



ABN 17 090 574 431

Consolidated Financial Report for the Financial Year

27 June 2004 to 02 July 2005

Snowy Hydro Limited

Annual Financial Report

for the financial year ended 02 July 2005

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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 27 June 2004 to 02 July 2005. 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
Robert H Barry BCom, FCPA, FAICD	Chairman Robert Barry has spent 27 years in the investment banking industry both in Australia and the United Kingdom. He co-founded the Dominguez & Barry Group, a predecessor to UBS Australia and was head of International Capital Markets for the Midland Bank Group. Robert is currently deputy chairman of AWB Limited, a non executive director of a number of private companies.
Terry V Charlton BCom, BSc, MSc	Managing Director Terry 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. Terry is currently sole director of Snowy Hydro Trading Pty Ltd. and 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.
Huw G Davies BSc PhD	Non Executive Director Huw Davies has extensive experience in the electricity industry, electricity reform and manufacturing having formerly been a director of CitiPower Pty Ltd, Victorian Power Exchange and an executive director of BTR Nylex. He is currently a director of Boom Logistics Ltd and Administrator of the SECV.
Arlene M Tansey BBA, MBA, JD(Law) FAICD	Non Executive Director Arlene Tansey has extensive experience in corporate finance, underwriting, restructuring, bankruptcy and securities including fourteen years of US corporate finance practice. She currently holds the position of Head of Industrials and Materials for ANZ, and is a non-executive director of Sydney Ports Corporation and the Police and Community Youth Clubs.
Bruce M Cohen PhD (PP), MCom, LLB, BCom.	Non Executive Director Bruce Cohen was formerly Treasury Director for the Office of the Premier and Treasurer of Victoria and has also been a senior analyst / executive advisor on regulatory affairs with the Australian Bankers Association. Bruce is now a principal in private practice in the area of public policy and is also a non-executive director of Victorian Rail Track.

Snowy Hydro Limited

Directors' Report

Robert D Hogg, AO

Non Executive Director

Robert Hogg was formerly national secretary of the Australian Labor Party. Since 1993 he has pursued a career in consulting through his company, Homax Pty Ltd which specialises in issues management. He is also currently a director of Aust Health International, a NSW state-owned company specialising in exporting health services.

David J Klingberg, AM
BTech, FTSE, FIEAust,
FAusIMM

Non Executive Director

David Klingberg is currently Chancellor of the University of South Australia and holds a variety of non-executive directorships and appointments with both public and private bodies. He 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.

Hon Michael Ronaldson
LLB
Resigned 3 September 2004

Non Executive Director

A former member for Ballarat in the federal parliament, Michael Ronaldson established Madison Public Affairs Pty Ltd which provides advice to large public and not-for-profit organisations in Australia in the areas of public policy and issues management. Prior to being elected to parliament, he was a partner in the law firm of Ramsay, Gaunt and Fraser.

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

Glen Dewing
BCom, MBA, FCPA,
FCIS

Company Secretary - appointed 27 June 2001.

Glen Dewing has over 20 years experience in auditing, finance and governance-related roles, 17 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 wholly owned controlled entities, Snowy Hydro Trading Pty Ltd ("SHTPL") and Red Energy Pty Limited ("Red Energy").

Snowy Hydro's principal activities are 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 is the trade name of the retail arm of the consolidated entity and SHTPL is currently dormant.

Snowy Hydro Limited

Directors' Report

Review of Operations

Snowy Hydro owns, manages and maintains the Snowy Mountains Hydro-electric Scheme, which consists of seven power stations and sixteen large dams mainly in the Kosciuszko National Park. Operations consist of the generation, marketing and retailing 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.

In the year to 02 July 2005, 4,388 GWh were generated and 2,187 GL of water were released. Net profit after tax was \$147,521,000. In the previous reporting period to 26 June 2004 net profit after tax was \$158,863,000 with a generation of 4,320 GWh and water releases of 2,037 GL.

Changes in State of Affairs

Snowy Hydro acquired one hundred percent of the share capital of Red Energy on 12 November 2004. Red Energy is an electricity retailer and operates within the National Electricity Market ("NEM"), (Notes 33 & 36 & 37). Snowy Hydro and Red Energy entered into a Deed of Cross guarantee under ASIC Class Order 98/1418 which grants relief from the requirement for Red Energy to prepare and lodge its own audited financial statements as creditor payments are guaranteed by both entities.

Subsequent Events

There has not been any 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.

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 Commonwealth and New South Wales environmental legislation and regulations. Snowy Hydro is also subject to additional unique regulation with respect to its occupation and activities within the Kosciuszko National Park ("KNP"). This regulation is effected through Part 6 of the Snowy Hydro Corporatisation Act 1997 (NSW) ("the Act"). The Act makes provision with respect to the preparation and enforcement of the Snowy Management Plan ("SMP"), which is a Plan of Management under the National Parks and Wildlife Act 1974 (NSW). The SMP applies to Snowy Hydro activities within the KNP.

The SMP includes an obligation that requires that an Environmental Management Plan ("EMP") be developed by Snowy Hydro within 30 months of the date of corporatisation. The EMP comprises 15 chapters, each dealing with a separate environmental issue. The SMP specifies a completion date for each chapter. Each chapter must be approved by the National Parks & Wildlife Service, and then implemented by Snowy Hydro.

Snowy Hydro Limited

Directors' Report

The SMP also includes an obligation, and specifies timing, for the ongoing review of each chapter of the EMP. All of the fifteen draft chapters were submitted to NPWS within the 30 month period. As at 02 July 2005 Snowy Hydro is awaiting NPWS approval of the 15 draft chapters.

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 Red Energy 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 all electricity retailers and wholesale electricity buyers on liable grids in all States and Territories contribute proportionately to the achievement of set renewable energy targets. The liable parties need to annually surrender renewable energy certificates to the Regulator equal to the proportion of energy purchased.

Dividends

A cash dividend of \$70.0 million (\$0.35 per share) fully franked was paid on 6 September 2004 and another cash dividend of \$40.0 million (\$0.20 per share) fully franked was paid on 9 March 2005. In the year ended 26 June 2004 there were two dividends paid. The first cash dividend of \$70.0 million (\$0.35 per share) unfranked was paid on 12 September 2003 and the second cash dividend of \$70.0 million (\$0.35 per share) fully franked was paid on 2 February 2004.

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.

As part of the corporatisation agreements the company entered into a deed of indemnity with the three shareholder governments. Under this deed the company indemnifies those governments in respect of their liability to directors of the company under deed of indemnity between the governments and some of the directors. This liability is limited to the extent permitted by the Corporations Act 2001.

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.

Snowy Hydro Limited

Auditor's Independence Declaration

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, 14 board meetings and 17 committee meetings were held.

Directors	Board of Directors		Audit and Compliance Committee		Remuneration Committee		Trading Risk Committee		Operational Risk, Safety & Environment Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R H Barry	14	13	7	7	4	4	3	3	3	3
T V Charlton	14	11								
A M Tansey	14	13					3	3		
H G Davies	14	14	7	7			3	3		
B M Cohen	14	14	7	7			3	3		
R D Hogg	14	14			4	4			3	3
D J Klingberg	14	13			4	4			3	3
M Ronaldson	4	3	1	1						

T V Charlton is not a member of any subcommittees.

