financial Statements" (revised September 2007)	Effective for annual reporting periods beginning on or after 1 Jan 2009
• AASB 123 "Borrowing Costs" (revised)	Effective for annual reporting periods beginning on or after 1 Jan 2009
• AASB 127 "Consolidated and Separate Financial Statements"	Effective for annual reporting periods beginning on or after 1 Jan 2009
• AASB 3 "Business Combinations"	Effective for annual reporting periods beginning on or after 1 Jul 2009

The directors anticipate that, unless a material business combination is undertaken, the adoption of these Standards in future periods will have no material financial impact on the financial statements of the consolidated entity.

Reporting Period

The financial year 2008 refers to 1 July 2007 to 28 June 2008. The financial year 2007 refers to 2 July 2006 to 30 June 2007.

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Accounts Payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(b) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

(c) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in income statement over the period of the borrowing using the effective interest rate method. Borrowing costs directly attributable to assets under construction are capitalised as part of those assets.

(d) Capitalisation

Expenditure is capitalised when it is in relation to:

- Acquisition and installation of a new unit of plant,
- Replacement of a unit of plant or of a substantial part of a unit of plant,
- An addition or alteration to a unit of plant which results in a significant improvement to its overall design or production capacity.

(e) Comparative amounts

Where necessary to facilitate comparison, 2007 figures have been adjusted to conform with changes in presentation in the current financial year. As a consequence of the adoption of AASB 7 "Financial Instruments: Disclosures", the comparative figures for Other Current Financial Assets and Other Current Financial Liabilities for both the Company and Consolidated Entity have increased by $347,850,000 to reflect the gross up of assets and liabilities relating to electricity price risk hedging contracts.

(f) Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its controlled entities as defined in Accounting Standard AASB 127 "Consolidated and Separate Financial Statements". A list of controlled entities appears in Note 31 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

Where the cost of the acquisition exceeded the fair value of the identifiable assets, liabilities and contingent liabilities, acquired goodwill has been recognised in the consolidated entity's balance sheet. On the acquisition of a business any excess of the fair value of assets and liabilities acquired over the cost of acquisition has been recognised in the consolidated entity's income statement before interest and tax as a profit on acquisition.

(g) Customer Acquisition Costs

Acquisition costs of retail electricity customers are expensed as incurred unless details of customers and or customer lists are purchased from a third party.

(h) Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation and amortisation rates and methods are reviewed at each balance date and calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The following estimated useful lives are used in the calculation of depreciation:

- *Buildings* — *10 - 50 years*
- *Leasehold improvements* — *4 years*
- *Infrastructure, plant and equipment*
  - *Electronic & mechanical equipment* — *5 - 50 years*
  - *Civil works* — *30 – 75 years*
  - *Mobile plant* — *3 – 20 years*
- *Operations software* — *5 - 8 years*
- *Commercial software* — *3 years*

(i) Derivative Financial Instruments

Snowy Hydro enters into a variety of electricity price risk hedging contracts with participants in the NEM, and gas price risk hedging contracts with participants in the gas market. Derivative financial instruments are also entered into to manage exposure to interest rate and foreign exchange risk, including forward foreign exchange contracts and interest rate swaps.

Derivative financial instruments are initially recognised at fair value on the date the contract is entered into and are subsequently adjusted to their fair value at each reporting date. The resulting gain or loss is recognised in the income statement immediately unless the contract is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship. Snowy Hydro designates certain derivative financial instruments as cash flow hedges (highly probable forecast transactions).

<u>Cash flow hedges entered into to manage interest rate and foreign exchange risk.</u>
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion of changes in the fair value of derivatives is recognised immediately in the income statement.

Amounts deferred in equity are recognised in the income statement in the periods when the hedged item is recognised in the income statement. However, when the underlying forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the cost of the asset or liability recognised on the balance sheet.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity on the instrument at that time remains in equity and is recognised in the income statement when the underlying forecast transaction is ultimately recognised in the income statement. When an underlying forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity on the instrument is recognised immediately in the income statement.

Electricity and gas price risk hedging contracts
The prescriptive nature of AASB 139 precludes Snowy Hydro's price risk hedging contracts from being able to be designated and recognised as hedges. Consequently, all price risk hedging contracts are deemed to be trading instruments. As such all movements in the fair value of the price risk hedging contracts between reporting periods are recognised in the income statement as "Movements in fair value of derivatives". Financial assets or liabilities held for trading are classified as a current asset or a current liability.

Further details of derivative financial instruments are disclosed in note 33 to the financial statements.

Under the AIFRS first-time adoption rules, as at 3 July 2005 (the date of transition to AASB 139) the fair value of those electricity price risk hedging contracts previously classified as hedges under AGAAP was recorded in reserves as if hedge accounting had been achieved. The fair value of these electricity price risk hedging contracts have been recognised in the income statement as the contract period unwinds.

(j) Employee Benefits

Benefits accruing to employees in respect of salaries, annual leave and long service leave are recognised when it is probable that settlement will be required and they are capable of being measured reliably. Severance benefits for employees are recognised where the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. Unpaid salaries are measured as the amount at the reporting date at current pay rates.

Provisions made in respect of annual leave, long service leave, incentive payments and severance benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of long service leave and annual leave which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Employee entitlements that have vested including annual leave and long service leave (where the employee has passed the required years of service) are presented as a current provision. Sick leave is non-vesting and therefore the cost is expensed as incurred.

Snowy Hydro's incentive payment schemes include certain components that are dependant upon future results. Only those components of incentive payments that can be considered probable of being settled, relate to past services and can be reliably measured are included in the provision amount.

Employees of the company are members of a variety of superannuation funds covering both accumulation and defined benefit arrangements. The defined benefit funds are:

- Commonwealth Superannuation Scheme
- Public Sector Superannuation Scheme
- Energy Industries Superannuation Scheme

These plans are considered to be multi employer state plans under AASB 119 "Employee Benefits" and therefore contributions made to these plans are expensed when incurred.

Contributions to defined contribution superannuation funds are expenses when incurred.

In all cases, the funds are complying funds and the level of support provided equals or exceeds the minimum level of support required under the relevant legislation.

(k) Foreign Currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction unless they are transactions entered into in order to hedge the purchase of specific goods and services. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are recognised in the income statement in the period in which they arise except as follows:

In relation to highly probable forecast transactions (cash flow hedges):

- The effective portion of changes in fair value of derivatives are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.
- Amounts deferred in equity are recognised in profit or loss in the periods when the hedged items are recognised in profit or loss or if the forecast transaction is in relation to the purchase of property plant and equipment will be recognised in work-in-progress and capitalised when the asset commences production.

Hedge accounting is discontinued when the hedging instrument expires or is sold or no longer qualifies for hedge accounting. Financial assets or liabilities relating to foreign currency hedges are classified as current assets or current liabilities.

(l) Going Concern

These financial statements have been prepared on a going concern basis. The Directors have reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

In the current and the prior year, current liabilities are greater than current assets, mainly due to the effect of movements in fair value of financial derivatives for price risk hedging contracts as disclosed in note 16. The directors do not believe that this impacts the company's ability to pay its debts as and when they become due and payable.

(m) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. It is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (“GST”), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST payable to the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(o) Government Grants

Government grants are assistance by the government in the form of transfers of resources to the consolidated entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants are not recognised until there is reasonable assurance that the consolidated entity will comply with the conditions attaching to them and the grants will be received. The grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate.

(p) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the income statement immediately.

(q) Income Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where Snowy Hydro is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Tax consolidation

The company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Snowy Hydro is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘stand alone taxpayer’ approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

(r) Inventories

Inventories are valued at the lower of cost and net realisable value.

(s) Investments

Investments in controlled entities are recorded at cost in the parent entity financial statements.

(t) Leased Assets

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

(u) Non Derivative Tradeable Assets

Non derivative tradeable assets, including Renewable Energy Certificates ("RECs"), NSW Greenhouse Gas Abatement Certificates ("NGACs") and GreenPower, are instruments that can be traded on an open market. Non derivative tradeable assets are recognised at fair value in the balance sheet when it is probable that the economic benefits embodied in the assets will eventuate and the assets possess a value that can be reliably measured. Non derivative tradeable assets are recorded at their fair value based on market prices, with gains and losses realised from the sale of non derivative tradeable assets and unrealised fair value adjustments reflected in the income statement.

