Alinta Infrastructure Holdings
Alinta Infrastructure Limited (ACN 108 311 100)
and
Alinta Funds Management Limited
(ACN 115 403 757) (AFSL 291 749)
as responsible entity of Alinta Infrastructure Trust
(ARSN 115 765 85) and
Alinta Infrastructure Investment Trust
(ARSN 115 766 179)

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10 March 2006

To: Company Announcements Office
ASX

By: Electronic Lodgement

Appendix 4E and Financial Statements

Further to the News Release and Management Presentation released to ASX on 22 February 2006 regarding Alinta Infrastructure Holdings' 2005 year end results, please find attached:

1. ASX Appendix 4E - Annual Report;
2. Concise Financial Report for year ended 31 December 2005;
3. Financial Statements for year ended 31 December 2005.

Financial information in the audited Financial Statements is consistent with that previously released to the market on 22 February 2006.

Yasmin Broughton
Company Secretary

Att.

* *

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Alinta Infrastructure Holdings

Comprising Alinta Infrastructure Limited (ABN 63 108 311 100)
Alinta Funds Management Limited (ABN 14 115 403 757) as responsible entity for
Alinta Infrastructure Trust (ABN 39 302 908 296) and
Alinta Infrastructure Investment Trust (ABN 12 076 964 108)

Appendix 4E

Annual Report
Period Ending 31 December 2005

1. **The current reporting period is the year ended 31 December 2005 and the previous corresponding period is the year ended 31 December 2004.**

2. **Results for announcement to the market**

	31 December 2005 $ 000's	31 December 2004 $ 000's	% Change
2.1 Revenue from ordinary activities.	244,418	143,222	70.7%
2.2 Profit / (loss) from ordinary activities after tax attributable to stapled security holders.	7,720	(15,893)	148.5%
2.3 (a) Net profit for the period attributable to equity holders of Alinta Infrastructure Limited.	3,181	(15,893)	120.0%
2.3 (b) Net profit for the period attributable to equity holders of other stapled entities	4,539	NIL	N/A
2.4 Amount per security and franked amount per security of distributions.	Distributions are recognised at the time they are declared, determined, or publicly recommended. Whilst there is no proposed distribution recognised in the financial statements as at 31 December 2005, the following fully tax deferred distribution has been declared by the Boards of AIH on 21 February 2006: • 4.5 cents per stapled security totalling $13.02 million		

2.5 Record date for determining entitlements to the dividends and payment date.	• Record date is 9 March 2006. • Payment date is 31 March 2006.
2.6 Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.	For a further analysis of the operating results refer to the Directors Report contained within the Annual Financial Report.

3. Income Statement

Refer to attached Annual Financial Report.

4. Balance Sheet

Refer to attached Annual Financial Report.

5. Cash Flow Statement

Refer to attached Annual Financial Report.

6. Recent Distribution History

Alinta Infrastructure Limited paid a dividend of $47.0 million to Alinta Limited (as disclosed in the Product Disclosure Statement dated 29 August 2005) prior to the Initial Public Offering of Alinta Infrastructure Holdings.

7. Dividend Reinvestment Plans

Not applicable.

8. Statement of Retained Earnings

Refer to attached Annual Financial Report – note 29.

9. Net Tangible Assets per Stapled Security

2005: negative $0.30 (Negative net tangible assets of $88.0 million divided by 289,333,333 stapled securities).
2004: negative $0.005 (Negative net tangible assets of $36.3 million divided by 673,825,946 stapled securities).

10. Gain or loss of control over entities

10.1A Name of the entity	10.2A Date control gained	10.3A(i) 2005 Profit contribution ($m)	10.3A(ii) 2004 Profit contribution ($m)
Alinta Infrastructure Trust	5 October 2005	4.539	N/A
Alinta Infrastructure Investment Trust	5 October 2005	NIL	N/A

11. Associated Entities

Not applicable.

12. Other Significant Information

Refer to the Directors Report in the Annual Financial Report for details of other significant information.

13. Foreign Entities

Australian accounting standards are applied when reporting on foreign entities included within the consolidated annual financial report.

14. Results Commentary

14.1 Earnings per stapled security

	31 December 2005	31 December 2004
Basic Earnings per stapled security (in cents)	1.33	(2.36)
Diluted Earnings per stapled security (in cents)	1.33	(2.36)
Dilution aspects	• None	• None

14.2 Earnings per share

	31 December 2005	31 December 2004
Basic Earnings per share (in cents)	0.55	(2.36)
Diluted Earnings per share (in cents)	0.55	(2.36)
Dilution aspects	• None	• None

14.3 Returns to Shareholders

Not applicable.

14.4 Operating Performance

Refer to the Discussion and Analysis in the Concise Financial Report.

14.5 Segment Results

Refer to the Annual Financial Report – note 4.

14.6 Trends in performance

Refer to the Discussion and Analysis in the Concise Financial Report.

14.7 Other factors affecting results

Refer to the Directors Report in the Annual Financial Report for details of other significant factors affecting results.

15. Status of Audit of Accounts

The accounts have been audited.

16. Unaudited Accounts

Not applicable.

17. Audit Dispute or Qualification

Not applicable.

Dated: 10 March 2006

Alinta Infrastructure Holdings
Concise financial report
for the year ended 31 December 2005

Alinta Infrastructure Holdings is a stapled entity that comprises:
Alinta Infrastructure Limited (ABN 63 108 311 100), and
Alinta Funds Management Limited (ABN 14 115 403 757) as responsible entity for
Alinta Infrastructure Trust (ABN 39 302 908 296), and
Alinta Infrastructure Investment Trust (ABN 12 076 964 108)

Alinta Infrastructure Holdings
Concise financial report - 31 December 2005

Contents

The Concise Financial Report has been derived from the Annual Financial Statements. The Annual Financial Statements provide a more comprehensive understanding of the financial performance, financial position and financing and investing activities of the entity.

Both the Concise Annual Report and the Annual Financial Statements have been lodged with the Australian Stock Exchange Limited (ASX) and the Australian Securities Commission (ASIC) and are available at www.aih.net.au

Discussion & analysis for the financial year ended 31 December 2005

This discussion and analysis is provided to assist readers in understanding the concise financial report. The concise financial report has been derived from the annual financial report of Alinta Infrastructure Holdings.

Alinta Infrastructure Holdings (AIH) is the stapled security consisting of Alinta Infrastructure Limited (AIL) and its controlled entities, and two trusts, Alinta Infrastructure Trust (AIT) and Alinta Infrastructure Investment Trust (AIIT). Alinta Funds Management Limited (AFML), a wholly owned subsidiary of Alinta Limited (Alinta), is the Responsible Entity of each of the trusts. The stapled security was admitted to the offical list of the ASX on 4 October 2005. AIH prepares its consolidated financial statements in accordance with the historical cost accounting convention and on the accrual basis of accounting.

Income statement

The consolidated net profit after tax of $7.7 million comprises results from operating gas transmission pipelines and power stations. The 2005 net profit after tax is an improvement on the 2004 loss of $15.9 million. The 2004 period represents an eight month period from 23 April 2004 being the date AIL acquired the existing assets.

Total revenue for the year was $244.4 million. This is an improvement from 2004 (on an annualised basis) due principally to improved revenues on the respective pipelines as a result of additional throughput volumes from new and existing transport contracts. The pipelines business consists of the Eastern Gas Pipeline (EGP), Queensland Gas Pipeline (QGP), Tasmanian Gas Pipeline (TGP) and an 11.8% interest in the Goldfields Gas Transmission Pipeline (GGTP) and VicHub. The pipelines total revenue for the year was $125.7 million with a contributed EBITDA of $88.8 million.

$106.6 million in revenue was generated by the power assets, consisting of the Newman Power Station (NPS), Port Hedland Power Station (PHPS), Glenbrook Power Station (GPS) and Bairnsdale Power Station (BPS). The Power assets contributed an EBITDA of $57.8 million for the year which is consistent with the 2004 year on an annualised basis.

Balance sheet

Current assets at 31 December 2005 of $533.4 million include cash assets of $97.2 million and receivables of $431.1 million. This significant net increase from December 2004 is due to the following items:

- Cash has decreased by $42.7 million from December 2004 primarily due to the combination of a dividend and capital return payment to Alinta Limited, as disclosed in the Product Disclosure Statement dated 29 August 2005, totalling $87.5 million prior to the Initial Public Offering of AIH, offset by net cash inflows from operations over the 2005 year.
- Receivables have increased due to a receivable of $328.5 million, representing the fair value at 31 December 2005 of the $1.20 second instalment due from security holders on 29 December 2006. This receivable has been recognised on the basis that the second instalment is due on a predetermined date and is underwritten by a third party investment bank.
- A further increase in receivables is caused by a receivable of $58.7 million due from Alinta Limited (Alinta) relating to an indemnity provided by Alinta whereby Alinta have indemnified AIH for certain items relating to various levies and commercial disputes. This is equally offset by corresponding amounts in current liabilities.

Non current assets have reduced from 31 December 2004 to 31 December 2005 primarily due to amortisation and depreciation charges on Intangibles and Property, Plant and Equipment.

Current liabilities at 31 December 2005 of $454.3 million are substantially higher than 31 December 2004 due to recognition of a payable of $328.5 million, representing the fair value at 31 December 2005 of a promissory note payable to Alinta arising from the share buy-back undertaken by AIL in October 2005. This amount will be settled in December 2006 upon receipt of the funds from the second call on the stapled securities.

In addition, approximately $21.9 million of non-current provisions were reclassified to current payables due to the indemnity provided by Alinta on certain levies and commercial disputes which may become payable. This reclassification has also resulted in a corresponding reduction in non-current liabilities at 31 December 2005.

Statement of changes in equity

Total equity decreased by $85.7 million.

Changes in Equity	**2005 $m**
Net profit after tax	7.7
Dividends provided for or paid	(47.0)
Capital return	(40.5)
Buy-back of share capital	(633.3)
Transfer to reserves on buy-back of shares	(239.7)
Movement in Hedge Reserves	(4.8)
Contribution of equity (net of transaction costs)	873.1
Exchange differences on translation of foreign operations	(1.2)
Net decrease in equity for 2005	**(85.7)**

Cash flow statement

For the year ended 31 December 2005, net cash flows from operating activities increased on an annualised basis against the 31 December 2004 period. This is primarily due to additional revenues on the gas transmission assets, and reforecasting of some maintenance programs.

There were no material cashflow items from investing activities during the period.

Proceeds from financing activities reflect the transactions outlined above concerning contributed equity. Monies were received from the first instalment of the issue of the AIH stapled securities which funded the partial repayment of the Alinta promissory note issued for the buy-back of share capital undertaken by AIL.

A dividend and capital return was paid to Alinta as discussed further below.

Distributions

On 3 October 2005, AIL paid a dividend of $47.0 million and made a capital return of $40.5 million to Alinta, the ultimate parent entity of AIL prior to the IPO of the stapled security on 4 October 2005.

The AIH Boards had not declared a further distribution or dividend during the period 4 October 2005 to 31 December 2005. On 21 February 2006, the Directors declared a distribution of $13.02 million in respect of the period from IPO to 31 December 2005 representing a payment of $0.045 per security.

Alinta Infrastructure Holdings
Concise financial report - 31 December 2005

Contents

Consolidated income statement

For the year ended 31 December 2005

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000
Revenue from operations	3	**244,418**	143,222
Other income		**1,716**	159
Gas commodity and transmission purchases		**(29,794)**	(21,772)
Employee benefits expense		**(5,168)**	(7,197)
Depreciation and amortisation expense		**(52,704)**	(40,533)
Materials and services		**(57,615)**	(29,598)
Finance costs		**(84,890)**	(67,166)
Profit / (loss) before income tax		**15,963**	(22,885)
Income tax (expense)/benefit		**(8,243)**	6,992
Profit / (loss) attributable to stapled security holders of Alinta Infrastructure Holdings		**7,720**	(15,893)
Attributable to:			
Equity holders of Alinta Infrastructure Limited		**3,181**	(15,893)
Equity holders of other stapled entities (minority interest)			
- Alinta Infrastructure Trust		**4,539**	-
- Alinta Infrastructure Investment Trust		**-**	-
Total recognised profit / (loss) for the year		**7,720**	(15,893)
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders:			
Basic earnings per share	7	**0.55**	(2.36)
Diluted earnings per share	7	**0.55**	(2.36)

The above income statement should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at 31 December 2005

	Consolidated 2005 $'000	Consolidated 2004 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**97,184**	139,839
Trade and other receivables	**431,094**	35,953
Inventories	**5,091**	5,115
Total current assets	**533,369**	180,907
Non-current assets		
Receivables	**76,876**	100,390
Inventories	**2,533**	2,533
Property, plant and equipment	**1,019,816**	1,051,625
Intangible assets	**667,323**	701,367
Total non-current assets	**1,766,548**	1,855,915
Total assets	**2,299,917**	2,036,822
LIABILITIES		
Current liabilities		
Trade and other payables	**451,438**	67,075
Current tax liabilities	**2,501**	7,001
Interest bearing liabilities	**-**	1,827
Provisions	**316**	7,310
Total current liabilities	**454,255**	83,213
Non-current liabilities		
Trade and other payables	**22,618**	22,983
Interest bearing liabilities	**1,153,911**	1,162,044
Deferred tax liabilities	**53,038**	48,956
Provisions	**36,779**	54,486
Deferred income	**-**	122
Total non-current liabilities	**1,266,346**	1,288,591
Total liabilities	**1,720,601**	1,371,804
Net assets	**579,316**	665,018
EQUITY		
Issued capital	**-**	673,826
Reserves	**(238,603)**	7,085
Accumulated losses	**(59,712)**	(15,893)
	(298,315)	665,018
Minority interest (AIT and AIIT)	**877,631**	-
Total equity	**579,316**	665,018

The above balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the period ended 31 December 2005

	Consolidated 2005 $'000	Consolidated 2004 $'000
Total equity at the beginning of the financial period	**665,018**	-
Cash flow hedges, net of tax (opening balance)	**(4,770)**	-
Cash flow hedges, net of tax (movement for the period)	**(51)**	-
Exchange differences on translation of foreign operations	**(1,204)**	7,085
Net income/(loss) recognised directly in equity	**(6,025)**	7,085
Profit / (loss) for the period	**7,720**	(15,893)
Total recognised income and expense for the period	**1,695**	(8,808)
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	**-**	673,826
Contributions of equity, net of transaction costs, by minority interest	**873,092**	-
Buy-back of share capital	**(633,335)**	-
Capital return	**(40,491)**	-
Transfer to reserves on buy-back of shares	**(239,663)**	-
Dividends provided for or paid	**(47,000)**	-
Total equity at the end of the financial period	**579,316**	665,018
Total recognised income and expense for the period is attributable to stapled security holders of:		
Alinta Infrastructure Limited	**(2,844)**	(8,808)
Minority interest	**4,539**	-
	1,695	(8,808)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated cash flow statement

For the period ended 31 December 2005

	Consolidated	
	2005	2004
	$'000	$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**235,350**	181,288
Payments to suppliers and employees (inclusive of goods and services tax)	**(109,125)**	(105,766)
	126,225	75,522
Interest received	**5,600**	2,803
Interest paid	**(79,767)**	(53,070)
Income taxes paid	**(8,660)**	(2,111)
Net cash inflow from operating activities	**43,398**	23,144
Cash flows from investing activities		
Payment for acquisition of controlled entities (net of cash acquired)	**-**	(1,715,492)
Payments for information technology licence	**-**	(1,379)
Payments for property, plant and equipment	**(1,797)**	(2,050)
Proceeds from sale of property, plant and equipment	**17**	22
Net cash outflow from investing activities	**(1,780)**	(1,718,899)
Cash flows from financing activities		
Proceeds from issue of units and shares	**578,667**	673,826
Payment of transaction costs	**(26,349)**	-
Proceeds from borrowings	**35,000**	1,483,808
Repayment of borrowings	**(35,000)**	(301,954)
Payment of deferred borrowing costs	**-**	(19,770)
Buy-back of share capital	**(549,100)**	-
Capital return paid	**(40,491)**	-
Dividends paid	**(47,000)**	-
Net cash inflow / (outflow) from financing activities	**(84,273)**	1,835,910
Net increase/(decrease) in cash and cash equivalents	**(42,655)**	140,155
Cash and cash equivalents at the beginning of the financial period	**139,839**	-
Effects of exchange rate changes on cash and cash equivalents	**-**	(316)
Cash and cash equivalents at end of period	**97,184**	139,839

The above cash flow statement should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

1 Summary of significant accounting policies

Alinta Infrastructure Holdings ("AIH" or "the Group") is a triple stapled security domiciled in Australia. The consolidated financial report of the Group for the year ended 31 December 2005 comprise Alinta Infrastructure Limited ("AIL"), the parent entity and its subsidiaries, together with Alinta Infrastructure Trust ("AIT") and Alinta Infrastructure Investment Trust ("AIIT") which are deemed acquired entities. AIH and its controlled entities are referred to in the financial report as the Group or the consolidated entity.