Auditor's Independent Declaration


The Auditor's independent declaration is included on page 7 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 H Barry
Chairman

Thredbo, 25 August 2005



T V Charlton
Managing Director

Thredbo, 25 August 2005

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

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25 August 2005

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 2 July 2005, 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



Samantha Lewis
Partner
Chartered Accountants

Independent audit report to the members of Snowy Hydro Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Snowy Hydro Limited ("the company") and the consolidated entity, for the financial year ended 2 July 2005 as set out on pages 10 to 44. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

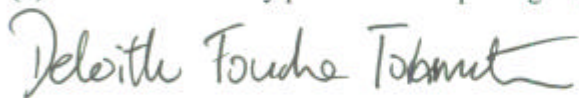
While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Snowy Hydro Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 2 July 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



DELOITTE TOUCHE TOHMATSU



Samantha Lewis
Partner
Chartered Accountants
Thredbo, 25 August 2005

Snowy Hydro Limited

Directors' Declaration

The directors declare that:

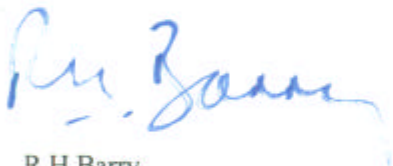
- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the 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 36 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 H Barry
Chairman

Thredbo, 25 August 2005



T V Charlton
Managing Director

Thredbo, 25 August 2005

Snowy Hydro Limited

Statement of Financial Performance for the Financial Year Ended 02 July 2005

	Consolidated		Snowy Hydro	
	Year Ended 02 July 2005	Year Ended 26 June 2004	Year Ended 02 July 2005	Year Ended 26 June 2004
Note	\$000	\$000	\$000	\$000
Revenue from ordinary activities	424,884	430,408	419,979	380,357
Direct costs of revenue	(44,185)	(47,049)	(40,502)	(20,473)
Consumables and suppliers	(38,384)	(37,616)	(35,432)	(37,410)
Employee benefits expense	(49,682)	(43,555)	(45,442)	(43,555)
Depreciation and amortisation expense	(39,073)	(37,720)	(38,712)	(37,720)
Borrowing costs	(35,294)	(36,210)	(35,294)	(36,210)
Other expenses from ordinary activities	(19,629)	(13,714)	(15,070)	(13,714)
Profit from Ordinary Activities Before Income Tax Expense	2	198,637	214,544	209,527
Income tax expense relating to ordinary activities	4	(51,116)	(55,681)	(51,116)
Profit from Ordinary Activities After Related Income Tax Expense		147,521	158,863	158,411
Net Profit		147,521	158,863	158,411
Increase/(decrease) in asset revaluation reserve arising on revaluation of non current assets		-	-	-
Total Revenue, Expense and Valuation Adjustments Attributable to Members of the Parent Entity Recognised Directly in Equity		-	-	-
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners		147,521	158,863	158,411

Snowy Hydro Limited

Statement of Financial Position as at 02 July 2005

	Consolidated		Snowy Hydro		
	Note	As at 02 July 2005 \$000	As at 26 June 2004 \$000	As at 02 July 2005 \$000	As at 26 June 2004 \$000
Current Assets					
Cash assets		1,805	10,365	1,582	10,365
Receivables	7	64,894	25,331	61,617	25,331
Inventories	8	4,009	4,070	4,009	4,070
Tax assets	9	-	2,467	-	-
Other financial assets	10	4,651	-	4,651	-
Other	11	15,260	42,625	15,179	42,625
Total Current Assets		90,619	84,858	87,038	82,391
Non Current Assets					
Receivables	12	83,958	39,911	83,958	39,911
Deferred tax assets	13	149,897	150,263	149,897	150,263
Property, plant & equipment	14	1,551,684	1,404,964	1,548,730	1,404,964
Other financial assets	15	4,814	-	18,990	-
Other	16	9,551	10,897	9,526	10,897
Total Non Current Assets		1,799,904	1,606,035	1,811,101	1,606,035
Total Assets		1,890,523	1,690,893	1,898,139	1,688,426
Current Liabilities					
Payables	17	34,013	16,441	30,898	16,441
Provisions	18	17,015	17,389	16,855	17,389
Tax liabilities	19	42,361	35,388	42,361	35,388
Other	20	57,422	52,866	57,422	106,056
Total Current Liabilities		150,811	122,084	147,536	175,274
Non Current Liabilities					
Payables	21	2,173	-	2,173	-
Interest-bearing liabilities	22	615,927	508,756	615,927	508,756
Provisions	23	13,651	18,421	13,651	18,421
Tax liabilities	24	4,742	11,583	4,742	11,583
Other	25	99,080	63,431	154,738	63,431
Total Non Current Liabilities		735,573	602,191	791,231	602,191
Total Liabilities		886,384	724,275	938,767	777,465
Net Assets		1,004,139	966,618	959,372	910,961
Equity					
Contributed equity	29	816,084	816,084	816,084	816,084
Retained profits	30	188,055	150,534	143,288	94,877
Total Equity		1,004,139	966,618	959,372	910,961

Snowy Hydro Limited

Statement of Cash Flows

for the Financial Year ended 02 July 2005

	Note	Consolidated		Snowy Hydro	
		Year Ended 02 July 2005 \$000	Year Ended 26 June 2004 \$000	Year Ended 02 July 2005 \$000	Year Ended 26 June 2004 \$000
Cash Flows from Operating Activities					
Receipts from customers		442,659	480,128	439,284	416,042
Payments to suppliers and employees		(200,857)	(181,763)	(186,005)	(154,981)
Interest received		450	2,056	428	2,056
Interest and other costs of finance paid		(32,403)	(34,504)	(32,403)	(34,504)
Income tax paid		(48,151)	(37,235)	(50,619)	(11,008)
Net Cash provided by Operating Activities	33 (c)	161,698	228,682	170,685	217,605
Cash Flows from Investing Activities					
Payment for property plant and equipment		(167,602)	(19,933)	(165,140)	(19,933)
Proceeds from sale of property plant and equipment		1,103	881	1,103	881
Payment for Business	33 (d)	(36)	-	(25)	
Net Cash (used in) Investing Activities		(166,535)	(19,052)	(164,062)	(19,052)
Cash Flows from Financing Activities					
Proceeds from borrowings		1,251,000	487,000	1,251,000	487,000
Repayment of borrowings		(1,144,000)	(533,000)	(1,144,000)	(533,000)
Loans (to) from related parties		(272)	-	(11,955)	11,077
Repayment of shareholder loans		-	(17,351)	-	(17,351)
Borrowing costs - facility fees		(451)	126	(451)	126
Dividends paid	31	(110,000)	(140,000)	(110,000)	(140,000)
Net Cash (used in) Financing Activities		(3,723)	(203,225)	(15,406)	(192,148)
Net (Decrease)/Increase in Cash Held		(8,560)	6,405	(8,783)	6,405
Cash at Beginning of Year		10,365	3,960	10,365	3,960
Cash at End of Year	33 (a)	1,805	10,365	1,582	10,365

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

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Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

1 Summary of Accounting Policies

Financial Reporting Framework

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

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Reporting Period

The financial year 2005 refers to 27 June 2004 to 02 July 2005. The financial year 2004 refers to 29 June 2003 to 26 June 2004.