(v) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the entity has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

(w) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

(x) Revenue Recognition

Sale of Goods
Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership.

Electricity and related products
Revenue from sales of electricity generation on the spot market is recognised when the generation is dispatched to the National Electricity Market Management Company ("NEMMCO") (ie when control has passed to the buyer).

Revenue from the sales of retail electricity is recognised with respect to any customer when the customer has been assigned to the Company by NEMMCO. The revenue recognised is based on estimated metered usage or actual metered usage.

Interest
Interest revenue is recognised on an accrual basis.

2 Profit from Operations

	Consolidated		Snowy Hydro	
	Year ended 28 June 2008 $000	Year ended 30 June 2007 $000	Year ended 28 June 2008 $000	Year ended 30 June 2007 $000

(a) Revenue / Other Income

Revenue and other income from continuing operations includes the following items:

	Consolidated Year ended 28 June 2008 $000	Consolidated Year ended 30 June 2007 $000	Snowy Hydro Year ended 28 June 2008 $000	Snowy Hydro Year ended 30 June 2007 $000
Revenue from the sale of goods	607,020	592,441	443,514	445,448
Increase in non-derivative tradeable assets	570	1,585	613	1,585
Settlement of litigation	44,189	-	44,189	-
Gain on forgiveness of debt by controlled entity	-	-	31,153	-
Intercompany management fee	-	-	5,186	-
Government grants received for staff training	31	25	-	25
Government grants received for renewable energy initiatives	1,260	677	1,260	677
Other	2,181	2,679	1,957	2,412
Interest income	1,456	2,551	1,290	2,464
	656,707	599,958	529,162	452,611

During the year Snowy Hydro settled two legal disputes which were disclosed as contingent assets in the previous financial report. The settlements were with NEMMCO relating to a scheduling error on 31 October 2005 and with a contractor for a liquidated damages relating to an engineer, procure and construct contract. Both were included in Revenue as the amounts recieved were in compensation for revenue foregone.

(b) Profit before income tax

Profit/ (loss) before income tax has been arrived at after crediting /(charging) the following gains and losses from operations:

	Consolidated Year ended 28 June 2008 $000	Consolidated Year ended 30 June 2007 $000	Snowy Hydro Year ended 28 June 2008 $000	Snowy Hydro Year ended 30 June 2007 $000
(Loss) /Gain on disposal of property, plant and equipment	(75)	1,451	(75)	1,451
Change in fair value of financial assets classified as trading through profit or loss	(61,414)	(103,252)	(185,436)	(107,725)
Direct costs of revenue	(206,795)	(198,884)	(88,776)	(93,581)
Borrowing costs				
Interest on loans	(56,785)	(51,886)	(56,785)	(51,886)
Bad and doubtful debts from sales	(1,804)	(944)	-	-
Depreciation and amortisation of non-current assets	(54,267)	(49,880)	(44,954)	(40,882)
Operating lease rental expenses				
Lease payments	(3,817)	(2,600)	(2,917)	(1,944)
Employee benefits expense				
Defined contribution plans	(2,582)	(2,007)	(1,546)	(1,298)
Defined benefit plans	(3,676)	(3,783)	(3,676)	(3,783)
	(6,258)	(5,790)	(5,222)	(5,081)

3 Income taxes

	Consolidated		Snowy Hydro	
	Year ended 28 June 2008 $000	Year ended 30 June 2007 $000	Year ended 28 June 2008 $000	Year ended 30 June 2007 $000
(a) Income tax recognised in profit or loss				
Current tax (expense) / income	(34,759)	(33,507)	(29,312)	(28,138)
Deferred tax (expense) /income relating to the origination and reversal of temporary differences	(192)	9,321	29,850	10,260
Total tax (expense)/income	(34,951)	(24,186)	538	(17,878)

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Profit from operations	130,890	65,160	34,094	54,422
Tax (expense)/income calculated at 30%	(39,267)	(19,548)	(10,228)	(16,327)
Prior year adjustments	4,574	(4,418)	1,672	(1,338)
Non-deductible expenses	(262)	(260)	(255)	(253)
Depreciation adjustment on property, plant & equipment	4	40	4	40
Effect of transactions within the tax-consolidated group that are exempt from taxation.	-	-	9,345	-
	(34,951)	(24,186)	538	(17,878)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

(b) Current tax assets and liabilities				
Income tax payable (receivable) is attributable to:				
Parent entity	(18,644)	(7,155)	(18,644)	(7,155)
Entities in the tax-consolidation group	8,224	(8,909)	8,224	(8,909)
	(10,420)	(16,064)	(10,420)	(16,064)
(c) Deferred tax balances				
Deferred tax balances comprise of:				
Temporary differences	322,661	320,459	362,881	332,074

Snowy Hydro and its wholly-owned Australian resident entities are eligible to consolidate for tax purposes and have elected to be taxed as a single entity from 1 July 2003. The head entity in the tax consolidated group for the purposes of the tax consolidation system is Snowy Hydro. Entities within the tax consolidated group are listed in note 31.

Entities in the group have entered into a tax funding arrangement with the head entity.

3 (d) Income taxes (continued)

	Consolidated				
2007	**Opening Balance $000**	**Charged to Income $000**	**Charged to equity $000**	**Other $000**	**Closing Balance $000**
Gross deferred tax liabilities					
Property plant and equipment	4,612	(4,612)	-	-	-
Capitalised interest	5,029	2,027	-	-	7,056
Non derivative trading instruments	5,616	(963)	-	-	4,653
Other	12,446	3,839	-	-	16,285
Balance as at 30 June 2007	27,703	291	-	-	27,994
Gross deferred tax assets					
Property plant and equipment	309,383	(20,322)	-	-	289,061
Provisions	8,178	(1,886)	-	-	6,292
Derivative financial instruments	19,196	34,797	(1,769)	-	52,224
Other	2,604	(1,728)	-	-	876
Balance as at 30 June 2007	339,361	10,861	(1,769)	-	348,453
2008					
Gross deferred tax liabilities					
Property plant and equipment	-	-	-	-	-
Capitalised interest	7,056	-	-	(7,056)	-
Non derivative trading instruments	4,653	(1,045)	-	-	3,608
Other	16,285	(6,590)	-	(2,810)	6,885
Balance as at 28 June 2008	27,994	(7,635)	-	(9,866)	10,493
Gross deferred tax assets					
Property plant and equipment	289,061	(19,734)	-	(7,056)	262,271
Provisions	6,292	336	-	76	6,704
Derivative financial instruments	52,224	11,024	(491)	-	62,757
Other	876	546	-	-	1,422
Balance as at 28 June 2008	348,453	(7,828)	(491)	(6,980)	333,154

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 28 June 2008

3 (d) Income taxes (continued)

	Snowy Hydro				
2007	**Opening Balance $000**	**Charged to Income $000**	**Charged to equity $000**	**Other $000**	**Closing Balance $000**
Gross deferred tax liabilities					
Property plant and equipment	-	-	-	-	-
Capitalised interest	5,029	2,027	-	-	7,056
Non derivative trading instruments	5,616	(963)	-	-	4,653
Other	891	310	-	-	1,201
Balance as at 30 June 2007	11,536	1,374	-	-	12,910
Gross deferred tax assets					
Property plant and equipment	309,383	(19,701)	-	-	289,682
Provisions	7,801	(1,754)	-	-	6,047
Derivative financial instruments	15,481	34,669	(1,769)	-	48,381
Other	1,023	(149)	-	-	874
Balance as at 30 June 2007	333,688	13,065	(1,769)	-	344,984
2008					
Gross deferred tax liabilities					
Property plant and equipment	-	-	-	-	-
Capitalised interest	7,056	-	-	(7,056)	-
Non derivative trading instruments	4,653	(1,045)	-	-	3,608
Other	1,201	(16)	-	-	1,185
Balance as at 28 June 2008	12,910	(1,061)	-	(7,056)	4,793
Gross deferred tax assets					
Property plant and equipment	289,682	(19,543)	-	(7,056)	263,083
Provisions	6,047	321	-	74	6,442
Derivative financial instruments	48,381	47,501	(491)	1,342	96,733
Other	874	542	-	-	1,416
Balance as at 28 June 2008	344,984	28,821	(491)	(5,640)	367,674