The consolidated annual financial report was authorised for issuance by the directors on 9 March 2006.

(a) Basis of preparation of concise financial report

The concise financial report has been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 1039 Concise Financial Reports and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB 1039 have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

From 1 January 2005, AIH prepares its financial statements in accordance with Australian equivalents to International Financial Reporting Standards ("AIFRS"). AIFRS has been applied to comparative information from the date of incorporation of 10 March 2004.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year, with the exception of the treatment of financial instruments, where comparative amounts are presented according to the consolidated entity's previous accounting policy. The principle difference being the recognition of derivatives on the balance sheet. A full description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's full financial report.

The presentation currency is Australian dollars.

2 Segment information

(a) Description of segments

Intersegment pricing is determined on an arm's length basis.

Business segments

The consolidated entity's primary reporting is business segments which comprises the following main business segments:

Power generation
Operation and ownership of power generation assets.

Gas transmission
Transmission of gas through gas pipelines.

Geographical segments
The consolidated entity operates in predominantly one geographical segment, that is Australasia.

2 Segment information (continued)

(b) Primary reporting format - business segments

2005	Power generation $'000	Gas transmission $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Sales to external customers	106,568	125,682	-	232,250
Intersegment sales	-	-	-	-
Total sales revenue	106,568	125,682	-	232,250
Unallocated revenue	-	-	12,168	12,168
Total segment revenue	106,568	125,682	12,168	244,418
Segment result	41,876	68,231	(3,204)	106,903
Unallocated revenue less unallocated expenses				(90,940)
Profit before income tax				15,963
Income tax (expense)/ benefit				(8,243)
Net profit for the year				7,720
Segment assets	586,670	1,275,011	438,236	2,299,917
Unallocated assets				-
Total assets				2,299,917
Segment liabilities	147,554	223,830	1,349,217	1,720,601
Unallocated liabilities				-
Total liabilities				1,720,601
Acquisitions of non-current segment assets	125	8,191	-	8,316
Depreciation and amortisation expense	21,204	29,842	1,658	52,704
EBITDA*	57,795	88,780	6,984	153,559

2004	Power generation $'000	Gas transmission $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Sales to external customers	73,281	64,219	-	137,500
Intersegment sales	-	-	-	-
Total sales revenue	73,281	64,219	-	137,500
Shares of net profits of associates	-	-	-	-
Unallocated revenue	-	-	5,723	5,723
Total segment revenue	73,281	64,219	5,723	144,222
Segment result	27,384	30,214	(158)	57,440
Unallocated revenue less unallocated expenses				(80,325)
Profit/(loss) before income tax				(22,885)
Income tax (expense)/ benefit				6,993
Net profit/(loss) for the year				(15,892)
Segment assets	665,007	1,243,404	128,411	2,036,822
Segment liabilities	30,943	69,427	1,271,434	1,371,804
Acquisitions of non-current segment assets	660,400	1,117,754	27,910	1,806,064
Depreciation and amortisation expense	16,010	19,072	1,378	36,460
EBITDA*	38,156	43,329	3,332	84,817

* EBITDA is defined as earnings before interest expense, tax expense, depreciation and amortisation.

3 Revenue from operations

	Consolidated	
	2005	2004
	$'000	$'000
Sales and services revenue		
Sale of goods	**98,866**	67,005
Services revenue	**123,808**	64,197
	222,674	131,202
Other revenue		
Interest received or receivable	**21,744**	12,020
	244,418	143,222

4 Dividends

	Parent	
	2005	2004
	$'000	$'000
Ordinary shares		
Final dividend for the year ended 31 December 2005 of 7.0 cents per fully paid share paid on 3 October 2005		
42.05% franked based on tax paid @ 30%	**47,000**	-

The dividend was paid to Alinta Limited on 3 October 2005 prior to the AIL share buy-back and formation of AIH.

Subsequent events

On 21 February 2006, the Directors of AFML and AIL declared a fully tax deferred distribution from AIH of $0.045 per stapled security totalling $13.02 million for the period 5 October 2005 to 31 December 2005. This distribution has a payment date of 31 March 2006.

5 Contingencies

A full description of the details and estimates of contingent assets and liabilities is provided in the consolidated entity's full financial report for 2005.

6 Economic dependency

The normal trading activities of the consolidated entity depend significantly upon major contractual arrangements as follows:
- With BHP Billiton for the sale of electricity and gas transmission capacity;
- With New Zealand Steel Limited for the sale of electricity;
- With Alinta Limited and its subsidiaries for the sale of electricity and gas transmission capacity; and
- With Alinta Limited and its controlled entities for provision of corporate support, operations and maintenance services.

7 Earnings per share

	Consolidated 2005 Cents	Consolidated 2004 Cents
(a) Earnings per stapled security		
(i) **Basic** - Ordinary earnings per stapled security	**1.33**	-
(ii) **Diluted** - Ordinary earnings per stapled security	**1.33**	-
(b) Earnings per share - Parent entity		
(i) **Basic** - Ordinary earnings per share - Parent entity	**0.55**	(2.36)
(ii) **Diluted** - Ordinary earnings per share - Parent entity	**0.55**	(2.36)

(c) Reconciliations of earnings used in calculating earnings per stapled security

	Consolidated 2005 $'000	Consolidated 2004 $'000
Consolidated		
Basic earnings per stapled security		
Net profit after tax	**7,720**	-
Earnings used in calculating basic earnings per stapled security	**7,720**	-
Diluted earnings per stapled security		
Net profit after tax	**7,720**	-
Earnings used in calculating diluted earnings per stapled security	**7,720**	-
Parent		
Basic earnings per share - Parent entity		
Net profit after tax	**7,720**	(15,893)
Profit attributible to minority interest	**(4,539)**	-
Earnings used in calculating basic earnings per share	**3,181**	(15,893)
Diluted earnings per share - Parent entity		
Net profit after tax	**7,720**	(15,893)
Profit attributible to minority interest	**(4,539)**	-
Earnings used in calculating diluted earnings per stapled security	**3,181**	(15,893)

(d) Weighted average number of shares used as the denominator

	Consolidated 2005 Number	Consolidated 2004 Number
Weighted average number of stapled securities used as the denominator in calculating basic earnings per stapled security	**582,179,762**	-
	582,179,762	-
Weighted average number of stapled securities used as the denominator in calculating basic earnings per share (parent entity)	**582,179,762**	673,825,946
	582,179,762	673,825,946

8 Explanation of transition to Australian equivalents to IFRS

As stated in note 1, these are the Group's first annual consolidated financial statements prepared in accordance with AIFRS.

The accounting policies in note 1 have been applied in preparing the consolidated financial statements for the year ended 31 December 2005 and the comparative information for the period ended 31 December 2004. No opening AIFRS balance sheet has been prepared as Alinta Infrastructure Limited was incorporated on 10 March 2004. Therefore the results of the Group have been restated from the date of incorporation.

In preparing comparative information for the annual reporting period ended 31 December 2004, the Group adjusted amounts reported previously in financial statements prepared in accordance with AGAAP.

An explanation of how the transition from previous AGAAP to AIFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

8 Explanation of transition to Australian equivalents to IFRS (continued)

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRS (AIFRS)

(a) At the end of the last reporting period under previous AGAAP: 31 December 2004

	AGAAP	AASB 112 Deferred Tax	AASB 3 Business Combination	AASB 138 Intangible assets - amortisation	AASB 137 Decommissio-ning Costs	AASB 117 Leases	AASB 101 Reclass-ifications	AIFRS (revised)
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets								
Cash assets	139,839							139,839
Receivables	28,395					5,691	1,867	35,953
Inventories	5,115							5,115
Other	1,867						(1,867)	-
Total current assets	175,216	-	-	-	-	5,691	-	180,907
Non-current assets								
Receivables	17,385					83,005		100,390
Inventories	2,533							2,533
Property, plant and equipment	1,128,934		(502)		27,115	(103,922)		1,051,625
Deferred tax assets	59,945						(59,945)	-
Intangible assets	568,550	11,004	88,586	12,014	5,617	15,596		701,367
Total non-current assets	1,777,347	11,004	88,084	12,014	32,732	(5,321)	(59,945)	1,855,915
Total assets	1,952,563	11,004	88,084	12,014	32,732	370	(59,945)	2,036,822
Current liabilities								
Payables	65,393							65,393
Interest bearing liabilities	1,827							1,827
Current tax liabilities	13,587						(6,586)	7,001
Provisions	7,310							7,310
Other	1,682							1,682
Total current liabilities	89,799	-	-	-	-	-	(6,586)	83,213
Non-current liabilities								
Interest bearing liabilities	1,162,044							1,162,044
Deferred tax liabilities	6,868	7,828	88,084		(568)	103	(53,359)	48,956
Provisions	19,861				34,625			54,486
Other	23,105							23,105
Total non-current liabilities	1,211,878	7,828	88,084	-	34,057	103	(53,359)	1,288,591
Total liabilities	1,301,677	7,828	88,084	-	34,057	103	(59,945)	1,371,804
Net assets	650,886	3,176	-	12,014	(1,325)	267	-	665,018
Equity								
Contributed equity	673,826							673,826
Reserves	6,437				(45)	693		7,085
Retained profits	(29,377)	3,176		12,014	(1,280)	(426)		(15,893)
Total equity	650,886	3,176	-	12,014	(1,325)	267	-	665,018

8 Explanation of transition to Australian equivalents to IFRS (continued)

(2) Reconciliation of profit for the year ended 31 December 2004

	AGAAP	**AASB 112** Deferred Tax	**AASB 138** Intangible assets - amortisation	**AASB 137** Decommissioning Costs	**AASB 117** Leases	**AASB 101** Reclass-ifications	**AIFRS (revised)**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from ordinary activities	154,658				(11,233)	(44)	143,381
Expenses from ordinary activities before borrowing costs	(121,158)		12,014	(569)	10,569	4,117	(95,027)
	33,500	-	12,014	(569)	(664)	4,073	48,354
Borrowing costs	(65,906)			(1,260)		(4,073)	(71,239)
Profit from ordinary activities before related income tax expense	(32,406)	-	12,014	(1,829)	(664)	-	(22,885)
Income tax expense	3,029	3,176		549	238	-	6,992
Profit from ordinary activities after related income tax expense	(29,377)	3,176	12,014	(1,280)	(426)	-	(15,893)
Net increase in foreign currency translation reserve	6,437			(45)	693	-	7,085
Total changes in equity from non-owner related transactions attributable to equity holders	(22,940)	3,176	12,014	(1,325)	267	-	(8,808)

8 Explanation of transition to Australian equivalents to IFRS (continued)

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

(4) Notes to the reconciliations

(a) Business combinations

AASB 1 does not require entities to restate business combinations for AIFRS prior to 1 January 2004. If business combinations prior to this date are restated then all subsequent business combinations must also be restated. does not require entities to restate business combinations for AIFRS prior to 1 January 2004. If business combinations prior to this date are restated then all subsequent business combinations must also be restated.

Alinta Infrastructure Limited is required to restate the acquisition of the former Duke Energy Australia ("Duke") assets.

The primary changes to accounting for business combinations for Alinta Infrastructure Limited are as follows:
- goodwill on acquisition is no longer amortised; and
- a more definitive approach to identifying and recognising intangible assets acquired in a business combination is prescribed.

The Duke acquisition restatement has resulted in an increase in net deferred tax liabilities of $36.5 million. This net adjustment comprises the following significant items:
- additional deferred tax liabilities on fair value adjustments and other adjustments;
- deferred tax liabilities on intangibles; and
- recognition of deferred tax assets relating to tax losses.

In addition, AIFRS adjustments relating to decommissioning costs and leases have been treated as a fair value adjustment relating to the Duke acquisition. These items are discussed in further detail below.

(i) At 31 December 2004

The primary impact of restating the Duke business combination has been the recognition of net deferred tax liabilities of $88.1 million and a corresponding adjustment to goodwill and intangibles of $88.6 million, and a decrease in property, plant and equipment of $0.5 million.

(ii) For the period ended 31 December 2004

An increase in net profit after tax ("NPAT") of $12.0 million has been recognised in the income statement for the year to 31 December, relating to the non amortisation of goodwill and changes to the amortisation of other intangible assets.

(b) Provision, contingent liabilities and contingent assets

Under AIFRS a provision must only be recognised when a present obligation exists as a result of a past event, it is probable that there will be an outflow of economic benefits, and a reliable estimate can be made. Alinta Infrastructure Limited has a legal or constructive obligation to decommission, dismantle and remove some assets within its portfolio. The total future cost of this obligation must be recognised as a provision at its present value in the balance sheet upon transition to AIFRS.

Furthermore, AASB 116 Property, Plant and Equipment ("PPE") requires that the initial estimation of costs for dismantling and removing the asset and restoring the site to be capitalised to the extent that it is also recognised as a provision under AASB 137 Provisions, Contingent Liabilities & Contingent Assets. Each year there is a depreciation charge on the PPE element and an interest expense representing the unwinding of the discount of the provision.

(i) At 31 December 2004

The Group has recognised the present value of the future estimated decommissioning costs of $33.2 million as a provision at 23 April 2004. The Company brought into account a decommissioning asset of $27.6 million and an increase in intangible assets of $5.6 million at the acquisition date. The unwinding of the discount on the decommissioning provision and depreciation expense results in an increase in the provision of $1.5 million and a decrease in PPE of $0.4 million. This, together with a decrease in deferred tax liabilities of $0.6 million results in a decrease in net assets of $1.3 million.

(ii) For the period ended 31 December 2004

For the Group there has been additional depreciation and interest expense, offset by a decrease in tax expense, reducing NPAT by $1.3 million.

8 Explanation of transition to Australian equivalents to IFRS (continued)

(c) Leases

Under AIFRS, an arrangement comprising a transaction or a series of linked transactions, that do not take the legal form of a lease but convey a right to use an item, such as plant and equipment, for an agreed period of time in return for a payment or a series of payments indicates the substance of the arrangement is a lease. Where this arrangement exists, accounting for the respective assets falls under AASB 117 Leasing.

In accordance with AASB 117, the lease must be classified as either an operating or finance lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. When classified as a finance lease, the lessor recognises a finance lease receivable representing the present value of the minimum lease payments. The difference between the gross receivable and the present value of the receivable is recognised as interest income, which is recognised over the lease term reflecting a constant periodic rate of return.

The Glenbrook power station, which was purchased through the Duke acquisition, has been classified as a finance lease under AIFRS.