Significant Accounting Policies

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.

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) ***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.

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

(d) 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 1024 "Consolidated Accounts". A list of controlled entities appears in Note 36 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.

(e) 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.

(f) 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 - 100 years
 - *Mobile Plant* 3 - 20 years
- *Operations Software* 5 - 8 years
- *Commercial Software* 3 years

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

(g) *Derivative and Hedging Activities*

The consolidated entity uses derivative financial instruments (“derivatives”) to manage exposures to variable revenues arising from the sale of electricity. In order to be designated as a hedge, at inception and during the term of the hedging instrument, it must be expected that the hedge will be effective in reducing exposure to the risks being hedged. The hedge items include recognised assets and liabilities, and anticipated transactions that are probable of occurring.

Electricity futures, swaps, options, and combinations thereof are used to hedge anticipated sales of electricity. Gains and losses on derivatives hedging anticipated transactions are deferred and recognised in the measurement of the hedged item when it occurs. If a derivative is terminated, sold, redesignated or is no longer effective and the anticipated transaction is still probable of occurring, gains and losses up to the time of termination, sale, redesignation or loss of effectiveness, continue to be accounted for as stated above. If the anticipated transaction is no longer probable, all deferred gains and losses are recognised immediately in net profit or loss. If a derivative ceases to be designated as a hedge (or does not satisfy the criteria for hedge accounting) further gains and losses are recognised in net profit or loss until the derivative matures or is terminated or sold. Option premiums are deferred and amortised over the term of the option.

Further details of derivative financial instruments are disclosed in note 40 to the financial statements.

(h) *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 reasonable grounds exist to calculate the entitlement and the employees remain employed at the balance date.

Unpaid salaries are measured as the amount at the reporting date at current pay rates, and disclosed in current trade payables in note 17.

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 and disclosed in note 18.

Provisions made in respect of long service leave which are not expected to be settled within 12 months are measured as 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 and disclosed in note 23.

Sick leave is non-vesting and therefore the cost is expensed as occurred.

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

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

- Commonwealth Superannuation Scheme
- Public Sector Superannuation Scheme
- Energy Industries Superannuation Scheme
- Australian Government Employee Superannuation Trust

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.

Contributions made to defined benefit superannuation plans are expensed when incurred. The difference between the accrued benefits and net market value of plan assets has not been recognised in the financial statements.

(i) 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 net profit or loss in the period in which they arise except for hedging of specific commitments, as follows:

Hedging specific commitments

In relation to transactions intended to hedge specific purchases or sales:

- Costs or gains arising at the time of entering into the transaction; and
- Exchange differences, to the extent that they arise up to the dates of purchase or sale, are deferred and included in the measurement of the purchases or sales.

(j) 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.

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

(k) *Income Tax*

Tax-effect accounting principles are adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in the deferred tax assets and deferred tax liabilities, as applicable.

The consolidated entity has recognised a deferred tax asset on property, plant and equipment and certain liabilities at its fair value at corporatisation representing the present value of the difference between amounts allowable for tax purposes and the accounting value of the underlying assets. This amount will reduce over the useful lives of the underlying assets and liabilities as the accounting and tax depreciation amounts are recognised by the consolidated entity.

Snowy Hydro and its wholly-owned Australian resident entities are eligible to consolidate for tax purposes and have elected during the current financial year 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 have not entered into any tax sharing or tax funding arrangements with the head entity. As a result all income tax expenses, revenues, assets and liabilities are recognised in the Financial statements of Snowy Hydro.

(l) *Interest-Bearing Liabilities*

Loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis. Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing. Borrowing costs directly attributable to assets under construction are capitalised as part of those assets.

(m) *Inventories*

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

(n) *Investments*

Investments are recorded at cost. Interest revenue is recognised on an accrual basis.

(o) *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.

(p) *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.

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

(q) *Receivables*

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

(r) *Recoverable Amount of Non-Current Assets*

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have been discounted to their present value.

(s) *Restoration Costs*

A provision has been recognised for the rehabilitation of former scheme sites. This provision is calculated as the net present value of future cash flows required to settle the liability.

(t) *Revenue Recognition*

Sale of Goods and Disposal of Assets

Revenue from the sale of goods and disposal of other assets is recognised when the consolidated entity has passed control of the goods or other assets to the buyer.

Electricity and related products.

Revenue from sales of electricity generation on the spot market is recognised when control has passed to the buyer. Revenue from the sales of retail electricity is recognised when control of the customer has been assigned to the entity. Net revenue from the purchase and sale of electricity derivative contracts are recognised in accordance with the methodologies disclosed in note 40.

(u) *Tradeable Assets*

Tradeable assets are instruments that can be traded on an open market. Tradeable assets are recognised at fair value in the statement of financial position 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. Tradeable assets are recorded at their fair value based on market prices, with gains and losses realised from the sale of tradeable assets and unrealised fair value adjustments reflected in the statement of financial performance.

Snowy Hydro Limited
Notes to the Financial Statements
for the Financial Year Ended 02 July 2005

2 Profit from Ordinary Activities

Profit from ordinary activities before income tax includes the following items of revenue and expense:

	Consolidated		Snowy Hydro	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
(a) Operating Revenue				
Sales revenue - sale of goods	421,860	388,754	417,216	338,703
Mark to Market Revenue	(385)	37,585	(385)	37,585
Interest revenue - other entities	409	2,070	399	2,070
Other	1,897	1,118	1,646	1,118
	<u>423,781</u>	<u>429,527</u>	<u>418,876</u>	<u>379,476</u>
(b) Non Operating Revenue				
Proceeds from the sale of property, plant and equipment	1,103	881	1,103	881
	<u>424,884</u>	<u>430,408</u>	<u>419,979</u>	<u>380,357</u>
(c) Expenses				
Direct costs of revenue	44,185	47,049	40,502	20,473
Borrowing costs				
Interest - other entities	33,473	34,478	33,473	34,478
Amortisation of deferred borrowing	1,821	1,732	1,821	1,732
Borrowing costs	35,294	36,210	35,294	36,210
Depreciation of non current assets				
Property, plant and equipment	38,959	37,665	38,656	37,665
Amortisation of non current assets				
Leasehold improvements	114	55	56	55
	<u>39,073</u>	<u>37,720</u>	<u>38,712</u>	<u>37,720</u>
Contributions to defined benefits superannuation plans during the financial year.	3,198	3,328	3,198	3,328
Operating lease expenses				
Office rentals	486	340	149	340
Equipment rentals	1,210	-	-	-
Operating lease	619	120	619	120
Kosciuszko National Park	526	515	526	515
	<u>2,841</u>	<u>975</u>	<u>1,294</u>	<u>975</u>

3 Sales of Assets

Sales of assets in the ordinary course of business have given rise to the following profits and losses:

(a) Net Profits				
Property, plant and equipment	746	267	746	267
(b) Net Losses				
Property, plant and equipment	50	119	50	119

Snowy Hydro Limited
Notes to the Financial Statements
for the Financial Year Ended 02 July 2005