	Consolidated		Snowy Hydro	
	Year ended 28 June 2008	Year ended 30 June 2007	Year ended 28 June 2008	Year ended 30 June 2007
	$	$	$	$

4 Key management personnel remuneration

The aggregate compensation of key management personnel of the consolidated entity and Snowy Hydro is set out below:

Short-term employee benefits	7,674,547	6,455,179	7,310,372	6,113,191
Post-employment benefits	687,300	660,837	674,170	648,151
Other long-term employee benefits	1,092,741	713,764	1,033,298	713,764
	9,454,588	7,829,780	9,017,840	7,475,106

5 Remuneration of auditors

Auditor of parent entity				
Audit or review of the financial report	319,023	287,775	309,048	287,775
Other non-audit services				
Taxation services	200,843	209,917	200,843	209,917
Business Acquisition (primarily taxation services)	-	61,324	-	61,324
Other non-audit services	3,000	103,673	3,000	64,500
	522,866	662,689	512,891	623,516

	Consolidated		Snowy Hydro	
	As at 28 June 2008	As at 30 June 2007	As at 28 June 2008	As at 30 June 2007
	$000	$000	$000	$000

6 Current trade and other receivables

Trade receivables	89,987	156,456	46,414	81,386
Other receivables	2,310	2,354	2,310	2,354
Allowance for doubtful debts	(305)	(290)	(5)	(5)
	91,992	158,520	48,719	83,735

7 Inventories

Inventories at cost	9,579	7,884	9,579	7,884

	Consolidated		Snowy Hydro	
	As at 28 June 2008 $000	As at 30 June 2007 $000	As at 28 June 2008 $000	As at 30 June 2007 $000

8 Other current financial assets

At fair value				
Interest rate contracts	2,291	1,356	2,291	1,356
Option fee contracts	5,546	16,067	5,546	-
Electricity price risk hedging contracts	62,556	393,232	62,556	393,232
Gas price risk hedging contracts	599	-	599	-
Intercompany price risk hedging contracts	-	-	11	-
	70,992	410,655	71,003	394,588

9 Other current assets

Prepayments	5,874	3,286	5,503	2,964
Tradeable assets	12,027	15,509	12,027	15,509
	17,901	18,795	17,530	18,473

10 Other non current financial assets

Loans to controlled entities	-	-	201,861	204,019
Investment in Red Energy	-	-	25	25
Investment in Valley Power	-	-	95,056	95,481
	-	-	296,942	299,525

11 Goodwill

Net book value

At the beginning of the financial year	79,738	72,003	-	-
Additional amounts recognised from prior year business combinations	(426)	7,735	-	-
At the end of the financial year	79,312	79,738	-	-

In the 2008 and 2007 financial year goodwill was adjusted for additional acquisition costs of Valley Power. Further information about goodwill is provided in note 28.

12 Property, plant and equipment

	Consolidated						
	Freehold Land at Cost $000	**Buildings at Cost $000**	**Software at Cost $000**	**Leasehold Improvements at Cost $000**	**Plant and Equipment at Cost $000**	**Construction in Progress $000**	**Total $000**
Gross carrying amount							
Balance as at 1 July 2006	22,387	33,020	21,412	1,905	1,575,076	252,829	1,906,629
Additions	458	550	2,781	106	300,323	(221,883)	82,335
Disposals	(70)	(335)	-	(166)	(2,787)	-	(3,358)
Balance as at 1 July 2007	22,775	33,235	24,193	1,845	1,872,612	30,946	1,985,606
Transfer	-	52	-	-	15	(67)	-
Additions	3,188	6,586	4,136	111	21,737	17,789	53,547
Disposals	-	-	-	-	(911)	-	(911)
Balance at 28 June 2008	25,963	39,873	28,329	1,956	1,893,453	48,668	2,038,242
Accumulated Depreciation /Amortisation							
Balance as at 1 July 2006	-	(4,046)	(14,240)	(584)	(140,334)	-	(159,204)
Disposals	-	335	-	166	2,026	-	2,527
Depreciation expense	-	(1,002)	(3,067)	(351)	(45,460)	-	(49,880)
Balance as at 1 July 2007	-	(4,713)	(17,307)	(769)	(183,768)	-	(206,557)
Disposals	-	-	-	-	479	-	479
Depreciation expense	-	(1,126)	(2,867)	(376)	(49,898)	-	(54,267)
Balance at 28 June 2008	-	(5,839)	(20,174)	(1,145)	(233,187)	-	(260,345)
Net Book Value							
As at 1 July 2007	22,775	28,522	6,886	1,076	1,688,844	30,946	1,779,049
As at 28 June 2008	25,963	34,034	8,155	811	1,660,266	48,668	1,777,897

	Snowy Hydro						
	Freehold Land at Cost $000	**Buildings at Cost $000**	**Software at Cost $000**	**Leasehold Improvements at Cost $000**	**Plant and Equipment at Cost $000**	**Construction in Progress $000**	**Total $000**
Gross carrying amount							
Balance as at 1 July 2006	21,737	33,016	16,823	166	1,422,453	252,652	1,746,847
Additions	458	550	1,404	-	299,709	(222,426)	79,695
Disposals	(70)	(335)	-	(166)	(2,787)	-	(3,358)
Balance as at 1 July 2007	22,125	33,231	18,227	-	1,719,375	30,226	1,823,184
Transfers		-	-	-	-	(67)	(67)
Additions	3,188	6,586	1,509	-	21,266	17,908	50,457
Disposals	-	-	-	-	(911)	-	(911)
Balance at 28 June 2008	25,313	39,817	19,736	-	1,739,730	48,067	1,872,663
Accumulated Depreciation /Amortisation							
Balance as at 1 July 2006	-	(4,045)	(12,252)	(166)	(135,129)	-	(151,592)
Disposals	-	335	-	166	2,026		2,527
Depreciation expense	-	(1,002)	(1,624)	-	(38,256)	-	(40,882)
Balance as at 1 July 2007	-	(4,712)	(13,876)	-	(171,359)	-	(189,947)
Disposals	-	-	-	-	479		479
Depreciation expense	-	(1,126)	(1,230)	-	(42,598)	-	(44,954)
Balance at 28 June 2008	-	(5,838)	(15,106)	-	(213,478)	-	(234,422)
Net Book Value							
As at 1 July 2007	22,125	28,519	4,351	-	1,548,016	30,226	1,633,237
As at 28 June 2008	25,313	33,979	4,630	-	1,526,252	48,067	1,638,241

12 Property plant and equipment (cont'd)

	Consolidated		Snowy Hydro	
	Year ended 28 June 2008 $000	Year ended 30 June 2007 $000	Year ended 28 June 2008 $000	Year ended 30 June 2007 $000
Aggregate depreciation allocated recognised as an expense:				
Buildings	(1,126)	(1,002)	(1,126)	(1,002)
Leasehold improvements	(376)	(351)	-	-
Plant and Equipment	(52,765)	(48,527)	(43,828)	(39,880)
	(54,267)	(49,880)	(44,954)	(40,882)

	Consolidated		Snowy Hydro	
	As at 28 June 2008 $000	As at 30 June 2007 $000	As at 28 June 2008 $000	As at 30 June 2007 $000

13 Current trade and other payables

Trade payables	26,744	53,310	8,827	28,076
Other payables	7,714	35,434	7,610	35,276
Goods and services payable	4,110	27,122	3,656	25,011
	38,568	115,866	20,093	88,363

14 Current interest bearing liabilities

Funds on call to broker	-	5,174	-	5,174
Bank loans - unsecured	-	45,000	-	45,000
	-	50,174	-	50,174

Snowy Hydro was required in November 2007 to refinance certain of its standby facilities whose original term was 3 years.

15 Current provisions

Employee benefits	22,998	19,148	22,472	18,613
Onerous leases	89	95	89	95
Workers compensation	163	184	163	184
	23,250	19,427	22,724	18,892

The employee benefits provisions above relate almost entirely to provisions made with respect to employee leave. The portion that relates to incentive scheme provisions, only includes that part which is due and payable.