The effect of this is:

(i) At 31 December 2004
The Glenbrook power station, which was purchased through the Duke acquisition, has been classified as a finance lease under AIFRS. This resulted in a decrease in property, plant and equipment of $103.9 million, an increase in deferred tax liabilities of $0.1 million, and an increase in lease receivables and intangible assets of $88.7 million and $15.6 million respectively, an overall increase in net assets of $0.3 million. Foreign exchange translation results in an increase in the foreign currency translation reserve of $0.7 million.

(ii) For the period ended 31 December 2004
For the Group there is a decrease in revenue for the year to 31 December of $11.2 million and in expenses of $10.6 million, resulting in a net decrease in profit before tax of $0.6 million ($0.4 million decrease in NPAT).

(d) Income tax

AIFRS adopts a "balance sheet" approach to determining deferred tax balances, which represents a fundamental change from the "income statement" approach used under AGAAP. This method recognises deferred tax balances when there is a difference between the carrying value of an asset or liability and its tax base. The new approach has given rise to additional deferred tax assets and liabilities.

Where the change in deferred tax balance relates to a business combination by the Group subsequent to 1 January 2004 such as the Duke acquisition, the recognition of the deferred tax asset or liability has been treated as a fair value adjustment with a resulting adjustment to intangibles and goodwill. This is discussed in (a) above.

The impact since acquisition is discussed below:

(i) At 31 December 2004
There has been a decrease in deferred tax liabilities of $3.2 million, relating to the recognition of deferred tax on intangible assets.

Upon acquisition of Duke, an additional $11.0 million of deferred tax liabilities was recognised relating to tax losses not available in the future. A corresponding increase to goodwill was also recognised.

(ii) For the period ended 31 December 2004
An increase in net profit after tax ("NPAT") of $3.2 million has been recognised in the income statement, relating to a decrease in tax expense due to the unwinding of the deferred tax liability recognised in respect of intangible assets.

9 Events occurring after the balance sheet date

Responsible entity

On 6 January 2006 AFML, a company wholly-owned by Alinta Limited, replaced Permanent Investment Management Limited as the responsible entity of AIT and AIIT.

Distributions

On 21 February 2006, the Directors of AFML and AIL declared a fully tax deferred distribution from Alinta Infrastructure Holdings of $0.045 per stapled security totalling $13.02 million for the period 5 October 2005 to 31 December 2005. This distribution has a payment date of 31 March 2006.

Other matters

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of AIL, to affect significantly the operations of Alinta Infrastructure Holdings, the results of those operations, or the state of affairs of Alinta Infrastructure Holdings, in future financial years.

Directors' declaration

In the opinion of the directors of Alinta Infrastructure Limited and Alinta Funds Management Limited, the accompanying concise financial report of Alinta Infrastructure Holdings, comprising Alinta Infrastructure Limited and its controlled entities, Alinta Infrastructure Trust and Alinta Infrastructure Investment Trust, for the year ended 31 December 2005, set out on pages 4 to 18:

(a) has been derived from or is consistent with the full financial report for the financial year; and

(b) complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports.*

Dated at Perth this 9th day of March 2006.

This declaration is made in accordance with a resolution of the directors.

Mark Barnaba

Mark Barnaba
Chairman

Independent audit report on concise financial report to the members of Alinta Infrastructure Limited

Scope

The financial report and directors' responsibility

The concise financial report comprises the income statement, statement of changes in equity, balance sheet, statement of cash flows, accompanying notes and the accompanying discussion and analysis on the income statement, statement of changes in equity, balance sheet and statement of cash flows for Alinta Infrastructure Limited (the "Company") and its controlled entities, for the year ended 31 December 2005.

The directors of the Company are responsible for the preparation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 *Concise Financial Reports*. 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 concise financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to 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 control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. We have also performed an independent audit of the full financial report of the Company and its controlled entities for the year ended 31 December 2005. Our audit on the full financial report was signed on 9 March 2006 and was not subject to any qualification.

We performed procedures in respect of the audit of the concise financial report to assess whether, in all material respects, the concise financial report is presented fairly, in accordance with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

We formed our audit opinion on the basis of these procedures, which included:

- testing that the information in the concise financial report is consistent with the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures, which were not directly derived from the full financial report.

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.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion the concise financial report of Alinta Infrastructure Limited and its controlled entities for the year ended 31 December 2005 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

KPMG

D P McCOMISH
Partner

Perth

9 March 2006

Alinta Infrastructure Holdings
Annual financial report
for the year ended 31 December 2005

Alinta Infrastructure Holdings is a stapled entity that comprises:
Alinta Infrastructure Limited (ABN 63 108 311 100), and
Alinta Funds Management Limited (ABN 14 115 403 757) as responsible entity for
Alinta Infrastructure Trust (ABN 39 302 908 296), and
Alinta Infrastructure Investment Trust (ABN 12 076 964 108)

ALINTA INFRASTRUCTURE HOLDINGS

DIRECTORS' REPORT

In respect of the financial year ended 31 December 2005, the Boards of Directors of Alinta Infrastructure Limited (**AIL**) and Alinta Funds Management Limited (**AFML**), the responsible entity of Alinta Infrastructure Trust (**AIT**) and Alinta Infrastructure Investment Trust (**AIIT**), have pleasure in submitting the following Report for Alinta Infrastructure Holdings (**AIH**) for the financial year ended 31 December 2005. The consolidated financial statements of AIH comprise the parent entity AIL and its subsidiaries, together with AIT and AIIT, which are deemed to be controlled entities. Together these entities form the consolidated entity, AIH.

DIRECTORS

The names of the Directors of AIL in office during or since the end of the financial year are:

Mark Barnaba (Chairman) (from 15 August 2005)
John Atkins (from 15 August 2005)
Robert Browning
Frank Cooper (from 15 August 2005)
Fiona Harris (from 15 August 2005)
Gaye McMath (from 15 August 2005)
Ian Devenish (Alternate Director for Bob Browning and Fiona Harris, appointed on 1 December 2005. Mr Devenish did not act as an Alternate Director during the financial year ended 31 December 2005.)
John Cahill (resigned on 15 August 2005)
Murray King (resigned on 15 August 2005)

Unless indicated otherwise, all Directors held their position as a Director throughout the entire financial year and up to the date of this Report.

The Directors of the responsible entity, Permanent Investment Management Limited (**PIML**) from 12 August 2005, the date AIIT and AIT were established, until the change in responsible entity on 6 January 2006, were:

Jonathan Sweeney (Chairman)
Michael Britton
John Dinan
Ian Nicol

On 6 January 2006, AFML, a company wholly owned by Alinta Limited, replaced PIML as the responsible entity of AIIT and AIT.

The Directors of AFML in office since AFML became the responsible entity on 6 January 2006, to the date of this Report are:

Mark Barnaba (Chairman)
John Atkins
Robert Browning
Frank Cooper
Fiona Harris
Gaye McMath
Ian Devenish (Alternate Director for Bob Browning and Fiona Harris appointed 1 December 2005)

ESTABLISHMENT OF BUSINESS AND TRUSTS

AIH was created via an initial public offer of stapled securities to hold investments in energy and essential services infrastructure assets.

AIH operates under a triple stapled security structure, consisting of one share in AIL and one unit in each of AIT and AIIT.

AIL (formerly Alinta Investments Pty Ltd) was incorporated on 10 March 2004. It subsequently changed its name to Alinta Infrastructure Limited and its status from a proprietary limited company to a public company on 12 August 2005.

AIH was admitted to the official list of the Australian Stock Exchange Limited (**ASX**) on 4 October 2005 and is comprised of the following entities:

- Alinta Infrastructure Limited. Owns the energy infrastructure assets via a number of subsidiaries;
- Alinta Infrastructure Trust. The primary financing vehicle for AIH; and
- Alinta Infrastructure Investment Trust. The principal vehicle to acquire future investments that meet AIH's investment criteria.

For the purposes of financial reporting under Australian International Financial Reporting Standards (**AIFRS**), AIL is deemed to be the parent entity of AIH and therefore the financial statements have been presented as the AIL 12 month financial statements, with AIT and AIIT being deemed to be acquired during the year upon stapling.

Each trust is a registered managed investment scheme under the Corporations Act 2001 and accordingly is required to be operated by a responsible entity. On establishment of the trusts, PIML was appointed as the responsible entity of AIT and AIIT.

ASX reserves the right (but without limiting its absolute discretion) to remove AIL, AIT or AIIT, or any or all of those entities from the Official List of ASX if:

(a) any of the shares in AIL and the units in AIT or AIIT cease to be stapled together; or

(b) if any equity securities are issued by AIL or either or both AIT or AIIT which are not stapled to corresponding securities in the other entities constituting AIH.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity consisted of:

- investment in gas transmission pipelines located in Western Australia, Victoria, New South Wales, Queensland and Tasmania; and
- investment in gas-fired power stations located in Western Australia and Victoria and a cogeneration power station located in New Zealand.

DISTRIBUTIONS

AIL paid a dividend of $47.0 million to its then parent entity, Alinta Limited on 3 October 2005. The dividend was paid prior to the stapling and listing of the entities comprising AIH.

No distributions were paid or declared during the period 4 October 2005 to 31 December 2005.

REVIEW OF OPERATIONS AND RESULTS

The net profit after tax of the consolidated entity for the year ended 31 December 2005 was $7.7 million, on revenue from operating activities of $244.4 million.

Operating revenue comprised $125.7 million from the gas transmission business and $106.6 million from the power generation business resulting in EBITDA of $88.8 million and $57.8 million respectively.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 4 October 2005, AIL bought back 673,825,946 shares for $873.1 million from Alinta Limited reducing the share capital account to nil.

On or around 5 October 2005, the following shares and units of each stapled entity were issued pursuant to the listing of AIH on the ASX:

- AIL issued 289,333,333 ordinary shares for nominal consideration;
- AIT issued 289,333,333 units for $3.20, of which $2.00 was received per unit upon issue with the second instalment of $1.20 per unit receivable on 29 December 2006;
- AIIT issued 289,333,333 units for nominal consideration.

SIGNIFICANT EVENTS AFTER YEAR END

On 21 February 2006, the Directors of AFML and AIL declared a fully tax deferred distribution of 4.5 cents per stapled security for the period 5 October 2005 to 31 December 2005. This distribution will be paid on 31 March 2006.

As mentioned above, on 6 January 2006, AFML, a company wholly owned by Alinta Limited, replaced PIML as the responsible entity of AIT and AIIT.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of AIH, the results of those operations, or the state of affairs of AIH, in future financial years.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

At the date of this Report, likely developments which may impact significantly on AIH in the future, include:

Pursuit of investment strategy

AIH's strategy is to provide investors with an attractive distribution profile from a diverse portfolio of quality essential service infrastructure assets that also offer the potential for some capital growth. The initial assets, with long-term contracts and strong growth potential, provide an effective platform for pursuing this strategy.

AIH will actively consider investment opportunities in assets that provide services required by communities to fulfil domestic, commercial and industrial needs in Australia and other developed countries.

Each investment opportunity will be examined on its individual merits against a combination of the following criteria:

- cash flow predictability;
- potential for expansion and capital growth;
- asset quality and condition;
- the potential for operational synergies;
- regulatory environment and scope for optimisation through commercial development;
- operational and environmental risk assessment and mitigation strategies;
- ability for AIH to create long-term value;
- ability of the asset to generate an attractive distribution profile;
- portfolio risk reduction through asset diversification; and
- impact on credit rating.

AIH will not invest in or take greenfield development risks.

PNG Gas Project and the Eastern gas market

The Papua New Guinea (**PNG**) Gas Project, owned by a number of parties unrelated to AIH, aims to bring PNG gas by pipeline to Australia. The project is currently in a front end engineering and design process and is targeting a diverse customer base throughout eastern Australia, including the Gladstone and Rockhampton regions in Queensland.

Various key milestones in relation to the project including confirmation of commitment by the project participants, securing the entire foundation customer base, the pipeline route and timing appear to still be outstanding at the date of this Report and will further define the impact of the project on the eastern gas market.

Notwithstanding these uncertainties it is expected that the arrival of PNG gas will stimulate industrial growth in Queensland and infrastructure related development in the eastern gas market.

The demand for natural gas in the eastern market continues to increase and there is a clear need for new sources of gas supply to meet longer term future demand. The increasing production and profile of coal seam gas is also expected to play a significant role in meeting future gas demands.

The existing pipelines of AIH are well placed to benefit from gas fired electricity developments and future increased activity in the eastern gas market.

Gas Transmission contract renewals – Queensland gas pipeline

The existing gas transportation contracts with Queensland Alumina Limited, Energex Limited, Queensland Magnesia Pty Ltd and Origin Energy Limited expire in June 2006. Discussions are underway with these parties regarding renewal of the contracts. Whilst the outcome of these contract renewals is uncertain at the date of this Report, a favourable outcome is expected, particularly given that the Queensland Gas Pipeline is currently the sole supplier of gas to the Gladstone market.

DIRECTORS' & COMPANY SECRETARIES' QUALIFICATIONS AND EXPERIENCE

Alinta Infrastructure Limited and Alinta Funds Management Limited

Mark Barnaba B Comm, MBA
Independent Chairman and Non-Executive Director, Alinta Infrastructure Limited and Alinta Funds Management Limited

Experience and expertise

Mark is co-founder and Managing Director of Azure Capital, a boutique merchant bank. Mark was also co-founder and Managing Director of GEM Consulting and Poynton and Partners, an Investment Bank and Management Consulting Firm. Prior to Poynton and Partners, Mark spent time in industry, investment banking and management consulting, focussed on corporate finance. He spent several years with McKinsey & Company in the USA, UK and RSA.

Mark is Chairman of the University of Western Australia Business School. He is Deputy Chairman of the West Coast Eagles Football Club, and a director of Clinical Cell Culture. He is also a member of the Securities Industry Research Centre of Asia-Pacific Board and the Edge Employment Board, as well as being a member of the WA Rhodes Scholarship Selection Committee.

Mark has a Bachelor of Commerce with honours from the University of Western Australia and a MBA from Harvard Business School.

Current directorships of listed companies

Clinical Cell Culture Limited, Non-Executive Director (1 January 2005 – present)

Former directorships of listed companies in the last 3 years

Sons of Gwalia Ltd, Director (May 2004 – 28 January 2005).

Date of initial appointment

15 August 2005

Special Responsibilities

Chairman of Investment Committee.

John Atkins B Juris, LLB, LLM, FAICD
Independent Non-Executive Director, Alinta Infrastructure Limited and Alinta Funds Management Limited

Experience and expertise

John is a Partner with one of Australia's leading law firms and is currently the Head of the firm's Perth office. John has previously filled the same leadership role with the firm's Melbourne office. His career in the legal profession spans more than 20 years and he has extensive experience in common law encompassing sophisticated financing and corporate transactions.

He is currently a director of the Lions Eye Institute Ltd and the Chamber of Commerce and Industry of Western Australia.

John holds a Bachelor of Law from the University of Western Australia and a Masters of Law from London University.

Current directorships of listed companies

Nil.

Former directorships of listed companies in the last 3 years

Nil.

Date of Initial Appointment

15 August 2005

Special Responsibilities

Member of the Investment Committee.

Robert (Bob) Browning B Sc, MBA, M Sc
Non-Executive Director, Alinta Infrastructure Limited and Alinta Funds Management Limited

Experience and expertise

Bob commenced as Chief Executive Officer of Alinta Limited in March 2001. Prior to his appointment, Bob had eight years experience at UtiliCorp United Inc. where, over the course of his career, he was responsible for human resources, organisation development, strategic planning and business operations. Prior to that, Bob worked with Coca-Cola Enterprises Inc. in consumer retail sales and distribution for 16 years.

Bob is currently a member of the boards of each of Alinta Limited, the Chamber of Commerce and Industry of Western Australia and Austal Limited.

Current directorships of listed companies

Alinta Limited, Chief Executive Officer and Executive Director (March 2001 – present), Austal Limited, Non-Executive Director (September 2004 – present).