4 Income Tax	Consolidated		Snowy Hydro	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000

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

Profit from Ordinary Activities				
Parent entity	209,527		209,527	
Controlled entity consolidated to parent	(10,890)		(10,890)	
Total Profit from Ordinary Activities	198,637	214,544	198,637	191,275
Income Tax Expense calculated at 30%	59,591	64,363	59,591	57,382
Permanent Differences				
Non-allowable depreciation on buildings	198	305	198	305
Non-deductible expenses	41	65	41	65
Research and Development	-	(448)	-	(448)
Other	(41)	-	(41)	-
Future income tax benefit not previously recognised now brought to account.	(8,673)	(8,604)	(8,673)	(8,604)
Effect of tax consolidation	-	-	-	(16,778)
Income Tax Expense Relating to Ordinary Activities	51,116	55,681	51,116	31,922

Snowy Hydro and its wholly-owned Australian resident entities are eligible to consolidate for tax purposes and have elected during the current financial year 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 have not entered into any tax sharing or tax funding arrangements with the head entity. As a result all income tax expenses, revenues, assets and liabilities are recognised in the Financial Statements of Snowy Hydro.

Snowy Hydro Limited
Notes to the Financial Statements
for the Financial Year Ended 02 July 2005

5 Directors' Remuneration

The Directors of Snowy Hydro during the year were:

Robert H Barry
Terry V Charlton
Arlene M Tansey

Huw G Davies
Bruce M Cohen
Robert D Hogg

David J Klingberg
Hon Michael Ronaldson

	Consolidated		Snowy Hydro	
	2005	2004	2005	2004
	\$	\$	\$	\$
<p>The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all directors of the company, directly or indirectly, by the company or by any related party.</p> <p>The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities in which they are directors or by any related party</p>			1,907,513	1,518,718
	2,109,133	1,518,718		

The number of directors of the company whose aggregate income paid or payable, or otherwise made available falls within each successive \$10,000 band of income (*commencing at \$0*):

	No.	No.
\$ 0- \$ 9,999	1	-
\$20,000 - \$29,999	-	4
\$50,000 - \$59,999	5	2
\$60,000 - \$69,999	-	1
\$90,000 - \$99,999	-	1
\$140,000 - \$149,999	1	-
\$1,120,000 - \$1,129,999	-	1
\$1,470,000 - \$1,479,999	1	-

6 Remuneration of Auditors

Auditor of the Parent Entity
Auditing Services

	Consolidated		Snowy Hydro	
	2005	2004	2005	2004
	\$	\$	\$	\$
Auditing the financial report	148,000	142,000	148,000	142,000
AFSL	6,000	15,000	6,000	15,000
IFRS	33,790	-	33,790	-
Other services				
Research & Development	105,000	-	105,000	-
Tax services	131,344	223,236	131,344	223,236
Tax Due Diligence	25,230	-	25,230	-
Review of Major Project methodology	23,624	-	23,624	-
Business Continuity	17,401	-	17,401	-
Other	1,750	12,830	1,750	12,830
	492,139	393,066	492,139	393,066

Snowy Hydro Limited
Notes to the Financial Statements
for the Financial Year Ended 02 July 2005

	Consolidated		Snowy Hydro	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
7 Current Receivables				
Trade receivables	32,462	17,461	29,477	17,461
Option fees receivable	32,088	7,084	32,088	7,084
Other receivables	492	791	57	791
Allowance for doubtful debts	(148)	(5)	(5)	(5)
	<u>64,894</u>	<u>25,331</u>	<u>61,617</u>	<u>25,331</u>
8 Current Inventories				
Inventories - at cost	<u>4,009</u>	<u>4,070</u>	<u>4,009</u>	<u>4,070</u>
9 Current Tax Assets				
Tax refund receivable	<u>-</u>	<u>2,467</u>	<u>-</u>	<u>-</u>
10 Other Financial Assets				
Options bought	<u>4,651</u>	<u>-</u>	<u>4,651</u>	<u>-</u>
11 Other Current Assets				
Prepayments	1,627	5,039	1,546	5,039
Loans to related parties	52	-	52	-
Tradeable assets	13,581	37,586	13,581	37,586
	<u>15,260</u>	<u>42,625</u>	<u>15,179</u>	<u>42,625</u>
12 Non Current Receivables				
Option fees receivable	<u>83,958</u>	<u>39,911</u>	<u>83,958</u>	<u>39,911</u>
13 Deferred Tax Asset				
Timing differences	<u>149,897</u>	<u>150,263</u>	<u>149,897</u>	<u>150,263</u>

Snowy Hydro Limited
Notes to the Financial Statements
for the Financial Year Ended 02 July 2005

14 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	Work in Progress \$'000	Total
Gross Carrying Amount							
Balance as at 26 June 2004	22,640	30,954	14,439	166	1,391,056	21,377	1,480,632
Business Acquisition	-	-	447	338	69	-	854
Additions	-	1,794	1,774	157	19,662	161,960	185,347
Disposals	(170)	(83)	-	-	(819)	-	(1,072)
Balance as at 02 July 2005	22,470	32,665	16,660	661	1,409,968	183,337	1,665,761
Accumulated Depreciation/Amortisation							
Balance as at 26 June 2004	-	(1,937)	(6,109)	(110)	(67,512)	-	(75,668)
Disposals	-	4	-	-	660	-	664
Depreciation expense	-	(1,043)	(3,403)	(113)	(34,514)	-	(39,073)
Balance as at 02 July 2005	-	(2,976)	(9,512)	(223)	(101,366)	-	(114,077)
Net Book Value							
As at 26 June 2004	22,640	29,017	8,330	56	1,323,544	21,377	1,404,964
As at 02 July 2005	22,470	29,689	7,148	438	1,308,602	183,337	1,551,684

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	Work in Progress \$'000	Total
Gross Carrying Amount							
Balance as at 26 June 2004	22,640	30,954	14,439	166	1,391,056	21,377	1,480,632
Transfer	-	-	-	-	-	-	-
Additions	-	1,794	935	-	18,562	161,595	182,886
Disposals	(170)	(83)	-	-	(819)	-	(1,072)
Balance as at 02 July 2005	22,470	32,665	15,374	166	1,408,799	182,972	1,662,446
Accumulated Depreciation/Amortisation							
Balance as at 26 June 2004	-	(1,937)	(6,109)	(110)	(67,512)	-	(75,668)
Disposals	-	4	-	-	660	-	664
Depreciation expense	-	(1,043)	(3,148)	(56)	(34,465)	-	(38,712)
Balance as at 02 July 2005	-	(2,976)	(9,257)	(166)	(101,317)	-	(113,716)
Net Book Value							
As at 26 June 2004	22,640	29,017	8,330	56	1,323,544	21,377	1,404,964
As at 02 July 2005	22,470	29,689	6,117	(0)	1,307,482	182,972	1,548,730

Snowy Hydro Limited
Notes to the Financial Statements
for the Financial Year Ended 02 July 2005

14 Property, Plant and Equipment (cont)

Aggregate depreciation allocated is recognised as an expense during the year:

	Consolidated		Snowy Hydro	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Land	-	-	-	-
Buildings	1,043	967	1,043	967
Software	3,403	3,207	3,148	3,207
Leasehold improvements	113	55	56	55
Plant and equipment	34,514	33,491	34,465	33,491
	39,073	37,720	38,712	37,720
Current Value of Land and Buildings	52,159	51,657	52,159	51,657

The value disclosed above for land and buildings was determined on the basis of current market value as at June 2002 for those assets where a market value exists, and an in-use valuation for the remainder as at the date of this report. No capital gains tax effect has been disclosed, as the consolidated entity does not intend to sell these assets.