16 Current financial liabilities

At fair value				
Foreign currency and interest rate contracts	671	1,409	671	1,409
Option fee contracts	223,847	212,104	210,703	212,104
Electricity price risk hedging contracts	53,609	347,850	53,609	347,850
Gas price risk hedging contracts	75	-	75	-
Intercompany price risk hedging contracts	-	-	145,410	-
Unearned income	60	-	60	-
	278,262	561,363	410,528	561,363

	Consolidated		Snowy Hydro	
	As at 28 June 2008	As at 30 June 2007	As at 28 June 2008	As at 30 June 2007
	$000	$000	$000	$000

17 Non current trade and other payables

Deferred consideration	203	1,071	203	1,071

18 Non current interest bearing liabilities

Unsecured				
Bonds	495,163	493,316	495,163	493,316
Bank loans	168,000	255,500	168,000	255,500
	663,163	748,816	663,163	748,816

19 Non current provisions

Employee benefits	2,058	2,580	2,058	2,580
Onerous leases	-	95	-	95
Workers compensation	370	498	370	498
	2,428	3,173	2,428	3,173

20 Movement in provisions

	CONSOLIDATED		
	Workers Compensation	Onerous Lease	Total
	$'000	$'000	$'000
Balance as at 30 June 2007	682	190	872
Additional provisions recognised	137	16	153
Reductions from payments	(286)	(101)	(387)
Unwinding of discount and effect of change in discount rate	-	(16)	(16)
Balance at 28 June 2008	533	89	622
Current (Note 15)	163	89	252
Non Current (Note 19)	370	-	370
Balance at 28 June 2008	533	89	622

	SNOWY HYDRO		
	Workers Compensation	Onerous Lease	Total
	$'000	$'000	$'000
Balance as at 30 June 2007	682	190	872
Additional provisions recognised	137	16	153
Reductions from payments	(286)	(101)	(387)
Unwinding of discount and effect of change in discount rate	-	(16)	(16)
Balance at 28 June 2008	533	89	622
Current (Note 15)	163	89	252
Non Current (Note 19)	370	-	370
Balance at 28 June 2008	533	89	622

21 Capitalised borrowing costs

	Consolidated		Snowy Hydro	
	As at 28 June 2008 $000	As at 30 June 2007 $000	As at 28 June 2008 $000	As at 30 June 2007 $000
Borrowing costs capitalised during the financial period	-	7,108	-	7,108
Weighted average capitalisation rate on funds borrowed generally	-	6.30%	-	6.30%

22 Issued capital

	Consolidated		Snowy Hydro	
	As at 28 June 2008 $000	As at 30 June 2007 $000	As at 28 June 2008 $000	As at 30 June 2007 $000
200,000,000 fully paid ordinary shares	816,084	816,084	816,084	816,084

	2008		2007	
	No '000	$'000	No '000	$'000
Fully paid ordinary shares				
Balance at the beginning of financial year	200,000	816,084	200,000	816,084
Issue of shares	-	-	-	-
Balance at the end of financial year	200,000	816,084	200,000	816,084

Fully paid ordinary shares carry one vote per share and are eligible for dividends if declared.

23 Reserves

	Consolidated		Snowy Hydro	
	As at 28 June 2008 $000	As at 30 June 2007 $000	As at 28 June 2008 $000	As at 30 June 2007 $000
Hedging Reserves				
Balance at beginning of financial period	(13)	(4,140)	(13)	(4,140)
Gains/(loss) recognised:				
Currency swaps	738	417	738	417
Interest rate swaps	935	1,381	935	1,381
Transfer to profit and loss				
Financial instruments on transition	(35)	4,098	(35)	4,098
Deferred tax arising on hedges	(491)	(1,769)	(491)	(1,769)
Balance at end of financial period	1,134	(13)	1,134	(13)

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges as well as the amounts recognised on adoption of AASB 139 relating to derivatives previously classified as hedges under AGAAP.

	Consolidated		Snowy Hydro	
	As at 28 June 2008 $000	As at 30 June 2007 $000	As at 28 June 2008 $000	As at 30 June 2007 $000

24 Retained earnings

Balance at the beginning of financial period	475,981	485,237	498,120	511,806
Net profit attributable to members of the parent entity	95,939	40,974	34,632	36,544
Deferred consideration recognised directly in equity	774	(230)	810	(230)
Dividends paid	-	(50,000)	-	(50,000)
Balance at the end of financial period	572,694	475,981	533,562	498,120

25 Dividends

	2008		2007	
Fully paid ordinary shares	Cents per share	Total $'000	Cents per share	Total $'000
Dividend fully franked	-	-	25.00	50,000
Franking account balance		82,593		44,950

	Consolidated		Snowy Hydro	
	As at 28 June 2008 $000	As at 30 June 2007 $000	As at 28 June 2008 $000	As at 30 June 2007 $000

26 Commitments for expenditure

(a) Capital expenditure commitments

Plant and equipment				
Not longer than 1 year	18,582	38,984	18,582	38,984
Longer than 1 year and not longer than 5 years	6,479	11,824	6,479	11,824
	25,061	50,808	25,061	50,808

(b) Lease commitments

Operating lease commitments				
Not longer than 1 year	3,628	3,235	2,876	2,475
Longer than 1 year and not longer than 5 years	10,771	10,824	9,418	8,843
Longer than 5 years	61,713	63,204	61,713	63,204
	76,112	77,263	74,007	74,522

Operating lease commitments include leased equipment and office space, houses, Blowering land lease and the Kosciuzsko National Park Lease. Lease of premises in Melbourne is for 7 years from 2004 with rent escalation at 3.5% per annum. Kosciuzsko National park lease and Blowering land lease are for a period of 75 years commencing in 2002 and escalating by CPI each year, subject to 5 yearly rent resents. Laverton land lease is for a period of 30 years commencing 2005 with a CPI escalation. Sydney office lease for Norwich House is for a period of one more year with rental escalation based on market movements. Sydney office lease for AMP House is for a period of 4 more years with fixed rental escalation of 4.25% per annum. There are no restrictions imposed by any operating lease.

26 Commitments for expenditure (cont)

	Consolidated		Snowy Hydro	
	As at 28 June 2008 $000	**As at 30 June 2007 $000**	**As at 28 June 2008 $000**	**As at 30 June 2007 $000**
(c) Other expenditure commitments				
Not longer than 1 year	507	1,030	495	1,030
Longer than 1 year and not longer than 5 years	26	-	-	-
Longer than 5 years	-	-	-	-
	533	1,030	495	1,030

27 Notes to the cash flow statement

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand, in banks and net of deposit on call with brokers. Cash at the end of the financial year, as shown in the statement of cash flows, is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	15,032	778	14,604	463
Funds on call with brokers	-	(5,174)	-	(5,174)
	15,032	(4,396)	14,604	(4,711)

(b) Financing facilities

Unsecured debt facilities with various maturity dates through to 2013

Amount used	663,163	793,816	663,163	793,816
Amount unused	433,000	305,000	433,000	305,000
	1,096,163	1,098,816	1,096,163	1,098,816
Short term money market funds				
Amount used	1,000	5,500	1,000	5,500
Amount unused	14,000	9,500	14,000	9,500
	15,000	15,000	15,000	15,000

27 Notes to the cash flow statement (cont)

(c) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated		Snowy Hydro	
	Year ended 28 June 2008 $000	**Year ended 30 June 2007 $000**	**Year ended 28 June 2008 $000**	**Year ended 30 June 2007 $000**
Profit for the period	95,939	40,974	34,632	36,544
(Profit)/loss on sale of non current assets	75	(1,451)	75	(1,451)
Mark to market movements direct to equity	1,601	5,895	1,638	5,895
Depreciation and amortisation of non current assets	56,241	51,858	46,928	42,860
Increase/(decrease) in current tax balances	5,642	14,289	(1,240)	7,910
Gain on debt forgiveness	-	-	(31,153)	-
Operating costs of subsidiaries	-	-	(5,186)	(23,753)
Interest capitalised	-	(7,108)	-	(7,108)
(Increase)/decrease in deferred tax balances	(2,689)	(10,571)	(31,297)	(10,501)
(Increase)/decrease in assets:				
Current receivables	66,956	(97,903)	35,444	(36,671)
Current inventories	(1,425)	(2,041)	(1,425)	(2,041)
Current financial assets	(8,185)	(45,385)	(24,265)	(46,738)
Other current assets	893	4,480	943	4,442
Increase/(decrease) in liabilities:				
Current payables	(76,086)	56,782	(67,061)	37,883
Other current liabilities	60	-	60	-
Other current financial liabilities	64,689	159,836	196,954	159,836
Current provisions	3,823	(7,194)	3,833	(7,303)
Non current provisions	(745)	43	(745)	131
Non current payables	(58)	-	(58)	-
Other non current liabilities	173	176	173	176
Net cash from operating activities	206,904	162,680	158,250	160,111

28 Goodwill

The consolidated entity recognised goodwill from the acquisition of Valley Power and associated companies in October 2005. All assets in the consolidated entity comprise one single cash generating unit. All goodwill arises from the portfolio effects of Valley Power in conjunction with the other assets in the Snowy scheme.