Former directorships of listed companies in last 3 years

Uecomm Limited (8 April 2004 – 16 July 2004)

Date of initial appointment

15 August 2005

Special responsibilities

Nil.

Frank Cooper B Comm, FCA, AAICD
Independent Non-Executive Director, Alinta Infrastructure Limited and Alinta Funds Management Limited

Experience and expertise

Frank is a taxation partner at PricewaterhouseCoopers, a leading international accounting firm. Prior to that, Frank was a co-founder and director of Cooper Partners, a boutique tax and business advisory firm. Before Cooper Partners, Frank was a partner with Ernst & Young after having spent nearly 20 years in the profession. Frank was on the National Board of Partners for Ernst & Young and was previously the Perth office managing partner for Arthur Andersen for more than 10 years. Frank has a background in corporate taxation, specialising in the mining, energy and utilities industries.

Frank holds a Bachelor of Commerce from the University of Western Australia and is a Fellow of both the Institute of Chartered Accountants in Australia and the Tax Institute of Australia. He is also a member of the Australian Institute of Company Directors.

As disclosed in an announcement to the Australian Stock Exchange on 21 December 2005, in accordance with PricewaterhouseCoopers formal policy on holding directorships of public listed companies, Frank will resign from the Board when a replacement director is appointed and before 31 March 2006.

Current directorships of listed companies

Nil.

Former directorships of listed companies in the last 3 years

Nil.

Date of initial appointment

15 August 2005.

Special responsibilities

Chairman of the Audit and Risk Committee and member of the Investment Committee.

Fiona Harris B Comm, FCA, FAICD
Non-Executive Director, Alinta Infrastructure Limited and Alinta Funds Management Limited

Experience and expertise

Fiona has been a professional non-executive director for the past 10 years.

Fiona began her career with chartered accountants, KPMG, and was a partner in its Sydney office when she left that organisation in December 1994. During her 14 years with KPMG, Fiona worked in Perth, San Francisco and Sydney, specialising in financial services and superannuation.

Fiona is currently a member of the boards of Alinta Limited, Heytesbury Pty Ltd, NM Rothschild & Sons (Australia) Ltd and West Australian Symphony Orchestra Holdings Pty Ltd and is President of the Australian Institute of Company Directors (WA Division) and a member of their National Board.

Fiona has previous experience as a director of a responsible entity and as a director of three Australian Financial Services Licensees. She has chaired the audit committees of eight organisations, been a member of several nomination and remuneration committees and has a strong focus on corporate governance and board performance.

Current directorships of listed companies

Alinta Limited, Non-Executive Director (January 2000 – present)

Former directorships of listed companies in the last 3 years

Portman Limited, Non-Executive Director (December 2003 – April 2005), Burswood Limited, Non-Executive Director (August 2003 – September 2004) and Evans & Tate Limited, Non-Executive Director (August 1999 – August 2003)

Date of initial appointment

15 August 2005

Special responsibilities

Member of the Audit & Risk Committee.

Gaye McMath B Comm, MBA, FCPA, FAICD
Independent Non-Executive Director, Alinta Infrastructure Limited and Alinta Funds Management Limited

Experience and expertise

Gaye is Executive Director, Finance and Resources at the University of Western Australia and is a Director on a number of University related boards. Prior to this appointment, she held the position of Pro Vice-Chancellor (Resource Management) and CFO at Murdoch University.

Gaye was previously employed by BHP Billiton for 23 years in a wide range of senior financial, strategic planning and commercial management positions. She was a BHP Billiton nominated director on various domestic and international boards.

Gaye has a Bachelor of Commerce Degree from the University of Melbourne and Masters of Business Administration from Melbourne Business School. She is also a Fellow of CPA Australia.

Gaye is a director of Western Australian Treasury Corporation and Silver Chain Nursing Association.

Current directorships of listed companies

Home Building Society Ltd (since March 2002).

Former directorships of listed companies in the last 3 years

Nil.

Date of initial appointment

15 August 2005

Special responsibilities

Member of the Audit & Risk Committee and Investment Committee.

FORMER DIRECTORS

John Cahill, B Bus, FCPA, MAICD, MAIM
Director, Alinta Infrastructure Limited

Experience and expertise

John has an extensive knowledge of the Australian energy industry following a career spanning nearly 25 years with Alinta Limited and its predecessor, the State Energy Commission of Western Australia. John was the Chief Financial Officer, or equivalent, of Alinta since its inception. During that time Alinta has transitioned from a State Government owned utility to a successful publicly listed company. In addition, John spent several years working in finance and treasury roles for a large publicly listed diversified industrial group.

John holds a Bachelor of Business from the Western Australia Institute of Technology (now Curtin University), a Post-Graduate Diploma of Business in Professional Accounting from Edith Cowan University, is a Fellow of and Councillor with CPA Australia (Western Australian division), a Member of the Australian Institute of Company Directors and a Member of the Australian Institute of Management.

Current directorships of listed companies

Nil.

Former directorships of listed companies in the last 3 years

Nil.

Date of initial appointment and resignation

Appointed 10 March 2004. Resigned 15 August 2005.

Special responsibilities

Nil.

Murray King LLB
Director, Alinta Infrastructure Limited

Experience and expertise

Murray joined the Gas Corporation, Alinta Limited's predecessor, as Company Secretary and General Counsel in May 1999. Murray has over 18 years experience in a number of publicly listed companies as general counsel and company secretary. Murray holds a Bachelor of Laws from the University of Western Australia.

Current directorships of listed companies

Nil.

Former directorships of listed companies in the last 3 years

Nil.

Date of initial appointment and resignation

Appointed 10 March 2004. Resigned 15 August 2005.

Special responsibilities

Nil.

COMPANY SECRETARY

Yasmin Broughton B Comm, PG Dip Law, AAICD
Company Secretary and General Counsel, Alinta Infrastructure Limited and Alinta Funds Management Limited

Yasmin holds a Bachelor of Commerce degree and a Post Graduate Diploma of Law. Prior to her appointment as Company Secretary and General Counsel of AIH, Yasmin was joint Company Secretary of Alinta Limited and was involved in Alinta's major corporate transactions. She also worked as a Company Secretary in the United Kingdom for several years.

Yasmin has extensive corporate law experience, in particular mergers and acquisitions, and was a Senior Associate at a leading Australian law firm prior to joining Alinta.

Permanent Investment Management Limited

Jonathan Westaby Sweeney
Chairman – Permanent Investment Management Limited
Managing Director – Trust Company of Australia Limited

Mr Sweeney joined Trust Company of Australia Limited, the ultimate holding company of Permanent Investment Management Limited in 1991 and held the positions of Joint General Manager and Joint Managing Director prior to being appointed Managing Director in October 2000. He has degrees in Law and Commerce from the University of New South Wales.

He has had extensive experience in the funds management industry having held positions in the United Kingdom, with the Gartmore Group, and in Australia with Armstrong Jones, prior to joining Trust Company.

Current directorships of listed companies

Trust Company of Australia Ltd

Former directorships of listed companies in the last 3 years

Nil.

Date of initial appointment

9 December 2002

Special responsibilities

Managing Director

Michael Britton
Director – Permanent Investment Management Limited
General Manager Corporate Services – Trust Company of Australia Limited

Mr Britton joined Trust Company in 1983. Mr Britton, a graduate of the University of New South Wales with degrees in Law and Jurisprudence, is a fellow of the Chartered Institute of Secretaries.

Prior to joining Trust Company, Mr Britton was with Boral Limited for six years following his graduation in 1976.

He has executive responsibility for the Corporate Services operation of Trust Company, reporting directly to the Managing Director.

Current directorships of listed companies

Nil.

Former directorships of listed companies in the last 3 years

Nil.

Date of initial appointment

17 July 2003

Special responsibilities

Nil.

John Dinan
Director – Permanent Investment Management Limited
Executive General Manager Operations – Trust Company of Australia Limited

Mr Dinan has had nine years at Trust Company and currently is the Executive General Manager Operations.

Mr Dinan was previously the Chief Finance Officer for Trust Company and has also had other senior management roles. Prior to Trust Company Mr Dinan was Manager of Accounting at RetireInvest and Financial Controller for Brambles, National Mutual and Colonial.

Current directorships of listed companies

Nil.

Former directorships of listed companies in the last 3 years

Nil.

Date of initial appointment

17 July 2003

Special responsibilities

Nil.

Ian Murray Nicol
Director – Permanent Investment Management Limited
Executive General Manager Finance – Trust Company of Australia Limited

Mr Nicol joined Trust Company in November 2001 and is Executive General Manager Finance. Mr Nicol has over 20 years experience as an accountant, many of these in senior positions in public and foreign owned companies.

Current directorships of listed companies

Nil.

Former directorships of listed companies in the last 3 years

Nil.

Date of initial appointment

17 July 2003

Special responsibilities

Nil.

COMPANY SECRETARIES

Lindy Jeremy
Company Secretary – Permanent Investment Management Limited

Mrs Jeremy holds a Bachelor of Arts degree and Masters of Law. Mrs Jeremy has worked for Trust Company of Australia of Limited for over 6 years in compliance and company secretarial capacities.

Date of initial appointment

12 December 2003

Geoffrey Corderoy
Company Secretary – Permanent Investment Management Limited

Mr Corderoy has been Company Secretary of Permanent Investment Management Limited since 6 December 2002. He holds a Bachelor of Science and a Bachelor of Law degree. Mr Corderoy is also the General Counsel for the Company having been admitted as a Solicitor in New South Wales in July 1989.

Date of initial appointment

6 December 2002

DIRECTORS' & OFFICERS' INTERESTS IN AIH

The Directors of AIL and AFML have the following direct or indirect interests in AIH's securities at the date of this Report:

Director	No. of Securities/Warrants
M B Barnaba	100,000 warrants
J K Atkins	2,350 securities 50,000 warrants
R B Browning	100,000 warrants
F C Cooper	20,000 warrants
F E Harris	100,000 warrants
G M McMath	100,000 warrants
I S Devenish	23,000 warrants
J R Cahill	50,000 securities
M J King	56,000 securities

Note: the Warrants are issued by UBS. Further details on the warrants can be found at www.ubs.com/instalments.

None of the Directors of PIML held nor hold any direct or indirect interests in AIH securities.

The executives of AIL and AFML have the following direct or indirect interests in AIH's securities at the date of this Report:

Officer	No. of Securities
J R Cahill	50,000 securities
Y Broughton	30,000 securities
S G Gobby	5,000 securities

BOARD AND COMMITTEE MEETINGS

Board of Directors

The number of board and committee meetings of Alinta Infrastructure Limited and Permanent Investment Management Limited during the financial year ended 31 December 2005 are set out below.

There were 8 meetings of Alinta Infrastructure Limited during the financial year ended 31 December 2005. In addition, there was one circular resolution pursuant to the Company's Constitution. The number of meetings attended by each of the Directors is set out below.

Director	Meetings attended	Meetings held*
M B Barnaba	5	5
J K Atkins	5	5
R B Browning	7	8

F C Cooper	5	5
F E Harris	5	5
G M McMath	3	5
J R Cahill	3	3
M J King	3	3

*Meetings held comprise meetings when the Director held that position and was not excluded on grounds of material personal interest. Mr I Devenish did not act as an Alternate Director during the financial year ended 31 December 2005.

The number of Board meetings held by PIML from 12 August 2005, the date it became the responsible entity of AIT and AIIT, to 31 December 2005, is set out below.

Director	Meetings Attended	Meetings Held*
J W Sweeney	0	1
I Britton	1	1
J Dinan	1	1
I M Nicol	0	1

*Meetings held are those held during the time the Director held office.

The PIML Board did not have any committees.

There are two committees of the AIL Board:

- Audit & Risk Committee; and
- Investment Committee.

The number of meetings held for the AIL Audit & Risk Committee and its membership is set out below:

Audit & Risk Committee

Director	Meetings Attended	Meetings Held*
F C Cooper	1	1
F E Harris	1	1
G M McMath	1	1

Meetings held are those held during the time the Director held office.

Investment Committee

There were no meetings of the AIL Investment Committee.

REMUNERATION REPORT

AIH does not have any employees. However, personnel are seconded from Alinta Limited to AIH under formal secondment agreements. This remuneration report refers to those secondees (**AIH secondees**).

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

AIH aims to develop and grow as a viable and dynamic company that attracts, rewards and motivates talented personnel. It must therefore adopt remuneration policies that strike a balance between sustaining business profitability and managing in a competitive employment market. To this end, and within the bounds set by legislation and other industrial agreements, AIH sets remuneration policies intended to support both building a performance culture and the business direction. The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

Total Employee Reward

AIH's remuneration framework is based on the concept of Total Employee Reward. This encompasses the three components of Fixed Remuneration, Variable Remuneration and Recognition or Non-Financial Reward.

Fixed Remuneration

Fixed remuneration, expressed as Total Cost Remuneration, or TCR includes salary and superannuation entitlements, and is used as a basis for remuneration review and is benchmarked against the national general market.

Fixed remuneration is reviewed once per year however there is no automatic entitlement to a salary increase. Increases relate to performance, market movements in salaries for similar sized jobs, internal relativities and AIH's ability to pay.

Variable Remuneration – Short Term Incentive Plan (STIP)

Personnel have the opportunity to earn an annual lump sum incentive payment through the achievement of annual goals established with the CEO at the beginning of each financial year. Each participant has individual, team, business unit or corporate performance outcomes for some or all of the following five categories: Financial, Growth, Improvement, Customer and Employee, that are weighted to adequately reflect the participant's role and the level of influence that they can exert in each category. Payments will be made following the audit of the corporate annual financial results, and the achievement of the designated performance targets, having regard to the performance review rating achieved by the individual.

Variable Remuneration – Long Term Incentive Plan

AIH is in the process of establishing a long term incentive plan which will commence in 2006.

Recognition and Reward

A key element of AIH's strategy is that of pursuing profitable growth opportunities. When significant accomplishments are made in achievement of this strategy an employee, or team of employees, may work beyond the call of duty to meet these challenging objectives, or may substantially exceed expectations. At that time, AIH may recognise such behaviours by way of non-financial rewards and discretionary bonuses where appropriate.

Other Benefits

Details of benefits offered to personnel are contained on the Alinta Limited website.

Remuneration Performance

AIH's Net Profit After Tax (**NPAT**) for the 12 months ended 31 December 2005 was $7.72 million, representing a significant increase over the proforma NPAT of $0.0 million (or break even) for the same period as set out in the Product Disclosure Statement and Prospectus (**PDS**), dated 29 August 2005.

The improved operating performance resulted in a fully tax deferred distribution of $0.045 to securityholders for the three-month period to 31 December 2005. The distribution payable is in the form of a deemed capital return. This represents a 33% increase compared to the PDS forecast distribution of $0.0338 per security.

The AIH security price at 31 December 2005 of $1.95 represents a 2.5% discount to the Initial Public Offering partly paid issue price of $2.00. However, the distribution yield received by securityholders on that 31 December 2005 closing price was 9.0%, representing a significant increase on the PDS forecast yield of 6.75%.

As the short-term incentives are designed to align the interests of AIH Secondee's with those of securityholders, both have benefited from the short-term performance of AIH to date.

Senior Executives

Executive remuneration is benchmarked against comparative energy sector industry groups and the general market of like-size companies. In making recommendations, the CEO receives annual salary survey data and advice of like organisations from independent remuneration consultants including Godfrey Remuneration Group, Mercer Human Resource Consulting and Geoff Nunn and Associates regarding compensation practices.

The AIL and AFML Boards take into account the recommendations from the CEO when determining the remuneration for key personnel.

The following table discloses the remuneration of the AIH secondees, for the financial period stated below, to 31 December 2005, in connection with the AIH Group.