15 Other Non Current Financial Assets

Loans to controlled entities	-	-	14,151	-
Investment in controlled entities	-	-	25	-
Loans to related parties	220	-	220	-
Options bought	4,594	-	4,594	-
	4,814	-	18,990	-

16 Other Non Current Assets

Borrowing costs				
Cost	13,600	13,150	13,600	13,150
Accumulated amortisation	(4,074)	(2,253)	(4,074)	(2,253)
Other	25	-	-	-
	9,551	10,897	9,526	10,897

17 Current Payables

Trade creditors & accruals	24,233	8,346	21,483	8,346
Other creditors	9,058	8,095	8,693	8,095
Goods & services tax payable	722	-	722	-
	34,013	16,441	30,898	16,441

Creditors

Creditors are generally settled within 30 days of recognition and are unsecured.

Snowy Hydro Limited
Notes to the Financial Statements
for the Financial Year Ended 02 July 2005

	Consolidated		Snowy Hydro	
	2005	2004	2005	2004
18 Current Provisions	\$000	\$000	\$000	\$000
Annual leave	6,154	5,566	5,994	5,566
Long service leave	896	909	896	909
Rehabilitation of former scheme sites	5,395	5,275	5,395	5,275
Workers compensation	205	205	205	205
Other employee benefits	4,365	5,434	4,365	5,434
	<u>17,015</u>	<u>17,389</u>	<u>16,855</u>	<u>17,389</u>

A description of the provisions is disclosed in Note 23.

19 Current Tax Liabilities

Income tax payable	<u>42,361</u>	<u>35,388</u>	<u>42,361</u>	<u>35,388</u>
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20 Other Current Liabilities

Electricity derivatives	-	2,082	-	2,082
Loans from controlled entities	-	-	-	53,190
Unearned income	57,422	50,784	57,422	50,784
	<u>57,422</u>	<u>52,866</u>	<u>57,422</u>	<u>106,056</u>

Unearned Income represents the net unamortised option fee premiums on current contracts. Option receipts or payments are amortised over the life of the option.

21 Non Current Payables

Option fees payables	<u>2,173</u>	<u>-</u>	<u>2,173</u>	<u>-</u>
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22 Non Current Interest-Bearing Liabilities

Unsecured:

Bonds	498,927	498,756	498,927	498,756
Bank loans	117,000	10,000	117,000	10,000
	<u>615,927</u>	<u>508,756</u>	<u>615,927</u>	<u>508,756</u>

23 Non Current Provisions

Workers compensation	683	907	683	907
Long service leave	7,573	6,963	7,573	6,963
Rehabilitation of former scheme sites	5,395	10,551	5,395	10,551
	<u>13,651</u>	<u>18,421</u>	<u>13,651</u>	<u>18,421</u>

Workers compensation provision covers the liability in respect of workers compensation claims arising before 1988. An assessment of the provision is undertaken yearly with the balance adjusted to maintain adequacy.

Provision for rehabilitation of former scheme sites has been made in line with the Major Former Scheme Sites Management Deed. Under this deed, in return for consideration given over a period of 5 years, commencing in June 2002, National Parks and Wildlife Service has accepted environmental liabilities with respect to "Former Scheme Sites" within the Kosciuszko National Park. This liability excludes any that are deemed contaminated sites.

Snowy Hydro Limited
Notes to the Financial Statements
for the Financial Year Ended 02 July 2005

	Consolidated		Snowy Hydro	
	2005	2004	2005	2004
24 Non Current Tax Liabilities	\$000	\$000	\$000	\$000
Timing Differences	4,742	11,583	4,742	11,583
25 Other Non Current Liabilities				
Loans from controlled entities	-	-	55,658	-
Unearned income	99,080	63,431	99,080	63,431
	<u>99,080</u>	<u>63,431</u>	<u>154,738</u>	<u>63,431</u>

Loans from controlled entities are interest free and have no fixed maturity date.

26 Employee Benefits

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

Current (note 18)	11,415	11,909	11,255	11,909
Non Current (note 23)	7,573	6,963	7,573	6,963
	<u>18,988</u>	<u>18,872</u>	<u>18,828</u>	<u>18,872</u>
Number of employees at reporting date.	<u>550</u>	<u>403</u>	<u>391</u>	<u>403</u>

Accrued salaries are included in the current trade payables balance as disclosed in note 17.

27 Movement in Provisions

Movement in each class of provision during the financial year, other than employee benefits are set out below:

	Workers Compensation	Rehabilitation	Total
	\$000	\$000	\$000
Consolidated			
Balance at 26 June 2004	1,112	15,826	16,938
Additional provisions recognised	31	237	268
Payments / other sacrifices of economic benefits	(255)	(5,273)	(5,528)
Balance at 02 July 2005	<u>888</u>	<u>10,790</u>	<u>11,678</u>
Snowy Hydro			
Balance at 26 June 2004	1,112	15,826	16,938
Additional provisions recognised	31	237	268
Payments / other sacrifices of economic benefits	(255)	(5,273)	(5,528)
Balance at 02 July 2005	<u>888</u>	<u>10,790</u>	<u>11,678</u>

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

28 Capitalised Borrowing Costs	Consolidated		Snowy Hydro	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Borrowing costs capitalised during the financial year	5,136	-	5,136	-
Weighted average capitalisation rate on funds borrowed generally	5.7%	-	5.7%	-

29 Contributed Equity	Consolidated		Snowy Hydro	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
200,000,000 fully paid ordinary shares	816,084	816,084	816,084	816,084

	2005		2004	
	No. '000	\$000	No. '000	\$000
<i>Fully Paid Ordinary Shares</i>				
Balance at beginning of financial year	200,000	816,084	200,000	816,084
Issue of shares	-	-	-	-
Balance at end of financial year	200,000	816,084	200,000	816,084

Fully paid ordinary shares carry the right to dividends and voting in proportion to the number of shares held.

30 Retained Profits

Balance at beginning of financial year	150,534	131,671	94,877	75,524
Dividends declared or paid	(110,000)	(140,000)	(110,000)	(140,000)
Net profit attr butable to members of the parent entity	147,521	158,863	158,411	159,353
Balance at end of financial year	188,055	150,534	143,288	94,877

31 Dividends	2005		2004	
	Cents per share	Total \$000	Cents per share	Total \$000
Fully paid ordinary shares				
September dividend: Fully Franked	35.0	70,000	35.0	70,000
March dividend: Fully Franked	20.0	40,000	35.0	70,000
		110,000		140,000
Franking Account Balance Consolidated		54,486		44,114
Franking Account Balance Snowy Hydro				16,396

Franking accounts are maintained on a 'tax paid' rather than an 'after tax distributable profits' basis.