During the financial year, the consolidated entity assessed the recoverable amount of the cash generating unit and determined that no impairment existed. The recoverable amount of the cash generating unit has been determined based on a value in use calculation of an asset with an indefinite life. The corporate valuation model provides for a 20 year projection of revenue, operating and capital expenditure, financing activities and taxation. This projection term reflects the perpetual nature of the Snowy Hydro assets and also provides for a realistic pattern of replacement capital expenditure over the projection term.

In accordance with the accounting standard, the recoverable amount test discounts un-geared, pre-tax real asset cash flows (including routine maintenance and refurbishment capital expenditure), at a pre-tax real WACC of 7.95% (2007: 7.10%). These cash flows do not include any planned development capital expenditure or the revenues that may relate to such expenditure. The valuation includes a terminal value calculated by assuming that the final year's cash flow is maintained in perpetuity (in real terms) and discounted to the valuation date using the same pre-tax real WACC noted above.

The recoverable amount is most sensitive to changes in the following assumptions:

Sensitivity	Managements approach to determining the value	Growth rate
Forward market price projections for spot, contract and option premium revenue	Spot and contract revenue projections are consistent with Snowy Hydro's recent performance and are based on forward market curves from ICAP. Capacity pricing (i.e. option premium income and difference payments made under the contracts) is based on a blended combination of ICAP and Snowy Hydro's assessment of long-term pricing based on new-entrant modeling.	Zero real growth in prices
Water inflows	The water inflow sequence underlying the projections reflects the expectation that 2009 inflows will be below-average and that future average inflows will thereafter trend back towards, but be lower than, past experience. The starting water storage levels are also reflected in the projections.	Not applicable
Capital expenditure	Capital expenditure is derived from Snowy Hydro's long-term capital asset planning model and includes all expenditure relating to existing assets.	Zero real growth in prices

29 Defined benefit superannuation plans

Name of Plan	Accrued Benefits $'000	Net Market Value of Assets $'000	(Deficiency) /Surplus $'000	Vested Benefits $'000
Commonwealth Superannuation Scheme ("CSS")	56,700,000	6,797,174	(49,902,826)	67,200,000
Public Sector Superannuation Scheme ("PSS")	21,400,000	11,236,578	(10,163,422)	35,600,000
Energy Industries Superannuation Scheme Pool B ("EIS")	1,674,180	2,141,274	467,094	1,499,245

These plans are government and industry-wide schemes, and membership relating to Snowy Hydro's employees represents less than 0.05% of the membership of each scheme.

The difference between the accrued benefits and net market value of plan assets has not been recognised in the financial statements. The unfunded component in CSS and PSS is to be financed, by the Commonwealth, from the Consolidated Revenue Fund at the time the superannuation benefits become payable. It is to be expected that, to redress the current under-funded balances, the superannuation fund contribution rates of fund members (including Snowy Hydro) will increase in the future. It is not possible to predict at this time when, and to what extent, Snowy Hydro's contribution rate may change.

Net market value of assets and vested benefits were determined with reference to the most recent financial statements and actuarial reviews, being:

Scheme	Date of Financial Statements	Date of Actuarial Review
CSS	30 June 2007	30 June 2005
PSS	30 June 2007	30 June 2005
EIS	30 June 2007	1 July 2006

30 Contingent liabilities

Snowy Hydro is involved in various legal proceedings arising out of the normal course of business. The Directors believe that the outcome of these proceedings will not have a material impact on Snowy Hydro's financial position or results of operations. Contingent liabilities of the consolidated entity as at 28 June 2008 are:

(a) Ongoing contingent liabilities are represented by:
- claims lodged with the Dust Diseases Tribunal which were unresolved as at that date. Snowy Hydro has not accepted liability on those claims. As at the reporting date there was no matter before the Tribunal.
- Snowy Hydro has entered into a number of bank guarantees in relation to operating within the NEM and for rental properties in Sydney and Melbourne to the value of $22.5 million.

(b) Liability for Former Scheme Sites has been extinguished except to the extent of any contaminated former sites. These contaminated sites are being rehabilitated as they are identified. The consolidated entity does not believe that the contingent liability on any sites identified in the future would be material.

(c) On 17 October 2005, Snowy Hydro purchased the Valley Power gas fired generation power station. The cost of acquisition was $242.4 million. Snowy Hydro commissioned an independent party to apportion the purchase price to, amongst other categories, Land and Fixtures. The valuation determined that the valuation for Land and Fixtures was $15.7 million. This meant the acquisition was not designated land rich and no stamp duty was payable. The Victorian State Revenue Office ("VSRO") disagreed with this assessment and issued a letter requesting payment of $9.2 million, which included $1.9 million of penalty taxes and interest. Snowy Hydro made the payment but lodged a formal objection to the assessment, with the aim of recovering the full amount. Snowy Hydro has taken reasonable care in obtaining valuations and legal advice in determining whether or not it was liable for stamp duty and lodged a land acquisition statement before any investigation was commenced by the VSRO. On these grounds, Snowy Hydro believes that at least the penalty and interest will be recoverable but continues to pursue recovery of the full amount. Affidavits are being collected and the court hearing is due to commence on 10 November 2008.

(d) An environmental incident occurred in late July /August 2006 when, during construction of the new Jindabyne Dam plunge pool, turbid water flowed into the Snowy River immediately downstream of the Jindabyne Dam plunge pool construction site. On 30 July 2007, the Department of Environment and Climate Change ("DECC") commenced Land and Environment Court prosecutions separately against Snowy Hydro and FRH Group Limited ("FRH") (a contractor to Snowy Hydro) in relation to the incident. Snowy Hydro and FRH have each been charged with one count of pollution of waters, which is an offence under section 120 of the Protection of the Environment Operations Act 1997 ("POEO Act"). It is alleged that between 30 July and 2 August 2006, Snowy Hydro and FRH caused the Snowy River to be polluted with sediment-laden waters. A joint sentencing with respect to the environmental incident at Jindabyne Dam was heard in the Land and Environment Court on 10 to 13 June 2008. Judgement was reserved and is expected to be made in September 2008. Snowy Hydro may be liable for a fine and will incur legal fees in relation to the prosecution but does not believe that the combined amount will be material.

31 Controlled entities

Name of Entity	Country of Incorporation	Ownership Interest 2008 %	Ownership Interest 2007 %
Parent Entity			
Snowy Hydro Limited (b)	Australia	-	-
Controlled Entities			
Snowy Hydro Trading Pty Ltd (c) ("SHT")	Australia	100	100
Red Energy Pty Ltd (a) (c) ("Red Energy")	Australia	100	100
Latrobe Valley BV (c) ("LVBV")	Netherlands	100	100
Valley Power Pty Ltd (c) ("Valley Power")	Australia	100	100
Contact Peaker NZ Ltd (c) ("CPNZ")	New Zealand	100	100
Contact Peaker Australia Pty Ltd (c) ("CPA")	Australia	100	100

(a) Red Energy has entered into a deed of cross guarantee with Snowy Hydro pursuant to ASIC Class Order 98/1418 and is relieved from the requirement to prepare and lodge an audited financial report.
(b) SHL is the head entity within the tax consolidated group.
(c) These companies are members of the tax consolidated group.