Officer	Cash salary and fees $	Short-term Incentive $	Superannuation $	Share based Payments in relation to Alinta Limited $*	Total $	Proportion of remuneration performance related
CEO J R Cahill (18 August 2005 – 31 December 2005)	119,643	45,030	10,768	3,896	179,337	25%
CFO S G Gobby (1 August 2005 – 31 December 2005)	69,222	17,788	6,230	2,105	95,345	19%
Company Secretary Y Broughton (4 October 2005 – 31 December 2005)	43,578	12,396	3,922	1,200	61,090	20%

* The AIH Secondees are entitled to participate in the Alinta Limited Deferred Employee Share Plan (**DESP**). Under the DESP, Alinta Limited makes a contribution of $0.50 for every $1.00 a participant salary sacrifices into the Plan up to a maximum of $5,000 per annum. The amount Alinta Limited contributes to the DESP on behalf of the AIH Secondees is charged to AIL. Details of the DESP are contained on the Alinta Limited website, www.alinta.net.au.

Set out below are details of the short-term incentives for the AIH Secondees for the financial periods stated below, to 31 December 2005, in connection with the AIH Group:

		Short-term incentive	
Name	**Included in Remuneration $**	**% vested in the year**	**% Forfeited in the year**
J R Cahill (18 August 2005 – 31 December 2005)	45,030	77	23
S G Gobby (1 August 2005 – 31 December 2005)	17,788	79	21
Y Broughton (4 October 2005 – 31 December 2005)	12,396	90	10

Service Agreements

Remuneration and other terms of employment for the AIH secondees are formalised in secondment agreements and are subject to the terms of the Corporate and Strategic Services Agreement with Alinta Limited. The major provisions of the agreements relating to the AIH secondees are set out below.

John Cahill - Chief Executive Officer
TCR - $350,000
STIP – up to 45% of TCR if performance hurdles are achieved
Term of Secondment – minimum October 2007
Termination notice by Employer (Alinta) - 9 months or payment in lieu of notice
Termination notice by Employee - 3 months

Stephen Gobby - Chief Financial Officer
TCR - $200,000
STIP – up to 30% of TCR if performance hurdles are achieved
Term of Secondment – minimum October 2007
Termination Notice by Employer (Alinta) - 9 months or payment in lieu of notice
Termination Notice by Employee -3 months

Yasmin Broughton - General Counsel and Company Secretary
TCR - $203,300
STIP – up to 30% of TCR if performance hurdles are achieved
Term of Secondment – minimum October 2007
Termination Notice by Employer (Alinta)- 9 months or payment in lieu of notice
Termination Notice by Employee - 3 months

Both TCR and STIP are reviewed and approved annually in relation to performance as measured by market movements in salaries for similar sized jobs, internal relativities and AIH's ability to pay and assess performance hurdles.

Non-Executive Directors

The Directors of AIL and AFML review, on an annual basis, the level of fees for Directors. The Board seeks external professional advice to ensure that Directors fees are at an appropriate level to attract and maintain high level Directors. The Directors are remunerated by fees determined by the AIL and AFML Boards, within the aggregate Directors' fees pool limit of $1,000,000 pursuant to the AIL Constitution. The Directors of AFML do not receive Directors' fees. Director's remuneration is comprised of two main elements:

(a) Main board fees; and
(b) Committee fees.

The rates for Directors' remuneration are as follows:

- Chairman of the Board - $140,000 per annum;
- Non-Executive Directors - $75,000 per annum;
- Chairman of the Audit and Risk Committee - $10,000 per annum;
- Members of the Audit and Risk Committees – Nil;
- Chairman of the Investment Committee – Nil;
- Members of the Investment Committee – Nil.

Superannuation contributions form a part of the foregoing fee levels. Retirement benefits, other than those funded via mandatory superannuation contributions, are not provided by AIH.

Differences in workloads of Directors will arise mainly due to their involvement in Board Committees in addition to their main Board responsibilities. Thus, differences in workloads and responsibilities will be recognised via committee fees in addition to main board fees.

The Chair of the Board is paid main board fees at a higher rate than other Directors to reflect the additional workload and responsibilities.

Consistent with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations, the remuneration of Directors is composed of fixed sums and does not include incentive remuneration.

The Board may, from time to time, award an Extra Exertion Allowance to members of the Board for undertaking exceptional additional workloads in relation to the growth strategy of AIH. Where an allowance is approved, the amount will be linked to a notional charge rate, such as an hourly rate, and appropriately reward and recognise effort.

In setting Directors fees, account is taken of the responsibilities inherent in the stewardship of AIH and the demands made of Directors in the discharge of their responsibilities.

Income received, or due and receivable, by Non-Executive Directors of AIL for the financial year ended 31 December 2005 is set out below. The amounts paid to Non-Executive Directors include payments made from 15 August 2005, the date on which the Non-Executive Directors (other than Mr Browning) were appointed to the AIL Board.

Director	**Cash salary and fees $**	**Superannuation $**	**Total $**
M B Barnaba	52,500	0	52,500
J K Atkins	26,177	2,356	28,533
R B Browning	28,533	0	28,533
F C Cooper	29,667	2,679	32,346
F E Harris	26,177	2,356	28,533
G M McMath	26,177	2,356	28,533

Notes:

1. Mr Barnaba's fees were paid direct to Azure Capital Pty Ltd. Mr Browning's fees were paid direct to Alinta Limited.
2. No fees were paid to Mr Browning during the period 1 January 2005 to 14 August 2005.
3. No fees were paid to Mr Cahill, Mr King or Mr Devenish in relation to their roles as Directors or Alternate Directors (as applicable).

Remuneration and other terms of employment for the Directors above are formalised in letters of appointment. The major provisions relating to the appointment are set out below.

Mark Barnaba - Chairman
TCR - $140,000
Term of Employment - 3 years (subject to retirement/rotational provisions)
Termination notice by Director – by notice in writing to the Company Secretary
There are no entitlements to termination payments

John Atkins- Director
TCR - $75,000
Term of Employment - 3 years (subject to retirement/rotational provisions)
Termination notice by Director – by notice in writing to the Chairman or Company Secretary
There are no entitlements to termination payments

Robert Browning- Director
TCR - $75,000
Term of Employment - 3 years (subject to retirement/rotational provisions)
Termination notice by Director – by notice in writing to the Chairman or Company Secretary
There are no entitlements to termination payments

Frank Cooper- Director
TCR - $85,000 (includes $10,000 as Chairman of the Audit and Risk Committee)
Term of Employment - 3 years (subject to retirement/rotational provisions)
Termination notice by Director – by notice in writing to the Chairman or Company Secretary
There are no entitlements to termination payments

Fiona Harris - Director
TCR - $75,000
Term of Employment - 3 years (subject to retirement/rotational provisions)
Termination notice by Director – by notice in writing to the Chairman or Company Secretary
There are no entitlements to termination payments

Gaye McMath- Director
TCR - $75,000
Term of Employment - 3 years (subject to retirement/rotational provisions)
Termination notice by Director – by notice in writing to the Chairman or Company Secretary
There are no entitlements to termination payments

PIML Director's and Executive's Fees

Neither the Directors of PIML nor any executives of PIML were paid remuneration from any of the entities comprising AIH. The only payments to PIML were in relation to its role as responsible entity of AIT.

INDEMNIFICATION OF OFFICERS AND AUDITORS AND INSURANCE PREMIUMS

AIL, through Deeds of Indemnity, Insurance and Access, has indemnified all Directors and certain executives of AIL against all liabilities and claims of a civil nature by reason of his or her Directorship or office of the relevant company. The indemnity does not extend to any claim by AIL, nor any liability arising out of conduct of the Director or officer involving a lack of good faith.

In addition, rule 10 of AIL's Constitution provides an indemnity to each officer of AIL against any liability arising out of the business of AIL unless the liability arises out of conduct involving a lack of good faith.

AIL maintains a Directors' and Officers' insurance policy, which covers Directors, employees and former employees. In accordance with common practice, the insurance policies prohibit disclosure of the nature of the liability covered and the amount of the premium.

The auditor of AIL is not indemnified by AIL.

No insurance premiums are paid out of the assets of AIT or AIIT in regard to indemnifying against a liability any person who is or has been an officer of the relevant responsible entity or an auditor of AIT or AIIT. So long as the responsible entity acts in accordance with the respective constitution of AIT and AIIT and the law, the responsible entity remains fully indemnified out of the assets of AIT and AIIT against any losses incurred while acting on behalf of AIT and AIIT.

The auditor of AIT and AIIT is not indemnified out of the assets of AIT and AIIT.

ENVIRONMENTAL REGULATION PERFORMANCE

AIH acts to ensure all its assets are operated in an environmentally responsible manner and exercises diligent governance over the operations of all its assets. AIH assets are subject to and comply with stringent environmental regulation and licensing requirements.

Alinta Limited, whose environmental management strategy embraces principles based on ISO 14001 for proactive planning, risk management and continuous improvement, operates all AIH assets. Under its environmental management strategy, Alinta maintains specific environmental management plans for AIH assets and undertakes regulatory reporting on behalf of AIH. Alinta also maintains strong relationships with relevant industry and environmental regulators associated with AIH assets.

There were no significant or reportable environmental incidents or liabilities associated with the AIH assets in 2005.

NON-AUDIT SERVICES

Details on non-audit services providing for the period ending 31 December 2005 can be found in note 32 of the financial report.

ROUNDING OF AMOUNTS

AIH is an entity of a kind specified in Australian Securities and Investments Commission Class Order 98/0100.

In accordance with that class order, amounts in the consolidated financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

This Report is made in accordance with a resolution of the Directors.

Mark Barnaba

Mark Barnaba
Chairman

9 March 2006

Lead Auditor's Independence Declaration under Section 307C of the Corporation Act 2001

To: the directors of Alinta Infrastructure Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2005 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

DMcComish

D P McCOMISH
Partner

Perth
9 March 2006

Alinta Infrastructure Holdings
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Income statements

For the year ended 31 December 2005

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Revenue from operations	5	**244,418**	143,222	**193,761**	-
Other income/(expense)	6	**1,716**	159	**-**	-
Gas commodity and transmission purchases		**(29,794)**	(21,772)	**-**	-
Employee benefits expense		**(5,168)**	(7,197)	**(64)**	-
Depreciation and amortisation expense		**(52,704)**	(40,533)	**-**	-
Materials and services		**(57,615)**	(29,598)	**(1,495)**	-
Finance costs	7	**(84,890)**	(67,166)	**(10,536)**	-
Profit / (loss) before income tax		**15,963**	(22,885)	**181,666**	-
Income tax (expense)/benefit	8	**(8,243)**	6,992	**(41,758)**	-
Profit / (loss) attributable to stapled security holders of Alinta Infrastructure Holdings		**7,720**	(15,893)	**139,908**	-
Attributable to:					
Equity holders of Alinta Infrastructure Limited		**3,181**	(15,893)	**139,908**	-
Equity holders of other stapled entities (minority interest)					
- Alinta Infrastructure Trust		**4,539**	-	**-**	-
- Alinta Infrastructure Investment Trust		**-**	-	**-**	-
Total recognised profit / (loss) for the year		**7,720**	(15,893)	**139,908**	-

	Notes	**Cents**	Cents
Earnings per share for profit attributable to the ordinary equity holders:			
Basic earnings per share	42	**0.55**	(2.36)
Diluted earnings per share	42	**0.55**	(2.36)

The above income statements should be read in conjunction with the accompanying notes.

Balance sheets

As at 31 December 2005

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
ASSETS					
Current assets					
Cash and cash equivalents	9	**97,184**	139,839	**146**	-
Trade and other receivables	10	**431,094**	35,953	**934**	-
Inventories	11	**5,091**	5,115	**-**	-
Total current assets		**533,369**	180,907	**1,080**	-
Non-current assets					
Receivables	12	**76,876**	100,390	**133,874**	134,091
Inventories	13	**2,533**	2,533	**-**	-
Other financial assets	14	**-**	-	**499,370**	539,735
Property, plant and equipment	15	**1,019,816**	1,051,625	**-**	-
Intangible assets	16	**667,323**	701,367	**-**	-
Deferred tax assets	17	**-**	-	**32,849**	-
Total non-current assets		**1,766,548**	1,855,915	**666,093**	673,826
Total assets		**2,299,917**	2,036,822	**667,173**	673,826
LIABILITIES					
Current liabilities					
Trade and other payables	18	**451,438**	67,075	**356,391**	-
Interest bearing liabilities	19	**-**	1,827	**-**	-
Income tax payable	20	**2,501**	7,001	**-**	-
Provisions	21	**316**	7,310	**-**	-
Total current liabilities		**454,255**	83,213	**356,391**	-
Non-current liabilities					
Payables	22	**22,618**	22,983	**74,607**	-
Interest bearing liabilities	23	**1,153,911**	1,162,044	**-**	-
Non-interest bearing liabilities	24	**-**	-	**382,930**	-
Deferred tax liabilities	26	**53,038**	48,956	**-**	-
Provisions	25	**36,779**	54,486	**-**	-
Deferred income	27	**-**	122	**-**	-
Total non-current liabilities		**1,266,346**	1,288,591	**457,537**	-
Total liabilities		**1,720,601**	1,371,804	**813,928**	-
Net assets		**579,316**	665,018	**(146,755)**	673,826
EQUITY					
Issued capital	28	**-**	673,826	**-**	673,826
Reserves	29(a)	**(238,603)**	7,085	**(239,663)**	-
Retained profits	29(b)	**(59,712)**	(15,893)	**92,908**	-
Minority interest (AIT and AIIT)	28(d)	**877,631**	-	**-**	-
Total equity		**579,316**	665,018	**(146,755)**	673,826

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of changes in equity

For the year ended 31 December 2005

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Total equity at the beginning of the financial year		**665,018**	-	**673,826**	-
Adjustment on adoption of AASB 132 and AASB 139, net of tax, to:					
Cash flow hedges, net of tax (opening balance)	29	**(4,770)**	-	**-**	-
Cash flow hedges, net of tax (movement for the period)	29	**(51)**	-	**-**	-
Exchange differences on translation of foreign operations	29	**(1,204)**	7,085	**-**	-
Net income recognised directly in equity		**(6,025)**	7,085	**-**	-
Profit / (loss) for the year		**7,720**	(15,893)	**139,908**	-
Total recognised income and expense for the year		**1,695**	(8,808)	**139,908**	-
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	28	**-**	673,826	**-**	673,826
Contributions of equity, net of transaction costs, by minority interest	28(d)	**873,092**	-	**-**	-
Buy-back of share capital	28	**(633,335)**	-	**(633,335)**	-
Capital return	28	**(40,491)**	-	**(40,491)**	-
Transfer to reserves on buy-back of shares	29	**(239,663)**	-	**(239,663)**	-
Dividends provided for or paid	30	**(47,000)**	-	**(47,000)**	-
		(87,397)	673,826	**(960,489)**	673,826
Total equity at the end of the financial year		**579,316**	665,018	**(146,755)**	673,826
Total recognised income and expense for the year is attributable to:					
Members of Alinta Infrastructure Limited		**(2,844)**	(8,808)	**139,908**	-
Minority interest		**4,539**	-	**-**	-
		1,695	(8,808)	**139,908**	-

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statements

For the year ended 31 December 2005

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**235,350**	181,288	**-**	-
Payments to suppliers and employees (inclusive of goods and services tax)		**(109,125)**	(105,766)	**(54)**	-
		126,225	75,522	**(54)**	-
Dividends received		**-**	-	**47,000**	-
Interest received		**5,600**	2,803	**-**	-
Interest paid		**(79,767)**	(53,070)	**-**	-
Income taxes paid		**(8,660)**	(2,111)	**-**	-
Net cash inflow from operating activities	41	**43,398**	23,144	**46,946**	-
Cash flows from investing activities					
Payment for acquisition of controlled entities (net of cash acquired)		**-**	(1,715,492)	**-**	-
Payments for information technology licence		**-**	(1,379)	**-**	-
Payments for property, plant and equipment		**(1,797)**	(2,050)	**-**	-
Proceeds from sale of property, plant and equipment		**17**	22	**-**	-
Net cash outflow from investing activities		**(1,780)**	(1,718,899)	**-**	-
Cash flows from financing activities					
Proceeds from issue of units		**578,667**	673,826	**-**	-
Payment of transaction costs		**(26,349)**	-	**-**	-
Proceeds from borrowings		**35,000**	1,483,808	**549,100**	-
Repayment of borrowings		**(35,000)**	(301,954)	**-**	-
Proceeds from intercompany borrowings		**-**	-	**200**	-
Payment of deferred borrowing costs		**-**	(19,770)	**-**	-
Buy-back of share capital		**(549,100)**	-	**(549,100)**	-
Capital return paid		**(40,491)**	-	**(40,491)**	-
Capital return from controlled entity		**-**	-	**40,491**	-
Dividends paid		**(47,000)**	-	**(47,000)**	-
Net cash inflow (outflow) from financing activities		**(84,273)**	1,835,910	**(46,800)**	-
Net increase (decrease) in cash and cash equivalents		**(42,655)**	140,155	**146**	-
Cash and cash equivalents at the beginning of the financial year		**139,839**	-	**-**	-
Effects of exchange rate changes on cash and cash equivalents		**-**	(316)	**-**	-
Cash and cash equivalents at end of year	9	**97,184**	139,839	**146**	-

The above cash flow statements should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

1 Summary of significant accounting policies

Alinta Infrastructure Holdings ("AIH" or "the Group") is a triple stapled security domiciled in Australia. The consolidated financial report of the Group for the year ended 31 December 2005 comprises Alinta Infrastructure Limited ("AIL"), the parent entity and its subsidiaries, together with Alinta Infrastructure Trust ("AIT") and Alinta Infrastructure Investment Trust ("AIIT") which are deemed acquired entities. AIH and its controlled entities are referred to in the financial report as the Group or the consolidated entity.