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

32 Commitments for Expenditure	Consolidated		Snowy Hydro	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
(a) Capital Expenditure commitments				
Plant and Equipment				
Not longer than 1 year	62,208	50,539	62,208	50,539
Longer than 1 year and not longer than 5 years	8,899	20,331	8,899	20,331
Longer than 5 years	-	-	-	-
	71,107	70,870	71,107	70,870
(b) Lease commitments				
The entity does not have any material finance or operating leases as lessor nor any material finance leases as lessee. A number of operating leases are held which relate to rights held by the consolidated entity to continue operations as determined in a number of agreements as part of corporatisation. They generally have a lease period of 75 years of which 72 years remain. Whilst they are not non-cancellable it is not anticipated that the consolidated entity would ever seek to cancel them.				
Operating Lease Commitments				
Not longer than 1 year	3,021	1,041	1,407	1,041
Longer than 1 year and not longer than 5 years	6,753	3,379	5,415	3,379
Longer than 5 years	53,951	44,073	53,951	44,073
	63,725	48,493	60,773	48,493
(c) Other Expenditure Commitments				
Not longer than 1 year	2,333	468	2,333	468
Longer than 1 year and not longer than 5 years	2,155	100	2,155	100
Longer than 5 years	-	-	-	-
	4,488	568	4,488	568

Snowy Hydro Limited
Notes to the Financial Statements
for the Financial Year Ended 02 July 2005

33 Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand, in banks and investments 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 statement of financial position as follows:

	Consolidated		Snowy Hydro	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Cash	1,805	10,365	1,582	10,365

(b) Financing Facilities

Unsecured bank overdraft facility.

Amount Used	-	-	-	-
Amount Unused	1,490	1,390	1,390	1,390
	1,490	1,390	1,390	1,390

Unsecured debt facilities with various maturity dates through to 2013.

Amount Used	615,927	508,756	615,927	508,756
Amount Unused	233,000	290,000	233,000	290,000
	848,927	798,756	848,927	798,756

(c) Reconciliation of Profit from Ordinary Activities after Related Income Tax to Net Cash Flows from Operating

Profit from ordinary activities after related income tax	147,521	158,863	158,411	159,353
(Profit)/loss on sale of non current assets	(696)	(148)	(696)	(148)
Depreciation and amortisation of non current assets	40,894	39,452	40,533	39,452
Increase/(decrease) in current tax balances	9,440	4,605	6,973	7,071
(Increase)/decrease in deferred tax balances	(6,475)	13,843	(6,475)	13,843
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Current receivables	(39,367)	50,921	(36,286)	37,020
Current inventories	61	(58)	61	(58)
Current financial assets	(4,651)	-	(4,651)	-
Other current assets	27,417	(38,428)	27,498	(38,428)
Other non current assets	(4,594)	132	(4,594)	-
Non current receivables	(44,047)	(37,349)	(44,047)	(37,349)
Increase/(decrease) in liabilities:				
Current payables	(1,200)	(2,186)	(3,287)	(2,186)
Other current liabilities	4,556	(436)	4,556	(436)
Current provisions	(384)	1,112	(534)	1,112
Non current provisions	(4,770)	(5,319)	(4,770)	(5,319)
Non current payables	2,173	-	2,173	-
Other non current liabilities	35,820	43,678	35,820	43,678
Net cash from operating activities	161,698	228,682	170,685	217,605

Snowy Hydro Limited
Notes to the Financial Statements
for the Financial Year Ended 02 July 2005

33 Notes to the Statement of Cash Flows (cont)

(d) **Businesses Acquired**

A controlled entity was acquired during 2005.

	Consolidated		Snowy Hydro	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Consideration				
Cash	-	-	-	-
Ordinary shares	-	-	-	-
	-	-	-	-
Fair Value of Net Assets Acquired				
Current assets:				
Cash	(11)	-	-	-
Receivables	194	-	-	-
Non-current assets:				
Property, plant and equipment	2,672	-	-	-
Current liabilities:				
Payables and Other liabilities	(1,026)	-	-	-
Provisions	(10)	-	-	-
Non-current liabilities	-	-	-	-
Payables and other liabilities	-	-	-	-
Net assets acquired	1,819	-	-	-
Transaction Costs	25	-	-	-
Discount on acquisition	(1,819)	-	-	-
Consideration	25	-	-	-
Net cash outflow on acquisition				
Cash consideration	25	-	-	-
Less Cash balances acquired	11	-	-	-
	36	-	-	-

The acquisition agreement has additional possible consideration in the form of an earn out clause if certain targets are made within set time frames. Snowy Hydro is of the view that there is not yet adequate certainty to reliably measure such consideration.

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

34 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")	55,000,000	5,599,497	(49,400,503)	56,600,000
Public Sector Superannuation Scheme ("PSS")	13,800,000	6,203,657	(7,596,343)	17,400,000
Energy Industries Superannuation Scheme Pool B ("EIS")	1,194,956	1,395,990	201,034	1,008,951

These plans are government and industry wide schemes, and membership by Snowy Hydro employees represents less than 0.13% of the membership of each scheme.

The difference between the accrued benefits and net market value of plan assets have 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.

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 2004	30 June 2002
PSS	30 June 2004	30 June 2002
EIS	30 June 2004	01 July 2003

35 Contingent Liabilities

Contingent liabilities of the consolidated entity as at 02 July 2005 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 that date there were three such matters 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 \$11.5 million.

Liability for Former Scheme Sites has been provided for or 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.

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

36 Controlled Entities

Name of Entity	Country of Incorporation	Ownership Interest	
		2005 %	2004 %
Parent Entity			
Snowy Hydro Limited	Australia	-	-
Controlled Entities			
Snowy Hydro Trading Pty Ltd	Australia	100	100
Red Energy Pty Ltd	Australia	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) The purchase of Red Energy and the deed of cross guarantee occurred during the reporting year and as such there are no comparative figures to provide.

The Consolidated Statement of financial performance and statement of financial position of the entities which are party to the deed of cross guarantee are:

- a) Statement of Financial Performance is the same as that of the consolidated entity stated in these financial statements.

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

36 Controlled Entities (cont)

b) Statement of Financial Position:

	As at 02 July 2005
	\$000
Current Assets	
Cash assets	1,805
Receivables	64,894
Inventories	4,009
Other financial assets	4,651
Other	15,260
Total Current Assets	90,619
Non Current Assets	
Receivables	83,958
Deferred tax assets	149,897
Property, plant & equipment	1,551,684
Other financial assets	4,814
Other	9,551
Total Non Current Assets	1,799,904
Total Assets	1,890,523
Current Liabilities	
Payables	34,013
Provisions	17,015
Tax liabilities	42,361
Other	57,422
Total Current Liabilities	150,811
Non Current Liabilities	
Payables	2,173
Interest-bearing liabilities	615,927
Provisions	13,651
Tax liabilities	4,742
Other	154,738
Total Non Current Liabilities	791,231
Total Liabilities	942,042
Net Assets	948,481
Equity	
Contributed equity	816,084
Retained profits	132,397
Total Equity	948,481

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

37 Acquisition of Business

Name of Business acquired	Principal Activity	Date of Acquisition	Proportion of shares acquired %	Cost of acquisition \$'000
Red Energy	Electricity Retailer	12 Nov 2004	100	25

38 Segment Information

The consolidated entity derives all of its revenue from electricity and related products, operates wholly within the NEM and therefore neither business nor geographical segmentation is necessary.