The consolidated income statement and balance sheet of the entities which are party to the deed of cross guarantee are:

INCOME STATEMENT

Parties to Deed of Cross Guarantee

	Year ended 28 June 2008 $000	Year ended 30 June 2007 $000
Revenue	622,246	548,157
Other income	41,267	5,932
Direct costs of revenue	(193,892)	(176,740)
Consumables and supplies	(44,898)	(39,438)
Employee benefits expense	(76,055)	(65,877)
Depreciation and amortisation expense	(47,463)	(43,073)
Borrowing costs	(56,785)	(51,886)
Other expenses from ordinary activities	(25,512)	(21,715)
Profit before movements in fair value	218,908	155,360
Movements in fair value of derivatives	(40,037)	(107,725)
Profit before income tax expense	178,871	47,635
Income tax expense	(42,901)	(14,992)
Profit attributable to members of the parent entity	135,970	32,643

BALANCE SHEET
Parties to Deed of Cross Guarantee

	As at 28 June 2008 $000	As at 30 June 2007 $000
Current Assets		
Cash and cash equivalents	15,032	778
Receivables	91,992	149,499
Inventories	9,579	7,884
Other financial assets	70,992	46,738
Tax assets	10,420	16,064
Other	17,901	18,795
Total Current Assets	215,916	239,758
Non Current Assets		
Other financial assets	239,905	233,510
Deferred tax assets	319,404	327,340
Property, plant & equipment	1,644,324	1,638,736
Total Non Current Assets	2,203,633	2,199,586
Total Assets	2,419,549	2,439,344
Current Liabilities		
Payables	38,048	113,756
Interest bearing liabilities	-	50,174
Provisions	23,250	19,427
Other financial liabilities	265,118	213,513
Total Current Liabilities	326,416	396,870
Non Current Liabilities		
Trade and other payables	203	1,071
Interest bearing liabilities	663,163	748,816
Provisions	2,428	3,173
Total Non Current Liabilities	665,794	753,060
Total Liabilities	992,210	1,149,930
Net Assets	1,427,339	1,289,414
Equity		
Issued capital	816,084	816,084
Reserves	1,134	(13)
Retained profits	610,121	473,343
Total Equity	1,427,339	1,289,414

32 Related party disclosures

The names of directors of Snowy Hydro Limited at any time during the year were: T V Charlton, R D Hogg, D J Klingberg, R Holliday-Smith, B Hogan, B Brook, P Lowe. T V Charlton is the sole director of SHT, LVBV, CPA, CPNZ and Valley Power. T V Charlton, I Graham, K Harper, N Tufedgzic and P Lowe are directors of Red Energy Pty Ltd.

(a) Equity Interests In Related Parties

Details of the percentage of ordinary shares held in controlled entities are disclosed in note 31 to the financial statements.

(b) Key Management Remuneration

Details of key management remuneration is disclosed in note 4 to the financial statements.

(c) Directors' and Specified Executive Loans

No loans were made nor are any outstanding between the consolidated entity and any director or director related entities.

(d) Directors' Equity Holdings

No shares or options of the consolidated entity are held by any director or director related entities.

(e) Other Transactions With Directors

No other transactions, other than that in the ordinary course of business on commercial terms, have been entered into between the consolidated entity and any director or director related entities.

(f) Transactions Within the Wholly-Owned Group

The wholly-owned group includes:

- The ultimate parent entity in the wholly-owned group; and
- Six wholly-owned controlled entities.

The ultimate parent entity in the wholly-owned group is Snowy Hydro Limited.

Amounts receivable from entities in the wholly-owned group are disclosed in note 10 to the financial statements. During the financial year Snowy Hydro provided management, accounting and administrated services to its controlled entities other than Valley Power on a cost free basis. Snowy Hydro also provides all personnel, operational and management services to Valley Power on a cost basis. All intercompany balances are at call, but the directors have declared that they are not expected to be called in the current period.

33 Financial instruments

The Company's Treasury and Portfolio management functions provide services to the business to monitor and manage risks relating to National Electricity Market ("NEM" or "market") outcomes, interest rates, foreign exchange movements, credit exposures and liquidity, as they arise in the normal course of operations of the consolidated entity. The Company seeks to control exposures to these risks while aiming to maximise the business's returns. The Company is active in the use of derivative financial instruments to hedge these risk exposures. The use of financial derivatives and the level of exposures are governed by the Company's risk management policies and procedures, which are approved by the Board of directors. Compliance with these policies and procedures and with exposure limits is reviewed by both management and Board risk committees on a regular basis. Any breaches are recorded in a breach register by the compliance manager and investigated by these committees.

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, with respect of each class of financial asset and liability and equity, are disclosed in Note 1 to these statements.

(a) Categories of financial assets and liabilities

	Consolidated $000		Snowy Hydro $000	
	2008	2007	2008	2007
Current				
Financial assets				
Cash and cash equivalents	15,032	778	14,604	463
Trade Receivables	89,987	156,456	46,414	81,386
Other financial assets	70,992	62,805	71,003	46,738
Financial liabilities				
Trade payables	26,744	53,310	8,827	28,076
Interest bearing liabilities	-	50,174	-	50174
Other financial liabilities	278,262	213,513	410,528	213,513
Non current				
Financial assets				
Other financial assets	-	-	296,942	299,525
Financial liabilities				
Trade and other payables	203	1,071	203	1,071
Interest bearing liabilities	663,163	748,816	663,163	748,816

1 Capital risk management instruments

(i) Debt

Snowy Hydro manages its capital to ensure that all entities in the Group will be able to continue operating as a going concern, by targeting the maintenance of a strong BBB credit rating (issued by Standard & Poor's). The capital structure of the Group consists of debt, which includes borrowings disclosed in notes 14 and 18, cash and cash equivalents and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 22, 23, and 24, respectively.

The Company's capital structure is reviewed on a regular basis. As part of this review, the Board Audit and Compliance Sub-committee ("the committee") consider the cost of capital and the risks and structure of the Company's debt on an annual basis. Snowy Hydro has several debt service benchmarks, primary among which is the Funds Flow from Operations ("FFO") to Debt ratio. Other benchmarks include the FFO to Interest ratio and a gearing ratio, determined as the ratio of the consolidated entity's senior debt to debt and shareholders funds.[1] Based on the recommendations of the Committee and resolutions of the Board, the Company will balance its capital structure through the payment of dividends, the redemption of existing debt and the drawdown on uncommitted facilities.

The gearing ratio, as defined by Snowy Hydro's negative pledge, at the end of each of the reporting periods was as follows:

Consolidated	2008	2007
Debt [1]	663,163	798,990
Add back transaction costs	4,837	6,683
Senior debt	668,000	805,673
Equity [2]	1,389,912	1,292,052
Less goodwill	(79,312)	(79,738)
Shareholders funds	1,310,600	1,212,314
Gearing (debt /debt+equity)	34%	40%

1 Debt is defined as long and short term borrowings as detailed in notes 14 and 18

2 Equity includes all capital and reserves

Snowy Hydro's operations are funded by mix of fixed and floating interest rate debt, consisting of bonds of duration 7 and 10 years (of which 2 and 5 years, respectively, remain), revolving loan facilities of various durations and funds on call. Cash and debt positions are detailed in note 27. The interest rates applicable to the financial assets and liabilities are listed in the interest rate risk section below.

[1] These are the headline rating parameters used by Standard & Poor's as the basis for considering Snowy Hydro's credit standing and hence its credit rating. The final rating assigned by Standard & Poor's is determined through the review of numerous business parameters and also with reference to the Company's operating (industry) environment.

For floating rate financial assets and liabilities with interest rate resets of six months' duration or less, and short term non interest-bearing financial assets and liabilities, the fair value is considered to approximate the carrying value.

The fair values of financial assets and liabilities with fixed interest rates are derived from market quoted interest rates that are incorporated into generally applied discounted cash flow models. Other than fixed rate debt on the balance sheet of $254.0 million, there are no financial assets or liabilities whose carrying value does not approximate fair value. The fair value of fixed rate debt was $10.3 million lower than that recorded on the balance sheet as at 28 June 2008, compared to $3.2 million lower than that on the balance sheet as at 30 June 2007.

(ii) Foreign exchange contracts

It is the policy of the consolidated entity to enter into forward foreign exchange contracts to hedge material foreign currency payments when the consolidated entity has entered a contract to purchase goods or services. These forward foreign exchange contracts are designated as cash flow hedges at inception and tested for effectiveness at each reporting date. Accounting for cash flow hedges is described in note 1(i).