The consolidated financial report was authorised for issuance by the directors on 9 March 2006.

(a) Statement of compliance

This general purpose financial report for the reporting period ended 31 December 2005 has been prepared in accordance with Australian Accounting Standards ("AASBs"), Urgent Issues Group Interpretations ("UIGs") adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001.*

Compliance with AIFRS
International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB, being the Australian equivalents to IFRS ("AIFRS"). The financial report of the consolidated entity also complies with IFRS and interpretations adopted by the International Accounting Standards Board. The financial report of the parent entity complies with IFRS except for the disclosure requirements in IAS 32 *Financial Instruments: Presentation and Disclosure* because the company has elected to apply the relief provided to parent entities by AASB 132 *Financial Instruments: Presentation and Disclosure* in respect of certain disclosure requirements.

This is the consolidated entity's first AIFRS annual financial report covered by AIFRS and AASB 1.

This consolidated financial report has been prepared on the basis of AIFRS on issue that are effective or available for early adoption at the consolidated entity's first AIFRS annual reporting date, 31 December 2005.

The preparation of the annual financial report in accordance with AIFRS resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous GAAP. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the changes in accounting policy relating to the classification and measurement of financial instruments (refer note 23). The impact of transition from previous GAAP to AIFRS is explained in note 43.

They also have been applied in preparing an opening AIFRS balance sheet as at 10 March 2004 for the purposes of the transition to Australian Accounting Standards - AIFRS as required by AASB 1.

Early adoption of standard
The Group has elected to apply UIG 4: Determining Whether an Arrangement Contains a Lease.

(b) Basis of preparation

The financial report is presented in Australian dollars. The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied by each entity in the Group.

As AIL was incorporated on 10 March 2004, all comparatives represent the period 10 March 2004 to 31 December 2004.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates
The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

1 Summary of significant accounting policies (continued)

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated CO05/641 effective 28 July 2005) and in accordance with the Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Standards available for early adoption

The following standards and amendments were available for early adoption from 1 January 2005 but have not been applied to the consolidated entity in these financial statements:

Standard	AASB Ref.	For Periods Starting
AASB 119: Employee Benefits (i)	2005-3	1 Jan 06
AASB 101: Presentation of Financial Statements (iii)	2005-3, 10	1 Jan 06, 07
AASB 114: Segment Reporting (iii)	2005-10	1 Jan 07
AASB 117: Leases (iii)	2005-10	1 Jan 07
AASB 133: Earnings per Share (iii)	2005-10	1 Jan 07
AASB 132: Financial Instruments Disclosure and Presentation (iii)	2005-10	1 Jan 07
	2005-4,9	1 Jan 06
AASB 139: Financial Instruments Recognition and Measurement (ii) (iii)	2005-1,4,5,9	1 Jan 06
	2005-10	1 Jan 07
AASB 7: Financial Instruments Disclosures (ii)	AASB 7	1 Jan 07
AASB 3: Business Combinations (iv)	2005-6	1 Jan 06
AASB 1: First Time Adoption of AIFRS (iv)	2005-4,5, 10	1 Jan 06, 07
AASB 4: Insurance Contracts (iv)	2005-9,10	1 Jan 06
AASB 1023: General Insurance Contracts (iv)	2005-4,9	1 Jan 06
AASB 1038: Life Insurance Contracts (iv)	2005-4	1 Jan 06

(i) Early adoption of the standard has no financial impact on the consolidated entity.

(ii) AASB 2005-10 Amendments to Accounting Standards (September 2005) includes amendments to AASB 139: Financial Instruments Recognition and Measurement effective from 1 January 2007. The amendments restrict the application of "at fair value through profit and loss". Early adoption of the standard has no financial impact on the consolidated entity.

(iii) Amendments and standards primarily provide changes to current disclosure requirements.

(iv) The standards, and therefore the amendments, are not relevant to the consolidated entity.

(c) Principles of consolidation

(i) Stapling arrangement
The stapling arrangement has been treated in accordance with AASB Interpretation 1002: Post date of transition stapling arrangements accordingly the following general principles have been applied to the stapling arrangement:

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors;

AASB 3: Business Combinations; and

AASB 127: Consolidated and Separate Financial Statements.

AIL is regarded as the acquirer (and parent) for the purpose of preparing the consolidated financial statements. AIT and AIIT are therefore regarded as acquirees for the purpose of the consolidation. At the date of stapling neither trust had commenced trading.

The fair value of net assets of AIT and AIIT are disclosed as minority interests and presented in the consolidated balance sheet within equity, separately from the parent's equity.

1 Summary of significant accounting policies (continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by AIL. Control exists when AIL has the power, directly or indirectly, to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether AIL controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. Subsidiaries are de-consolidated from the date that control ceases.

(iii) Joint ventures
Joint ventures are those entities whose activities are jointly controlled by the consolidated entity and established by contractual agreements.

Jointly controlled operations and assets
Interests in joint venture operations are reported in the financial statements by including the consolidated entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to joint ventures and the share of any income and expenses incurred in relation to joint ventures in their respective classification categories. Details of the joint venture are set out in note 38.

Unrealised gains on transactions between the Group and its joint venture partners are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Gains and losses are recognised as the contributed assets are consumed or sold by the jointly controlled entities or, if not consumed or sold by the jointly controlled entities, when the consolidated entity's interest in such entities is disposed of.

(iv) Transactions eliminated on consolidation
Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated annual statements.

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated annual financial statements.

(d) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. The consolidated entity only operates in Australasia.

(e) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is AIH's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

(iii) Group companies
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

(iv) Net investment in foreign operations
Exchange differences arising from the translation of the net investment in foreign operations are taken to foreign currency translation reserve. They are released into the income statement upon disposal.

1 Summary of significant accounting policies (continued)

(f) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Sales and services revenue
Sales revenue represents revenue earned from the sale of energy and related services.

Services revenue includes revenue earned from the transmission of gas.

Sales and services revenue is recognised on delivery which coincides with transfer of risks and rewards. Customers are billed for sales on a periodic and regular basis. However, as at each balance date, sales and receivables include an estimation of sales delivered to customers but not yet billed ("unread sales"). This estimation is based on previous consumption patterns and meter reading dates.

Services revenue also includes the following:

Rendering of services

Revenue from rendering of services is recognised in proportion to the stage of completion of the contract where the stage of contract completion can be reliably measured. The stage of completion is assessed by reference to work performed.

Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Revenue is only recognised to the extent of cost incurred where it is probable that the costs will be recovered. An expected loss is recognised immediately as an expense.

The Group can receive revenue in advance of providing the services. This revenue is treated as unearned and is not recognised in the income statement but deferred to the balance sheet.

(ii) Interest revenue
Interest revenue is recognised as it accrues using the effective interest rate method.

(iii) Sale of non-current assets
The net profit/(loss) on the sale of non-current assets is included as revenue at the date control of the assets passes to the buyer. This is usually when an unconditional contract of sale is signed.

(iv) Dividend income
Dividend revenue is recognised when the right to receive a dividend has been established.

(g) Expenses

(i) Financing costs
Financing costs comprise interest payable on borrowings calculated using the effective interest rate method.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete the asset for its intended use or sale. Other borrowing costs are expensed.

(h) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it related to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date.

1 Summary of significant accounting policies (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation legislation
Prior to 6 October 2005 AIL was part of the Alinta Limited tax consolidated group. The Alinta Energy Holdings group (subsidiaries of AIL) formed its own tax consolidated group up to this date also.

Since 6 October 2005 AIL has been the head company in a tax consolidated group ("AIL Group") comprising all its Australian wholly owned subsidiaries. AIT and AIIT do not form part of the AIL Group.

The head entity in the AIL Group recognises current tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in the AIL Group as if those transactions, events and balances were its own (using the group allocation method), in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances.

Current 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 "group allocation" method by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts (refer below).

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

The AIL Group has entered into a tax funding agreement that requires the wholly owned subsidiaries to make contributions to the head entity for current tax assets and liabilities arising from external transactions occurring after the implementation of tax consolidation. The contribution is recorded as an intercompany receivable/payable.

Under the tax funding agreement, the contributions are calculated on a "group allocation method" so that the contributions are equivalent to the tax balances generated by external transactions entered into by the wholly owned subsidiaries, adjusted for intercompany dividends. The contributions are payable as set out in the agreement and reflect the timing of the head company's obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under the tax funding agreements are recognised as intercompany assets and liabilities with a consequential adjustment to income tax expense/revenue.

(i) Leases

When assets are leased out under a finance lease the receivable is equal to the net investment in the lease. The difference between the gross and net investment in the lease is unearned finance income. Finance income is recognised over the term of the lease using the net investment method which reflects a constant periodic rate of return.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the finance income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(j) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

1 Summary of significant accounting policies (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(q)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(k) Impairment of assets

The carrying amounts of the Group's assets, other than inventories (refer note (n)) and deferred tax assets (refer note (h)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated.

For goodwill the recoverable amount is estimated at each annual balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When there is a decline in the recoverable amount of the Group's receivables an impairment loss is recognised in the income statement.

(i) Calculation of recoverable amount

The recoverable amount of the consolidated entity's receivables carried at amortised cost is calculated as the present value of estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at the initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price (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 an asset that does not generate largely independent cash inflows the recoverable amount is determined for the cash generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment in respect of goodwill is not reversed.

Impairment losses in respect of other assets, are reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(m) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses. Receivables are usually settled within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is raised for any doubtful accounts.

Deposits at call are initially recognised at fair value and subsequently measured at amortised cost.

1 Summary of significant accounting policies (continued)

(n) Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Take or pay prepaid gas is stated at the lower of cost and recoverable amount (that is, net realisable value). Cost comprises payments made under contract for quantities of gas which have not yet been drawn down. Costs are accounted for on a first in first out ("FIFO") basis.

(o) Derivatives

From 1 January 2004 to 31 December 2004
For the comparative period the Group has taken the exemption available under AASB 1 to AASB 132 and AASB 139 from 1 January 2005. The Group has applied previous AGAAP in the comparative information as it relates to financial instruments. For further information on previous AGAAP accounting policies for derivatives refer to the annual financial report of Alinta Energy Holdings Pty Ltd for the year ended 31 December 2004.

The fair value of interest rate swaps and cross currency swaps is the estimated amount that the consolidated entity would receive or pay to terminate the swap at the balance sheet date, taking into account current interest and foreign exchange rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

From 1 January 2005
The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the consolidated entity does not speculatively trade in derivative financial instruments. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps and cross currency swaps is the estimated amount that the consolidated entity would receive or pay to terminate the swap at the balance sheet date, taking into account current interest and foreign exchange rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

(i) Fair value hedge
Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of such assets, liability or firm commitment), any gain or loss on the hedging instrument is recognised in the income statement. The hedged item also is restated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

(ii) Cash flow hedge
Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity.

When the forecast transaction subsequently results in the recognition of a non financial asset or non financial liability, or the forecast transaction for a non financial asset or non financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e., when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

1 Summary of significant accounting policies (continued)

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

(p) Property, plant and equipment

(i) Initial recognition

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (refer to note 1(k)). The cost of self constructed assets includes the cost of materials, direct labour, the initial estimate (where relevant) of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent costs

The consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

Category	**Useful life (years)**
Power - Plant and Equipment comprises:	
- Generating and heating plant	15-40
- Monitoring equipment	15
- Transformers	40
Pipelines - Plant and Equipment comprises:	
- Pipelines	40
- Compressors	40
- Meters	20-40
Buildings	40
Leasehold improvements	6-10
Other plant and equipment	3-10

The residual value, if significant, is reassessed annually.

(q) Intangible assets

(i) Goodwill
Business combinations since 1 January 2004

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units, is not amortised and is tested annually for impairment (refer to note (k)).

(ii) Contract intangibles
Contract intangibles arising from a business combination are recorded at cost, being the present value of identified contracted net cash flow streams (including renewal options) and are amortised on a straight-line basis over the estimated contract lives. The weighted average estimated contract life is 19 years.

1 Summary of significant accounting policies (continued)

(iii) Software licences
Software licences are recorded at cost and amortised on a straight-line basis over their remaining useful lives.

(iv) Customer relationship intangibles
Customer relationship intangibles arising from a business combination are recorded at cost and are amortised on a straight-line basis over their useful lives.

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are stated at amortised cost.

(s) Interest bearing liabilities

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

The consolidated entity has taken the exemption available under AASB 1 to apply AASB 139 from 1 January 2005, and has applied previous AGAAP in the comparative information. Under previous AGAAP attributable transaction costs were classified as intangibles and deferred and amortised over the term of the debt facilities.

(t) Low-interest and interest-free loans and receivables

A loan or receivable that is not based upon market terms is initially recognised at fair value less attributable transaction costs. Where the loan is not based upon market terms the difference between the fair value and the cash consideration provided under the loan is recognised in the income statements as an interest expense or interest income.

Subsequent to initial recognition, loans and receivables are stated at amortised cost with any difference between the cost and redemption value being recognised in the income statement over the period of the loan on an effective interest basis.

(u) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(v) Employee benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations
Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

1 Summary of significant accounting policies (continued)

(iv) Profit-sharing and bonus plans
A liability for employee benefits in the form of bonus plans is recognised in provisions when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(v) Employee benefit on-costs
Employee benefit on costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(w) Provisions

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Decommissioning

A provision for decommissioning is recognised when the entity has a legal or constructive obligation as a result of a past event. The future expected decommissioning cost is discounted using a pre tax rate, which is the basis of the provision recognised. The unwinding of the discount increases the net present value of the expected cost liability over time, which is recognised as an interest expense in the income statement each period.

(x) Issued capital

Ordinary share capital is recorded at the fair value of the consideration received. The costs of issuing securities are charged against the share capital net of any income tax benefit. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders. Dividends are recognised as a liability in the period in which they are declared.

When share capital recognised as equity is repurchased, the fair value of the consideration paid, including directly attributable costs, is recognised as a deduction from equity.