39 Related Party Disclosures

The names of directors of Snowy Hydro Limited at any time during the year were: R H Barry, T V Charlton, A M Tansey, H G Davies, B M Cohen, R D Hogg, D J Klingberg and M Ronaldson. M Ronaldson resigned on 3 September 2004. T V Charlton is the sole director of SHTPL. T V Charlton, I Graham and S Mikkelsen were appointed directors of Red Energy Pty Ltd on 12 November 2004.

(a) Equity Interests In Related Parties

Equity Interests in Controlled Entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in note 36 to the financial statements.

(b) Directors' Remuneration

Details of directors' remuneration is disclosed in note 5 to the financial statements.

(c) Directors' and Specified Executive Loans

During the financial year a loan totalling \$270,000 was made to S Mikkelsen, a director of a controlled entity on normal terms and conditions. Repayments are due to commence in July 2005.

(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 have been entered into between the consolidated entity and any director or director related entities.

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

(f) *Transactions Within the Wholly-Owned Group*

The wholly-owned group includes:

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

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

Amounts receivable and payable to entities in the wholly-owned group are disclosed in notes 15 and 20 to the financial statements. During the financial year Snowy Hydro Limited provided management services to Red Energy and SHTPL on a cost free basis.

40 Financial Instruments

Significant Accounting Policies

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, in respect of each class of financial asset and liability and equity are disclosed in Note 1 to the financial statements. In respect of derivative financial instruments the following accounting policies are applied.

(a) *Corporatisation*

The consolidated entity recognised all derivative financial instruments on the Statement of Financial Position at the corporatisation date, 28 June 2002, at their fair value. The fair value recognised at corporatisation date is amortised and recognised in the Statement of Financial Performance in the accounting period in which the unrealised gain or loss is scheduled to be realised. The accounting treatment for the change in fair value from the corporatisation date onwards is dependent upon whether the derivative financial instrument is designated and qualifies as a hedge transaction.

(b) *Hedge Transactions*

Gains and losses on hedge transactions are recognised on a cash basis in the Statement of Financial Performance. Unrealised gains and losses arising on the hedge transactions are deferred in order to align the income or expense recognition with the underlying item being hedged. Gains and losses on hedge transactions recognised at their fair value at the corporatisation date are amortised over the accounting period in which those gains and losses are scheduled to be realised. Any changes in unrealised gains or losses for those hedging transactions in existence at the date of corporatisation are deferred in order to align the income or expense recognition with the underlying item being hedged.

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

(c) *Forward 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. Unrealised gains or losses are not recognised on forward foreign exchange contracts. Rather, the underlying price of the good or service is recorded at the foreign exchange agreed in the forward foreign exchange contract (or series of forward foreign exchange contracts) at the time of recognising the good or service.

(d) *Other Transactions*

Unrealised gains or losses on transactions that are not designated as hedge transactions or do not qualify as hedge transactions are carried on the Statement of Financial Position at fair value. The change in fair value on these transactions is recognised in the Statement of Financial Performance in the accounting period in which the change in fair value occurs. Derivative financial instruments that were outstanding at corporatisation date and are not hedges will be accounted for on this basis from corporatisation date onwards.

The consolidated entity accounts for sold options on this basis and has also elected to account for bought options on this basis.

The basis for measuring fair value is described below.

Significant Terms and Conditions

(a) *Swaps*

(i) Electricity Swaps

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 on a notional volume. There are other types of transactions where the resulting hedging profile materially reflects a swap type transaction. These transactions are accounted for in the same manner as swaps and are included in the table below. The consolidated entity is overall a net receiver of a fixed rate and a net payer of a floating rate.

Swap Type	Face Value			
	0 – 12 months \$'000		Greater than 12 months \$'000	
	2005	2004	2005	2004
Receive Fixed	111,182	260,794	69,527	763,460
Pay Fixed	44,804	77,229	29,968	66,843

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

(ii) Interest Rate Swaps

Interest rate swap transactions are those transactions where the consolidated entity pays a fixed interest rate in exchange for a floating interest rate. The table below summarises the outstanding interest rate swaps

	Average Interest Rate %		Notional Principal Amount	
	2005 %	2004 %	2005 \$000	2004 \$000
Greater than 5 years	6.17	6.17	100,000	100,000

(b) Electricity Options

Bought option transactions give the consolidated entity the right of exercise and are ordinarily or automatically exercised when the exercise of the option results in a net cash receipt to the consolidated entity. Sold option transactions give the counterparty to the consolidated entity the right of exercise and are ordinarily or automatically exercised by the counterparty when the exercise of the options results in a net cash payment to the counterparty.

Option Type	Face Value			
	0 – 12 months \$'000		Greater than 12 months \$'000	
	2005	2004	2005	2004
Bought	297,009	16,599	282,105	-
Sold	1,338,684	1,782,966	2,653,007	2,848,155

(c) Forward foreign exchange contracts

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

Outstanding contracts	Average exchange rate		Principal amount '000	
	2005	2004	2005	2004
Buy Japanese Yen			JPY	JPY
Less than 3 months	75.24	80.19	53,284	50,839
3 to 6 months	73.98	-	139,723	-
Longer than 6 months	68.30	70.29	604,539	848,267
Buy Euros			EUR	
Less than 3 months	0.56	-	6,878	-
3 to 6 months	0.56	-	2,205	-
Longer than 6 months				
Buy USD			USD	
Less than 3 months	0.70	-	1,898	-
3 to 6 months	0.69	-	699	-
Longer than 6 months				

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

Objectives of Derivative Financial Instruments

The consolidated entity enters into a variety of derivative financial instruments to manage the variable revenues arising from the sale of electricity.

The variability in revenue is both a function of price measured on a megawatt per hour basis (MWh) and volume despatched (MW). The consolidated entity enters into derivative transactions to manage these risks by structuring the terms and conditions of the derivative financial instruments to match the underlying price and volume related risks described. The types of derivative financial instruments include swaps, options and combinations thereof including the sale of options to derive premium income. All derivative financial instruments are transacted within prescribed market and credit risk limits.

To a lesser extent the consolidated entity also enters derivative transactions to hedge interest rate and foreign exchange exposures.