The following table details the forward currency contracts outstanding as at reporting date:

Consolidated and Snowy Hydro	Average exchange rate		Principal amount $000	
	2008	2007	2008	2007
Buy Japanese Yen			JPY	JPY
Less than 3 months	64.05	67.18	76,408	76,408
3 to 6 months	62.68	62.69	42,449	42,449
Longer than 6 months	-	64.42	-	152,816
Buy Euros				EUR
Less than 3 months	-	0.63	-	1,659

The fair value is obtained from the counterparty to the transaction, provided the counterparty is a recognised market maker in foreign exchange contracts. The fair value of these instruments as at 28 June 2008 was a liability of $0.671 million compared to a liability of $1.409 million as at 30 June 2007.

A sensitivity analysis has been undertaken and is based on the exposure to exchange rates for each of the derivative instruments. Exchange rate movements that refer to the historical volatility experienced by the particular currencies have been used as the basis for the sensitivity analysis. All foreign exchange contracts at the end of this reporting date are designated in JPY and a volatility sensitivity of ±10% change in the AUD/Yen rate has been used. As at the reporting date, the Group's equity reserves would have increased / decreased by $0.242 million if the stated movements in the exchange rate had occurred.

(iii) Interest rate hedges

Snowy Hydro has entered into interest rate swaps to manage its exposure to floating interest rates between 2013 and 2018. The purpose of these swaps was, and remains, to effectively fix the interest rate for a further portion of the debt portfolio for five years beyond the maturity of the current outstanding fixed rate debt. The proportion of the debt portfolio that is required to be hedged is subject to periodic review. These interest rate swaps were designated as cash flow hedges at inception and are tested for effectiveness at each reporting date. Accounting for cash flow hedges is described in note 1(i).

The following table details the outstanding interest rate swaps at reporting date.

Consolidated and Snowy Hydro	Average interest rate %		Notional Principal amount $000	
	2008	2007	2008	2007
Interest rate swaps	6.17	6.17	100,000	100,000

The fair value of interest rate swaps is obtained from the counterparty to the transaction, provided the counterparty is a recognised market maker in interest rate swaps. The fair value of these instruments as at 28 June 2008 was an asset of $2.291 million compared to an asset of $1.356 million as at 30 June 2008.

A sensitivity analysis has been undertaken and is based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date, with the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period. As at reporting date, if interest rates had been 150 basis points higher or lower and all other variables were held constant, Snowy Hydro's:

(a) Net profit before tax would decrease, at interest rates 150 bps higher, or increase, at 150 bps lower, by $7.446 million. This is attributable to Snowy Hydro's exposure on its variable rate borrowing.
(b) Other equity reserves would increase, at 150 bps higher, or decrease, at 150 bps lower, by $4.086 million. This is a result of the movement in fair value of interest rate swaps. The movement in fair value is taken to equity and recognised in the income statement in the periods when the hedged item is recognised in the income statement (i.e. the net profit impact on the hedged portion of the debt portfolio would be zero, as expected).

2 *Market risk management instruments*

Snowy Hydro uses financial instruments as an integral part of conducting its revenue generating activities.

Snowy Hydro's strategy is to contract a portion of its generation capacity to limit the wide variations in revenue and Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") that would arise if all generation was subject to spot market outcomes. This strategy, by also providing a risk management service to NEM participants, is structured to maximise revenue in the medium to long term and provides more certain coverage of Snowy Hydro's fixed costs in any given year. The portfolio is managed to retain both a "net long" generation position and thereby a level of flexibility to capture the benefits of increased NEM volatility and high electricity prices as they occur.

Given the prescriptive nature of AASB 139 "Financial Instruments: Recognition and Measurement", Snowy Hydro's price risk hedging contracts, defined below, do not meet the criteria for hedge accounting, and changes in the fair value of price risk hedging contracts must be recognised in the income statement (under the category "Movements in fair value of derivatives").

Snowy Hydro uses a Revenue-at-Risk ("RaR") approach when managing its business. In Snowy Hydro's RaR measurement, revenue incorporates payments to and from NEM counterparties that arise from financial contracts settled against the spot market, spot revenue arising from physical generation and Settlement Residue Auction receipts. Snowy Hydro has a highly structured contract and portfolio risk management framework that ensures that the RaR remains within Board-approved limits. These limits may only be changed with Board approval. That framework is based on defined probability limits applying to defined monetary amounts at risk over defined time periods.

(a) Price risk hedging contracts

(i) Electricity and gas swaps and swap like instruments

Electricity swap transactions are those transactions where the consolidated entity receives or pays a fixed rate per MWh in exchange for a floating rate referenced to a regional electricity node. Gas swap transactions are those where the consolidated entity receives or pays a fixed rate per GJ in exchange for a floating rate reference to a regional gas price. There are other types of "swap-like" transactions where the resulting hedging profile materially reflects a swap-type transaction. These transactions are accounted for in the same manner as swaps.

The fair value is the amount that the consolidated entity expects to pay or receive in order to settle or extinguish the financial contract, over the remaining life of the contract.

The fair value of electricity swaps is derived from market quoted forward rates that are incorporated into discounted cash flow models. The market quoted rates are sculpted to take into account any seasonal variations within the duration of the period being quoted. The determination of the extent of seasonal variation within market quoted periods is based on the analysis of historical electricity price movements. Management applies different sculpted forward price curves for determining the fair value, depending upon the type of contract. Certain estimates and judgments were required by management to develop the fair value amounts. The fair value at any particular point in time should not be interpreted as an indication of future gains or losses, as they are based on a forward price curve at a particular time which may or may not be an accurate representation of future market movements or counterparty behaviour.

The fair value of gas swaps has been referenced to the historical gas price (available since February 2007 with the inception of the new gas market) as there are no quoted forward gas price curves.

The net values of the instruments by counterparty have been classified as either a current asset or current liability. The details of outstanding electricity and gas swap and swap like instruments at fair value as at the reporting date are listed in the balance sheet in notes 8 and 16.

A market risk sensitivity analysis has been undertaken as at reporting date, with the sensitivity movements being determined by analysing the historic movements of forward price curves over the applicable reporting period. This estimate is used as a reasonable approximation of future forward price movements. For swap and swap like instruments a movement of 10% has been used for the 2008 financial year and 15% for the 2007 financial year, based on different market volatilities in each year.

Consolidated and Snowy Hydro Swap Type	Fair value and sensitivity					
	Fair value $000		Fair value upside $000		Fair value downside $000	
	2008	2007	2008	2007	2008	2007
Electricity Asset	62,556	393,232	92,559	532,341	60,351	272,123
Electricity Liability	(53,609)	(347,850)	(91,437)	(490,606)	(43,579)	(223,093)
Gas Asset	599	-	3,777	-	(2,579)	-
Gas Liability	(75)	-	408	-	(559)	-
Impact on net profit before tax	(35,876)	64,951	(40,040)	61,304	(31,712)	68,599

The 2007 financial report presented a net value for swaps as an asset of $45.382 million. For consistency and comparison purposes this amount has been reclassified in the above table into separate assets ($393.232 million) and liabilities ($347.850 million).

In addition to the above, intercompany price risk hedging contracts have not been included in the sensitivity analysis as they do not represent contracts with external parties and movements of fair value have no impact on the consolidated entity.

(ii) Options

The fair value of option fee contracts is recognised on the balance sheet as being equal to zero at inception (implying a zero differential between future option fee income and payouts under the contracts for their remaining durations). Subsequently, the unrealized gains or losses inherent in the transactions' remaining lives to expiration are recorded in the balance sheet at fair value. The change in fair value on these transactions between reporting periods is recognised in the income statement, in the accounting period in which the change in fair value occurs (under the category "Movements in fair value of derivatives").

Bought option transactions give the consolidated entity the right of exercise and are ordinarily automatically exercised when the exercise of the option results in a net cash receipt to the consolidated entity (i.e. difference payments are made automatically to the Company). Sold option transactions give the counterparty to the consolidated entity the right of exercise and are ordinarily automatically exercised by the counterparty when the exercise of the options results in a net cash payment to the counterparty (i.e. the Company automatically makes difference payments).

Option type contracts are valued using a fair value model based on market quoted rates and volatilities that are incorporated into Snowy Hydro's generally applied option pricing algorithms. Larger, longer term contracts for which no liquid market exists have been priced using management's assessment of new-entrant pricing, blended with credible longer-term market evidence (where this exists). The absence of an active and liquid market for options means that the volatilities and the resulting fair values of options are to some extent subjective.

The net values of the instruments by counterparty have been classified as either a current asset or current liability. The details of outstanding option type instruments at fair value as at the reporting date are listed in the balance sheet in notes 8 and 16.