(y) Earnings per share

(i) Basic earnings per stapled security
Basic earnings per stapled security is determined by dividing the net profit after income tax attributable to AIH stapled security holders, excluding any costs of servicing equity other than ordinary securities, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in stapled securities, if any, issued during the year.

(ii) Diluted earnings per stapled security
Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per stapled security by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to the dilutive potential ordinary shares.

(iii) Basic earnings per share - parent entity

Basic earnings per share is determined by dividing the net profit after income tax attributable to AIL, excluding any costs of servicing equity other than ordinary securities, by the weighted average number of stapled securities outstanding during the year, adjusted for bonus elements in shares, if any, issued during the year.

(iv) Diluted earnings per share - parent entity

1 Summary of significant accounting policies (continued)

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities and the weighted average number of securities assumed to have been issued for no consideration in relation to the dilutive potential ordinary securities.

(z) Issued units

AIT and AIIT have been established to operate in perpetuity and may only be terminated if certain conditions are met or an event occurs requiring wind up of the Trust under a provision of the *Corporations Act 2001* or any other applicable law.

Subject to the rights attached to a class of units (including partly paid units), each unit confers on a unitholder an equal undivided interest in the Trust property. A unit confers on a unitholder an interest in the Trust property as a whole (i.e. net assets). It does not confer on a unitholder an interest in any particular Trust property. Accordingly the units issued under the Trusts are regarded as equity instruments and have been classified as such.

The issued units are recorded at the fair value of the consideration received less costs of issue.

(aa) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to the Australian Taxation Office ("ATO") is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which were recovered from, or were paid to the ATO are classified as operating cash flows.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment
The Group tests annually whether goodwill and intangibles that are not amortised have suffered any impairment, in accordance with the accounting policy stated in note 1(k). The recoverable amounts of cash generating units have been determined based on the higher of fair value and value in use.

(b) Critical judgements in applying the entity's accounting policies

Leases
The Group has considered a number of contractual arrangements in applying the accounting policy in note 1(i). The assessment of these contractual arrangements requires a degree of judgement as to whether substantially all the risks and rewards incidental to ownership of the asset are transferred to other entities. The classification of the contractual arrangement could materially change the balance sheet of the Group. At balance date the Group has recognised Glenbrook Power Station as a finance lease based on the net investment in the lease.

3 Financial risk management

The Group's activities expose it to a variety of financial risks. These risks include foreign exchange and interest rate risks.

3 Financial risk management (continued)

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to achieve this objective.

Risk Management is carried out under policies approved by the Boards of Directors. This involves identification and evaluation of the financial risks and subsequent hedging of these risks using the services of Alinta Limited.

(a) Foreign Exchange Risk

Foreign exchange risk arises when future cashflows and recognised assets and liabilities are denominated in a currency that is not Australian Dollars.

The Group is exposed to foreign exchange risk on USD denominated borrowings and manages the exposure to foreign currency through the use of cross currency swaps which are designated at Group level as fair value hedges.

The risk management policy is to hedge up to 100% of foreign currency borrowings.

(b) Interest Rate Risk

Interest rate risk arises from the Group's floating rate debt. Adverse movements in market conditions may increase the cost of funding the Group's borrowings. The Group manages this exposure by using interest rate swaps.

External interest rate swap contracts are designated at Group level as cash flow hedges.

The Group's policy is to maintain no more than 90% of its borrowings at fixed interest rates.

(c) Credit Risk

The Group has no significant concentrations of credit risk to external parties except as disclosed in note 10. The Group has policies in place determining the process for managing credit risk to customers.

Credit risk also arises from the operation of the Group's risk management strategies. The Group manages this risk by ensuring that derivative counterparties have a long term credit rating of BBB stable, unless otherwise approved by the Board. The Group monitors its exposures to derivative counterparties.

Credit risk may also arise from related parties. The Group has significant management and other controls in order to adequately manage this risk.

(d) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash or credit facilities to meet the operating requirements of the business. The Group manages this risk through the maintenance of committed working capital and capital expenditure facilities and prudent cash flow management.

4 Segment information

(a) Description of segments

Intersegment pricing is determined on an arm's length basis.

Business segments
The consolidated entity's primary reporting is business segments which comprises the following main business segments:

Power generation
Operation and ownership of power generation assets.

Gas transmission
Transmission of gas through gas pipelines.

Geographical segments
The consolidated entity operates in predominantly one geographical segment, that is Australasia.

4 Segment information (continued)

(b) Primary reporting format - business segments

2005	Power generation $'000	Gas transmission $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Sales to external customers	106,568	125,682	-	232,250
Intersegment sales	-	-	-	-
Total sales revenue	106,568	125,682	-	232,250
Unallocated revenue and other income	-	-	12,168	12,168
Total revenue	106,568	125,682	12,168	244,418
Segment result	41,876	68,231	(3,204)	106,903
Unallocated revenue less unallocated expenses				(90,940)
Profit before income tax				15,963
Income tax expense/(benefit)				(8,243)
Net profit for the year				7,720
Segment assets	586,670	1,275,011	438,236	2,299,917
Unallocated assets				-
Total assets				2,299,917
Segment liabilities	147,554	223,830	1,349,217	1,720,601
Unallocated liabilities				-
Total liabilities				1,720,601
Acquisitions of non-current segment assets	125	8,191	-	8,316
Depreciation and amortisation expense	21,204	29,842	1,658	52,704
EBITDA*	57,795	88,780	6,984	153,559

2004	Power generation $'000	Gas transmission $'000	Inter-segment eliminations/ unallocated $'000	Consolidated $'000
Sales to external customers	73,281	64,219	-	137,500
Intersegment sales	-	-	-	-
Total sales revenue	73,281	64,219	-	137,500
Unallocated revenue and other income	-	-	5,723	5,723
Total revenue	73,281	64,219	5,723	143,223
Segment result	27,384	30,214	(158)	57,440
Unallocated revenue less unallocated expenses				(80,325)
Profit/(loss) before income tax				(22,885)
Income tax (expense)/benefit				6,992
Net profit/(loss) for the year				(15,893)
Segment assets	665,007	1,243,404	128,411	2,036,822
Unallocated assets				-
Total assets				2,036,822
Segment liabilities	30,943	69,427	1,271,434	1,371,804
Unallocated liabilities				-
Total liabilities				1,371,804
Acquisitions of non-current segment assets	660,400	1,117,754	27,910	1,806,064
Depreciation and amortisation expense	16,010	19,072	1,378	36,460
EBITDA*	38,156	43,329	3,332	84,817

* EBITDA is defined as earnings before share of net profits of associates, interest expense, tax expense, depreciation and amortisation

5 Revenue

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
From continuing operations				
Sales revenue				
Sale of goods	**98,866**	67,005	**-**	-
Services revenue	**123,808**	64,197	**-**	-
	222,674	131,202	**-**	-
Other revenue				
Interest received or receivable (ii)	**21,744**	12,020	**934**	-
Related party interest received or receivable (i)	**-**	-	**145,827**	-
Related party dividend received or receivable	**-**	-	**47,000**	-
	21,744	12,020	**193,761**	-
	244,418	143,222	**193,761**	-

(i) This represents the discount on the face value of the loan between AIL and AIT of $549.1 million at 5 October 2005.
(ii) Includes unwind of discount interest income of $4.455 million in AIT and interest income recognised on the Glenbrook finance lease of $8.641 million.

6 Other income

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Net loss on disposal of property, plant and equipment	**(1,611)**	(22)	**-**	-
Net gain on foreign currency exchange	**198**	101	**-**	-
Other income	**3,129**	80	**-**	-
	1,716	159	**-**	-

7 Other operating expenses

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Profit before income tax includes the following specific expenses:				
Finance costs - net				
Interest and finance charges paid/payable	**74,151**	65,906	**-**	-
Amortisation of deferred borrowing costs	**4,327**	-	**-**	-
Interest on decommissioning provision	**1,957**	1,260	**-**	-
Unwind of discount - interest expense	**4,455**	-	**10,536**	-
Finance costs expensed	**84,890**	67,166	**10,536**	-
Net loss on disposal of property, plant and equipment	**1,611**	22	**-**	-

8 Income tax expense

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
(a) Income tax expense				
Current tax	**4,637**	2,255	**-**	-
Deferred tax	**3,656**	(9,247)	**41,758**	-
Under/(over) provided in prior years	**(50)**	-	**-**	-
	8,243	(6,992)	**41,758**	-
Income tax expense/(benefit) is attributable to:				
Profit/(loss) from continuing operations	**8,243**	(6,992)	**41,758**	-
Aggregate income tax expense/(benefit)	**8,243**	(6,992)	**41,758**	-
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets (note 17)	**-**	-	**41,758**	-
(Decrease) increase in deferred tax liabilities (note 26)	**3,656**	(9,247)	**-**	-
	3,656	(9,247)	**41,758**	-
(b) Reconciliation of income tax expense/(benefit) to prima facie tax payable				
Profit/(loss) from continuing operations before income tax expense	**15,963**	(22,885)	**181,666**	-
Tax at the Australian tax rate of 30% (2004 - 30%)	**4,789**	(6,866)	**54,500**	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Depreciation and amortisation	**86**	71	**-**	-
Capitalised bonus	**-**	(225)	**-**	-
Asset step-down on tax consolidation	**3,177**	-	**-**	-
Interest income	**935**	-	**1,341**	-
Non-assessable dividends	**-**	-	**(14,100)**	-
Non-assessable revenue	**(747)**	-	**-**	-
Foreign exchange	**(180)**	(78)	**-**	-
Other non-deductible items	**37**	67	**17**	-
	8,097	(7,031)	**41,758**	-
Difference in overseas tax rates	**196**	39	**-**	-
Under/(over) provision in prior years	**(50)**	-	**-**	-
	146	39	**-**	-
Total income tax expense/(benefit)	**8,243**	(6,992)	**41,758**	-
(c) Amounts recognised directly in equity				
Net deferred tax - debited/(credited) directly to equity (note 29)	**426**	-	**-**	-

8 Income tax expense (continued)

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
(d) Tax losses				
Unused capital losses for which no deferred tax asset has been recognised	**36,775**	36,775	**-**	-

All unused tax losses were incurred by Australian entities.

(e) Tax consolidation legislation

AIL and its wholly owned Australian controlled entities have entered into a tax sharing and funding agreement in relation to their participation in the tax consolidation regime. Under the terms of this agreement, the wholly owned entities reimburse AIL for any current income tax payable by AIL arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and have therefore been recognised as a current tax related receivable by AIL. In the opinion of the directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly owned entities in the case of a default by AIL.

9 Current assets - Cash and cash equivalents

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**77,165**	43,597	**146**	-
Deposits at call	**20,019**	96,242	**-**	-
	97,184	139,839	**146**	-

(a) Cash at bank and on hand

Cash on hand is non interest bearing. The weighted average interest rate for cash at bank is 4.11% (2004 - 5.05%)

(b) Deposits at call

The deposits are bearing floating interest rates with a weighted average of 6.03% (2004 - 5.34%). These deposits have an average maturity of 20 days.

(c) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

10 Current assets - Trade and other receivables

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Net trade receivables				
Trade receivables	**28,419**	16,563	**-**	-
Provision for doubtful receivables	**(55)**	(103)	**-**	-
	28,364	16,460	**-**	-
Net related party receivables				
Indemnity from associate (a)	**58,738**	-	**-**	-
Other receivable	**-**	-	**934**	-
	58,738	-	**934**	-
Net finance lease receivables				
Finance lease receivables (note 12 (a))	**8,011**	5,691	**-**	-
	8,011	5,691	**-**	-
Net other receivables				
Other receivables (b)	**328,497**	8,892	**-**	-
Interest receivable	**2,253**	3,043	**-**	-
	330,750	11,935	**-**	-
Prepayments				
Prepayments	**5,231**	1,867	**-**	-
	5,231	1,867	**-**	-
	431,094	35,953	**934**	-

(a) Indemnity from associate

Refer note 18(d) regarding this receivable. The receivable is non-interest bearing and collectible only if and when an outstanding claim to which it relates is paid by the consolidated entity.

(b) Other receivable

Other receivables as at 31 December 2005 represents the second call payable by security holders of AIH on the partly paid units issued on 5 October 2005. The second call of $1.20 per unit is payable on 29 December 2006 and amounts to $347.2 million. The credit risk associated with this receivable is mitigated through a third party underwriting of the second call. 20% of this receivable ($65.7 million) is due from an associated entity, Alinta Limited.

The receivable has been recognised at its fair value, applying a discount rate of 5.75%. This discount unwinds over the period from the initial issue on 5 October 2005 until the final call on 29 December 2006 and is recognised as interest income.

(c) Effective interest rates and credit risk

At balance date the Group has an Other related party receivable totalling $328m representing the second call payable by security holders of AIH. The credit risk associated with this receivable is mitigated through a third party underwriting of the second call.

All current receivables are non interest bearing.

(d) Fair values

For receivables with a remaining life of less than a year, the notional amount is deemed to reflect the fair value.

11 Current assets - Inventories

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Strategic spares and stores	**5,091**	5,115	**-**	-

12 Non-current assets - Receivables

	Consolidated		Parent	
Related party receivables				
Former parent entity receivable	**-**	-	**133,874**	134,091
Intercompany receivable	**-**	17,385	**-**	-
	-	17,385	**133,874**	134,091
Net finance lease receivables				
Lease receivables	**76,876**	83,005	**-**	-
	76,876	83,005	**-**	-
	76,876	100,390	**133,874**	134,091

Intercompany loans are interest free. There are no fixed date of repayment on these loans.

(a) Finance leases

The Glenbrook Power Station in New Zealand is accounted for as a finance lease in accordance with accounting policy note 1(i).

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Finance lease receivables				
Gross receivables from finance leases:				
Not later than 1 year	**16,026**	14,175	**-**	-
Later than 1 year and not later than 5 years	**52,227**	54,422	**-**	-
Later than 5 years	**64,540**	75,923	**-**	-
	132,793	144,520	**-**	-
Less future finance income	**(47,906)**	(55,824)	**-**	-
	84,887	88,696	**-**	-
Net receivable from finance leases:				
Not later than 1 year	**8,011**	5,691	**-**	-
Later than 1 year and not later than 5 years	**27,227**	27,043	**-**	-
Later than 5 years	**49,649**	55,962	**-**	-
	84,887	88,696	**-**	-

There is no residual value on the leased assets.

The consolidated entity receives additional variable revenue under the Power Purchase Agreement (PPA) with the lessee in addition to the minimum lease payments. The revenue forms part of the revenue from continuing operations disclosed in note 5.

The Power Purchase Agreement has an existing term with three renewal options which are expected to be renewed.

(b) Fair values

Non current receivables are discounted to determine the fair value.

Interest rates used for determining fair values are based on the government bond rates plus an adequate constant credit spread.

12 Non-current assets - Receivables (continued)

(c) Interest rate risk

All non-current receivables are non interest bearing.