Interest Rate Risk

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

2005	Average Interest Rate %	Variable Interest Rate \$'000	Interest Rate Reset			Non-Interest Bearing '000	Total
			Less than 1 Year \$'000	1 to 5 Years \$'000	More than 5 Years \$'000		
Financial Assets							
Cash	5.05	1,805	-	-	-	-	1,805
Receivables	-	-	-	-	-	148,852	148,852
Other	-	-	-	-	-	15,260	15,260
Financial Liabilities							
Trade Payables	-	-	-	-	-	24,233	24,233
Bank loans	6.10	-	117,000	-	-	-	117,000
Provisions	-	-	-	-	-	11,678	11,678
Employee Benefits	-	-	-	-	-	18,988	18,988
Bonds	6.12	-	246,000	-	252,927	-	498,927

2004	Average Interest Rate %	Variable Interest Rate \$'000	Interest Rate Reset			Non-Interest Bearing '000	Total
			Less than 1 Year \$'000	1 to 5 Years \$'000	More than 5 Years \$'000		
Financial Assets							
Cash	4.85	10,365	-	-	-	-	10,365
Receivables	-	-	-	-	-	65,242	65,242
Other	-	-	-	-	-	42,625	42,625
Financial Liabilities							
Trade Payables	-	-	-	-	-	8,346	8,346
Bank loans	5.82	-	10,000	-	-	-	10,000
Provisions	-	-	-	-	-	16,938	16,938
Employee Benefits	-	-	-	-	-	18,872	18,872
Bonds	6.04	-	246,000	-	252,756	-	498,756

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

Credit Risk

A credit risk arises from the potential that the counterparty to the derivative financial instrument will not be able to meet its contractual obligations as they fall due. The measurement of the risk can include both a current and potential exposure. The derivative financial instrument's fair value is used to quantify the entity's current credit risk. The quantification of the current credit risk includes only those derivative financial instruments contracts that have a positive fair value and does not take into account any netting arrangements that the consolidated entity has executed. Using this gross method the credit risk for the consolidated entity is \$132.6 million (compared to \$87.2 million in financial year 2004) including those derivatives recognised on the Statement of Financial Position upon corporatisation. This method does not measure the potential credit risk that exists over the remaining maturity of the derivative contract. The credit risk for non-derivative financial assets is the amount carried on the Statement of Financial Position.

Net Fair Value

The fair value is the amount that the consolidated entity expects to pay or receive in order to settle or extinguish the financial contract. The entity uses different methodologies for determining the fair value. The methodology is dependent upon the characteristics of the financial instrument, including the financial market in which it operates. Certain estimates and judgements were required to develop the fair value amounts. The fair value at any particular point in time does not provide an indication of any future gains or losses.

(a) Swaps & Swap like Instruments

(i) Electricity swaps and swap like instruments

The fair value is derived from market quoted forward rates that are incorporated into generally applied discounted cash flow models. The market quoted rates are modified 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. The fair value for these instruments, as at 02 July 2005 was a loss of \$8.1 million compared to a loss of \$3.7 million as at 26 June 2004.

(ii) Shared benefit caps

Shared Benefit Cap contracts ("SBCs") are financial instruments containing characteristics of a number of other financial instruments. These characteristics allow the counterparty to nominate quantities (MWs) within certain boundary limits. The different MWs nominated as well as certain other factors determine the calculation of the payments under the contracts. Due to the variability of nominations and prices, the payments are not able to be predicted. As SBCs are customised derivatives sculptured for each counterparty, have no active market and no predictable patterns of use, there are no techniques that would provide a valuation of these instruments that is reliably measurable. As such, the fair value is the initial transaction price.

(ii) Interest rate swaps

The fair value is obtained from the counterparty to the transaction provided the counterparty is a recognised market maker in interest rate swaps. The fair value of interest rate swaps as at 02 July 2005 was a loss of \$1.5 million compared to a profit of \$0.7 million as at 26 June 2004.

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

(b) Options

The option premium is the fair value of the option on the dealt date. In order to determine the fair value of the option at the reporting date, the option premium is adjusted to take into account pro-rata utilisation, if any, of the option from the effective date to the reporting date. All options are recognised on the Statement of Financial Position at fair value as at 2 July 2005.

A reasonableness check of the above is made against a fair value model utilising market quoted rates (as described above under swaps) and volatilities that are incorporated into generally applied option pricing algorithms. 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 consolidated entity utilises the option premium method to determine the fair value to the extent that the fair value model does not result in any significant divergence.

(c) Forward foreign Exchange Contracts

The fair value of FX contracts is derived from the assessment of current forward FX rates comparative to the contracted rate. The fair value of the contracts as at 02 July 2005 was a loss of \$3.3 million compared to a profit of \$0.7 million as at 26 June 2004.

(d) Financial Assets and Liabilities

The fair value of floating rate financial assets and liabilities with interest rate resets of six months duration or less and non interest-bearing financial assets and liabilities, is considered to approximate the carrying value. The fair value 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. The fair value of fixed rate debt, greater than one year, as at the reporting date was a profit of \$5.8 million compared to a profit of \$2.1 million as at 26 June 2004.

Hedges of Anticipated Future Transactions

The consolidated entity has entered into derivative financial instruments to swap floating revenues to fixed revenues. These swaps have been dealt to match the period of the underlying exposure being hedged and as such the timing of the anticipated underlying exposure is as per the maturity of the swap contracts disclosed under Significant Terms and Conditions.

41 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.

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

42 Adoption of Australian Equivalents to International Financial Reporting Standards

The Australian Accounting Standards Board have adopted Australian Equivalents to International Financial Reporting Standards ("AIFRS"). These standards are effective for annual reporting periods beginning on or after 1 January 2005. All companies under the Corporations Act 2001 must comply with these standards.

For Snowy Hydro the first reported results are for the December 2005 half year with comparatives to December 2004 required to be restated in accordance with AIFRS. The first published results for June 2006 require comparative statement of financial performance from July 2004.

Snowy Hydro formed a working party to evaluate the impact of the adoption of the Australian equivalent of the International Financial Reporting Standards. This working party has to date identified three major impacts on the financial statements for the consolidated entity. These impacts are:

- (a) a restatement of the Deferred Tax Asset to a non discounted value. The restatement of the Deferred Tax Asset is a transitional adjustment which increases opening retained earnings. The adjustment as at 27 June 2004 is \$245.7 million.
- (b) the fair value treatment of Financial Instruments which requires that all derivatives are recognised at fair value on the balance sheet. If the instrument is held for trading the movements in fair value between reporting periods are taken to net profit. If the instrument is an effective cash flow hedge then the movements in fair value between reporting periods are taken to equity. Snowy Hydro's portfolio of financial instruments is currently being assessed to determine whether the criteria for hedge accounting can be met and whether the fair value of certain of the instruments can be measured. No quantification of the effect has yet been made. Snowy Hydro has elected to apply AASB 139 Financial Instruments Recognition and Measurement and AASB 132 Financial Instruments Disclosure and Presentation from 3 July 2005 and not to restate the comparative period.
- (c) a restatement of the discount on acquisition of a business entity. Under Australian Accounting Standards pre 2005, this discount is applied to the non monetary assets acquired. Under AIFRS this discount is taken to the statement of financial performance. Therefore the income for year ended 02 July 2005 will increase by \$1.8 million and depreciation will increase by \$0.4 million. The value of property plant and equipment in the statement of Financial Position will correspondingly increase.

The estimates disclosed above are Snowy Hydro's best estimates of the significant impact of the changes as at the date of preparing the 2 July 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to:

- (a) changes in facts and circumstances,
- (b) ongoing work being undertaken by the AIFRS project team,
- (c) potential amendments to AIFRS and UIG Interpretations, and
- (d) emerging accepted practise in the interpretation and application of AIFRS and UIG Interpretations.

Snowy Hydro Limited

Notes to the Financial Statements for the Financial Year Ended 02 July 2005

43 Additional Company Information

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

Registered Office

Monaro Highway
Cooma NSW 2630

Principal Place of Business

Monaro Highway
Cooma NSW 2630