A market risk sensitivity analysis has been undertaken as at reporting date, with the sensitivity movements being determined by analysing the historic movements of forward price curves over the applicable reporting period. This estimate is used as a reasonable approximation of future forward price movements. For option type instruments, a movement of 10% has been used for the 2008 financial year and 20% for the 2007 financial year based on different market volatilities in each year.

Consolidated Option Type	Fair value and sensitivity					
	Fair value $000		Fair value upside $000		Fair value downside $000	
	2008	2007	2008	2007	2008	2007
Options Asset	5,546	16,067	7,261	4,999	5,012	27,135
Options Liability	(223,847)	(212,104)	(322,674)	(263,574)	(125,271)	(160,818)
Impact on net profit before tax	(25,538)	(168,204)	(122,650)	(239,687)	72,504	(105,850)

Snowy Hydro Option Type	Fair value and sensitivity					
	Fair value $000		Fair value upside $000		Fair value downside $000	
	2008	2007	2008	2007	2008	2007
Options Asset	5,546	-	7,261	-	5,012	-
Options Liability	(210,703)	(212,104)	(300,977)	(263,574)	(120,680)	(160,818)
Impact on net profit before tax	(4,161)	(172,677)	(92,719)	(224,147)	85,329	(121,390)

(iii) Other structured products

Snowy Hydro plays a market-making role in the development and tailoring of structured products that refer to more than one strike price, have nested options, refer to exercise triggers other that the NEM price (for example the system demand) and are generally not able to be classified as either swap-like or simple option contracts. These products also have features such as giving the counterparty the ability to nominate different strike prices and MW volumes (within limits) for different contract periods. In this case, the different volume and strike price nominations determine the calculation of the payments under the contracts. Due to the variability of nominations and prices, which are at the counter-party's discretion, payments under such contracts are not predictable.

As these structured products are tailored to the specific hedging requirements of each individual counterparty, have no active market and have unpredictable patterns of use, there are no techniques that would provide a reliable and accurate valuation of these instruments. As such, the initial transaction price is taken to be the best measurement of fair value. The objective in holding these customized structured instruments is for the contracts to run their course to maturity (i.e. the Company does not usually engage in adjusting the effective exposures by buying or selling offsetting exposures in the contracts market).

(b) Credit risk

A credit risk arises from the potential default of a counterparty on its obligations under an electricity price risk hedging contract that gives rise to a loss to Snowy Hydro; i.e. credit risk arises from the eventuality that this party will not be able to meet its contractual obligations as they fall due and that this will cause a loss to Snowy Hydro.

The measurement of the risk can include both a current and potential future exposure. The contract's fair value is used to quantify the current credit risk, if any exists, to which Snowy Hydro is exposed with respect to an entity. The fair values of electricity and gas price risk hedging contracts are presented on the balance sheet. The credit risk for non-derivative financial assets is also the amount carried on the Balance Sheet.

Generally, Snowy Hydro's spot, contract, inter-regional and ancillary services transactions have four week cash settlement terms. As a result, Snowy Hydro's generation business is not exposed to large receivable collection costs, nor does it provide for any significant doubtful debts.

In the longer term, a natural credit risk mitigant exists in that the circumstances that would typically give rise to a default by a counterparty (e.g. a retailer being unable to pay a contract premium) would generally be expected to be favourable for Snowy Hydro. Specifically, if high and volatile electricity prices led to a retailer's default on a premium payment, the value of that exposure on the market would be likely to exceed the future payment receipts under the original contract. Therefore, and unless the contract specified a fair value adjustment at termination (which would negate any upside), such an event would be beneficial to the Company.

Red Energy customers are billed as their meters are read, generally every three months. A dedicated credit management team actively pursues all outstanding accounts while ensuring compliance with all regulatory obligations.

(c) Interest Rate Risk

The consolidated entity's exposure to interest rate risk and the effective interest rate on financial instruments at the reporting date are detailed in the following table.

Consolidated	Average Interest Rate %	Variable Interest Rate $000	Interest rate Reset			Non Interest Bearing $000	Total $000
			Less than 1 Year $000	1 to 5 Years $000	More than 5 Years $000		
2008							
Financial Assets							
Cash	6.61	15,032	-	-	-	-	15,032
Financial Liabilities							
Trade Payables	-	-	-	-	-	26,744	26,744
Bank loans	8.07	-	168,000	-	-	-	168,000
Interest rate swaps	6.17	(100,000)	-	-	100,000	-	-
Bonds	7.58	-	-	495,163	-	-	495,163
2007							
Financial Assets							
Cash	5.93	(4,396)	-	-	-	-	(4,396)
Financial Liabilities							
Trade Payables	-	-	-	-	-	53,310	53,310
Bank loans	6.83	-	300,500	-	-	-	300,500
Interest rate swaps	6.17	(100,000)	-	-	100,000	-	-
Bonds	6.60	-	246,000	145,879	101,437	-	493,316

Snowy Hydro	Average Interest Rate %	Variable Interest Rate $'000	Interest Rate Reset Less than 1 Year $'000	Interest Rate Reset 1 to 5 Years $'000	Interest Rate Reset More than 5 Years $'000	Non-Interest Bearing $'000	Total $'000
2008							
Financial Assets							
Cash	6.61	14,604	-	-	-	-	14,604
Financial Liabilities							
Trade Payables	-	-	-	-	-	8,827	8,827
Bank loans	8.07	-	168,000	-	-	-	168,000
Interest rate swaps	6.17	(100,000)	-	-	100,000	-	-
Bonds	7.58	-	-	495,163	-	-	495,163
2007							
Financial Assets							
Cash	5.93	(4,711)	-	-	-	-	(4,711)
Financial Liabilities							
Trade Payables	-	-	-	-	-	28,076	28,076
Bank loans	6.83	-	300,500	-	-	-	300,500
Interest rate swaps	6.17	(100,000)	-	-	100,000	-	-
Bonds	6.60	-	246,000	145,879	101,437	-	493,316

(d) Liquidity Risk

Liquidity risk arises from Snowy Hydro's inability to meet its obligations when they become due or by its inability to enter into future contracts as and when it deems it necessary in the normal course of business.

Snowy Hydro manages its liquidity risk by maintaining adequate financial reserves, banking facilities and reserves in uncommitted stand-by facilities, maintaining diverse funding sources and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. At the reporting date, the Group had uncommitted borrowing reserves of $433.0 million, as detailed in note 27. Snowy Hydro manages its market related liquidity risk by maintaining adequate reserves of generation capacity and high levels of plant reliability and availability, which allow spot price generation income at times of contracted outgoing commitments.

Snowy Hydro holds an Australian Financial Services Licence under which it must continuously monitor its forward liquidity ratios and the amount of surplus liquid funds. Any un-remedied breach of these conditions would trigger a cessation of trade.

The table below details the remaining contractual maturity of the financial liabilities of the Group and Company. The table has been prepared based on the undiscounted cash outflows of financial liabilities, based on the earliest date on which the Group can be required to pay.

Consolidated and Snowy Hydro	Less than 1 year $000	1 to 2 years $000	3 to 5 years $000	Greater than 5 years $000
Debt	-	(445,000)	(223,000)	-
Interest	(36,082)	(32,318)	(47,256)	-
Foreign exchange contract	(1,876)	-	-	-
Swap liability	(41,645)	(11,159)	(3,347)	
Option liability	(12,027)	(36,552)	(107,111)	(99,386)

Net cash outflows have been measured for each liability as follows:

(a) Debt is measured as the amount payable at the expiration of the contracted period.
(b) Interest includes interest payments on all currently held fixed and floating debt at current interest rates.
(c) The foreign exchange contract has been measured at the Australian dollar rate for completion of the contract on the expected date and expected amount.
(d) Swap instruments have been measured at the expected gross payout of estimated future contract for difference payments and
(e) Sold option type contracts have been measured at the net of option fees receivable and the gross payout of estimated future contracts for difference payments.

Intercompany swaps are not included in the liquidity risk table as they do not represent cash outflows external to the Group.

34 Subsequent events

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

35 Additional company information

Snowy Hydro Limited is a public company, incorporated and operating in Australia.

Registered Office	***Principal Place of Business***
Monaro Highway	Monaro Highway
Cooma NSW 2630	Cooma NSW 2630