13 Non-current assets - Inventories

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Line pack and take or pay prepaid gas	**2,533**	2,533	**-**	-

14 Non-current assets - Other financial assets

Shares in controlled entities (note 37)	**-**	-	**499,370**	539,735

15 Non-current assets - Property, plant and equipment

Consolidated	Construction in progress $'000	Freehold land $'000	Freehold buildings $'000	Plant and equipment $'000	Leasehold improvements $'000	Leased plant & equipment $'000	Total $'000
Year ended 31 December 2004							
Opening net book amount	-	-	-	-	-	-	-
Additions through acquisition of entities	7,083	2,418	16,731	1,046,850	4,170	2	1,077,254
Additions	1,020	-	-	821	-	-	1,841
Disposals	-	-	-	(674)	(2,329)	-	(3,003)
Transfers	(1,454)	-	557	897	-	-	-
Depreciation charge	-	-	(565)	(23,896)	(281)	-	(24,742)
Net foreign currency differences on translation of self sustaining operations	4	-	271	-	-	-	275
Closing net book amount	6,653	2,418	16,994	1,023,998	1,560	2	1,051,625
At 31 December 2004							
Cost	6,653	2,418	17,559	1,052,000	1,841	2	1,080,473
Accumulated depreciation	-	-	(565)	(28,002)	(281)	-	(28,848)
Net book amount	6,653	2,418	16,994	1,023,998	1,560	2	1,051,625

Consolidated	Construction in progress $'000	Freehold land $'000	Freehold buildings $'000	Plant and equipment $'000	Leasehold improvements $'000	Leased plant & equipment $'000	Total $'000
Year ended 31 December 2005							
Opening net book amount	6,653	2,418	16,994	1,023,998	1,560	2	1,051,625
Additions	85	-	-	8,231	-	-	8,316
Disposals	-	-	(3,959)	(447)	(1,185)	-	(5,591)
Transfers	(144)	-	-	144	-	-	-
Depreciation charge	-	-	(470)	(33,892)	(171)	(1)	(34,534)
Closing net book amount	6,594	2,418	12,565	998,034	204	1	1,019,816
At 31 December 2005							
Cost	6,595	2,418	15,656	1,225,806	469	2	1,250,946
Accumulated depreciation	(1)	-	(3,091)	(227,772)	(265)	(1)	(231,130)
Net book amount	6,594	2,418	12,565	998,034	204	1	1,019,816

16 Non-current assets - Intangible assets

Consolidated	**Contract intangibles $'000**	**Goodwill $'000**	**Deferred borrowing costs $'000**	**Customer relationships $'000**	**IT Licence $'000**	**Easement rights $'000**	**Total $'000**
Year ended 31 December 2004							
Opening net book amount	-	-	-	-	-	-	-
Additions through acquisition of entities	283,605	364,937	-	15,353	-	29,958	693,853
Exchange differences	-	-	-	1,141	-	-	1,141
Additions	-	-	18,999	-	2,511	654	22,164
Amortisation charge	(10,014)	-	(4,073)	(897)	(236)	(571)	(15,791)
Closing net book amount	273,591	364,937	14,926	15,597	2,275	30,041	701,367
At 31 December 2004							
Cost	283,605	364,937	18,999	16,494	2,511	30,612	717,158
Accumulated amortisation	(10,014)	-	(4,073)	(897)	(236)	(571)	(15,791)
Net book amount	273,591	364,937	14,926	15,597	2,275	30,041	701,367

Consolidated	**Contract intangibles $'000**	**Goodwill $'000**	**Deferred borrowing costs $'000**	**Customer relationships $'000**	**IT Licence $'000**	**Easement rights $'000**	**Total $'000**
Year ended 31 December 2005							
Opening net book amount	273,591	364,937	14,926	15,597	2,275	30,041	701,367
Disposals	-	-	-	-	(850)	-	(850)
Transfer on adoption of AASB 132 and 139	-	-	(14,926)	-	-	-	(14,926)
Exchange differences	-	-	-	(98)	-	-	(98)
Amortisation expense	(15,286)	-	-	(1,295)	(628)	(961)	(18,170)
Closing net book amount	258,305	364,937	-	14,204	797	29,080	667,323
At 31 December 2005							
Cost	283,605	364,937	-	16,383	1,661	30,612	697,198
Accumulated amortisation	(25,300)	-	-	(2,179)	(864)	(1,532)	(29,875)
Net book amount	258,305	364,937	-	14,204	797	29,080	667,323

(a) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment.

The recoverable amount of a CGU has been determined based on fair value less cost to sell methodology. The fair value less cost to sell was determined with reference to the stapled security issue price and yield of the Initial Public Offering.

17 Non-current assets - Deferred tax assets

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Financial instruments	**-**	-	**(41,758)**	-
Tax losses	**-**	-	**74,607**	-
	-	-	**32,849**	-
Net deferred tax assets	**-**	-	**32,849**	-
Movements:				
Charged to the income statement (note 8)	**-**	-	**(41,758)**	-
Transfers from subsidiaries	**-**	-	**74,607**	-
Closing balance at 31 December	**-**	-	**32,849**	-

18 Current liabilities - Trade and other payables

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Trade payables (a)	**61,943**	25,878	**1,397**	-
Promissory note payable - associate (b)	**328,497**	-	**328,497**	-
Long term borrowing - related party (c)	**-**	-	**26,408**	-
Levies and commercial disputes payable (d)	**58,709**	36,727	**-**	-
Other payables	**2,289**	4,470	**89**	-
	451,438	67,075	**356,391**	-

For payables with a remaining life of less than one year the notional amount is deemed to reflect fair value.

(a) Trade payables

The fair value of trade and other payables is equal to their carrying value.

(b) Promissory note payable - associate

The promissory note payable has been initially recognised at its fair value in accordance with note 1(s) and represents the balance owing on the loan issued by AIL to Alinta Limited upon the share buy back undertaken by AIL. The loan is payable on 29 December 2006. The repayment of the promissory note will be funded by way of loan from AIT to AIL on 29 December 2006. The loan will be funded out of amounts received from securityholders on payment of the second instalment on the stapled security.

(c) Long term borrowing - related party

Refer to note 24(a) for details on the long term borrowing between AIT and AIL.

(d) Levies and commercial disputes payable

The AIH Group entered into an agreement prior to the IPO of AIH, whereby Alinta Limited would manage certain exposures for relevant members of the AIH Group.

Alinta Limited has agreed to indemnify the relevant members of the AIH Group to the extent of any liabilities incurred in relation to certain outstanding claims against AIH subsidiaries.

The payables for these outstanding claims are offset by an amount receivable from Alinta Limited as set out in note 10(a).

19 Current liabilities - Interest bearing liabilities

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Amounts owing to related entities	**-**	1,827	**-**	-

The carrying amount of current interest bearing liabilities approximates their fair value.

20 Current liabilities - Income tax payable

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Income tax payable	**2,501**	7,001	**-**	-

21 Current liabilities - Provisions

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Employee benefits	**316**	280	**-**	-
Commercial disputes	**-**	7,030	**-**	-
	316	7,310	**-**	-

(a) Movements in provisions

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

	Commercial disputes $'000
Carrying amount at start of year	7,030
Payments/other sacrifices of economic benefits	(4,711)
Transfer from provisions to payables	(2,319)
Carrying amount at end of year	-

22 Non-current liabilities - Payables

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Amounts payable to controlled entities	**-**	-	**74,607**	-
Contractual obligations	**-**	5,000	**-**	-
Hedge contract payable	**22,618**	17,983	**-**	-
	22,618	22,983	**74,607**	-

There is no interest on amounts payable to controlled entities and there are no fixed dates of repayment. Non current payables are discounted to determine the fair value.

Interest rates used for determining fair values are based on current interest rates for liabilities with similar risk profiles.

23 Non-current liabilities - Interest bearing liabilities

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Unsecured				
Note facility - US denominated	**171,143**	168,807	**-**	-
Bank loans - senior facility	**873,609**	873,608	**-**	-
Note facility	**119,757**	119,629	**-**	-
Deferred borrowing costs	**(10,598)**	-	**-**	-
Total unsecured non-current interest bearing liabilities	**1,153,911**	1,162,044	**-**	-

(a) Deferred borrowing costs

Transition to AASB 132 and AASB 139 - change in accounting policy

Under AGAAP deferred borrowing costs were classified as intangibles (refer note 16). Under AASB 139 these have been reclassified as an offset to interest bearing liabilities from 1 January 2005. This change in accounting policy resulted in a decrease in the consolidated entity's intangibles of $14.93 million and a corresponding decrease in interest bearing liabilities on that date.

(b) Financing arrangements

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
The consolidated entity has access to the following financing facilities:				
Credit standby arrangements				
Total facilities				
Bank loan facilities	**1,029,608**	1,318,044	**-**	-
Note facilities	**305,034**	-	**-**	-
	1,334,642	1,318,044	**-**	-
Used at balance date				
Bank loan facilities	**873,608**	1,162,044	**-**	-
Note facilities	**305,034**	-	**-**	-
	1,178,642	1,162,044	**-**	-
Unused at balance date				
Bank loan facilities	**156,000**	156,000	**-**	-

Alinta Energy Holdings, a wholly owned subsidiary of the AIH group, has senior debt facilities of $1,029 million provided by a syndicate of Australian and overseas banks with $370.4 million maturing in April 2007 and the remainder maturing in April 2009. $873.6 million of this facility has been drawn. Remaining facilities are:

- $135m capital expenditure facility maturing 2009
- $20m working capital facility maturing May 2006
- $1m bank guarantee/letter of credit maturing May 2006

In addition Alinta Energy Holdings has issued the following long term debt securities under a US Private Placement:

- AUD $90.5m 6.50% due October 2011
- AUD $30.0m floating rate notes due October 2011
- USD $120.5m 5.79% due October 2014
- USD $11.0m 5.94% due October 2016

All facilities are subject to negative pledge covenants.

23 Non-current liabilities - Interest bearing liabilities (continued)

The foreign currency exposure on the US dollar principal and interest payments from the US dollar loans have been fully hedged into Australian dollars. The Australian dollar equivalent of the current amount outstanding is $171.1 million and the related hedge payable is $15.0 million.

(c) Interest rate and foreign currency risk exposures

The consolidated entity utilises interest rate swap contracts and cross currency swap contracts to manage interest rate exposures on Australian dollar borrowings and currency and interest rate exposures under its US dollar denominated borrowings.

The consolidated entity's exposure to interest rates risk and the effective weighted average interest rate for derivative financial instruments is as follows:

2005	Floating interest rate $'000	Fixed interest rate 5 years or less $'000	Fixed interest rate More than 5 years $'000	Total $'000
Bank loans - senior	873,609	-	-	873,609
Note facilities - US denominated	-	-	171,143	171,143
Note facilities	30,000	-	89,757	119,757
Effect of interest rate swaps	(880,000)	750,000	130,000	-
Effect of cross currency swaps	186,789	-	(186,789)	-
	210,398	750,000	204,111	1,164,509
Weighted average interest rate	6.00 %	5.86 %	6.86 %	

2004	Floating interest rate $'000	Over 1 to 5 years $'000	More than 5 years $'000	
Bank loans - senior	873,608	-	-	873,608
Note facilities - US denominated	-	-	186,790	186,790
Note facilities	30,000	-	89,629	119,629
Effect of interest rate swaps	(880,000)	300,000	580,000	-
Effect of cross currency swaps	186,790	-	(186,790)	-
	210,398	300,000	669,629	1,180,027
Weighted average interest rate	5.80 %	5.82 %	6.22 %	

(d) Fair value

Fair value is calculated based on discounted expected future principal and interest cash flows.

	2005		2004	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
On-balance sheet				
Non-traded financial liabilities				
Loans - US denominated	**171,143**	**171,143**	186,790	186,790
Bank loans	**873,609**	**881,139**	873,609	873,608
Note facilities	**119,757**	**121,382**	119,629	119,629
	1,164,509	**1,173,664**	1,180,028	1,180,027

24 Non current liabilities - Non interest bearing liabilities

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Long term borrowing - associate	**-**	-	**382,930**	-

(a) Long term borrowing - associate
The long term borrowing is payable by AIL to AIT and has a face value of $549.1 million. It is repayable within 10 years. The payable comprises current (note 18 (b)) and non-current liabilities. The loan is interest free and has been recognised at its fair value using a discount rate of 6.25%. The discount unwinds over approximately 10 years.

25 Non-current liabilities - Provisions

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Employee benefits	**31**	34	**-**	-
Commercial disputes	**-**	17,827	**-**	-
Restoration	**-**	2,000	**-**	-
Decommissioning costs (i)	**36,748**	34,625	**-**	-
	36,779	54,486	**-**	-

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

	Commercial disputes $'000	Restoration $'000	Decom - missioning costs $'000	Total $'000
Carrying amount at start of year	17,827	2,000	34,625	54,452
Additional provisions recognised	312	-	2,123	2,435
Payments/other sacrifices of economic benefits	(2,853)	-	-	(2,853)
Transfer from provisions to payables	(15,286)	(2,000)	-	(17,286)
Carrying amount at end of year	-	-	36,748	36,748

(i) The Decommissioning provision represents the present value of future estimated costs to decommission and restore the power stations and gas transmission pipelines of AIH. The present value of decommissioning costs has been determined using a risk-free discount rate. The assumed costs of decommissioning are based on current best estimates and therefore uncertainty exists as to the actual costs to be incurred. The actual costs are expected to be incurred towards the end of the useful lives of the power and pipeline assets as set out in note 1(p).

26 Non-current liabilities - Deferred tax liabilities

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
The balance comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Accruals	**(564)**	(131)	**-**	-
Accrued Income	**-**	2,473	**-**	-
Borrowing costs	**179**	388	**-**	-
Deferred income	**-**	35	**-**	-
Doubtful debts	**(16)**	(31)	**-**	-
Hedge liability	**(6,785)**	(5,395)	**-**	-
Foreign exchange	**75**	344	**-**	-
IBond	**10,079**	11,004	**-**	-
Intangibles	**91,534**	100,929	**-**	-
Interest receivable	**676**	913	**-**	-
Inventories	**1,352**	1,353	**-**	-
Lease receivable	**5,155**	610	**-**	-
Property, plant and equipment	**32,377**	33,739	**-**	-
Provisions	**(17,292)**	(19,728)	**-**	-
Rebates	**(551)**	(533)	**-**	-
Tax losses	**(63,607)**	(78,076)	**-**	-
Under/over provision from prior year	**-**	1,062	**-**	-
	52,612	48,956	**-**	-
Amounts recognised directly in equity				
Cash flow hedges	**426**	-	**-**	-
	426	-	**-**	-
Net deferred tax liabilities	**53,038**	48,956	**-**	-

Movements:

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Opening balance at 1 January	**48,956**	-	**-**	-
Charged/(credited) to the income statement (note 8)	**3,656**	(9,247)	**-**	-
Charged/(credited) to equity	**426**	-	**-**	-
Acquisition of subsidiary (note 36)	**-**	58,203	**-**	-
Closing balance at 31 December	**53,038**	48,956	**-**	-

27 Non-current liabilities - Deferred income

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Deferred income	**-**	122	**-**	-

28 Issued capital

	Parent		Parent	
	2005 Shares	2004 Shares	**2005 $'000**	2004 $'000
(a) Share capital				
Ordinary shares				
Fully paid	**289,333,333**	673,825,946	**-**	673,826

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$'000
10 March 2004	Initial ordinary share issue	1	$0.00	-
23 April 2004	Issue of ordinary shares	673,825,945	$1.00	673,826
31 December 2004	Balance	673,825,946		673,826
1 January 2005	Opening balance	673,825,946		673,826
3 October 2005	Capital return (i)	-		(40,491)
3 October 2005	Issue of share capital (iii)	57,866,667		-
4 October 2005	Buy back of share capital (ii)	(673,825,946)		(633,335)
5 October 2005	Issue of share capital (iii)	231,466,666		-
31 December 2005	Balance	289,333,333		-

(i) Capital return

On 3 October 2005, AIL made a return of capital to Alinta Limited, the parent entity of AIL at that date.

(ii) Buy back of share capital

On 4 October 2005 AIL bought back its share capital of 673,825,946 shares for $873.1 million from Alinta Limited reducing the share capital to nil and giving rise to the recognition of a share-buy-back reserve of $239.7 million. Refer note 29(a).

(iii) Issue of share capital

The AIH Group issued 57,866,667 shares to Alinta Limited on 3 October 2005 and upon stapling the balance was issued to the public on 5 October 2005, both for nominal consideration.

(c) Ordinary shares

Ordinary shares of AIL entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The ordinary shares are stapled to the units of AIT and AIIT via a stapling agreement. Each of these securities cannot be traded separately.

28 Issued capital (continued)

(d) Minority interest

In accordance with UIG 1002 "Post-date-of-transition stapling arrangements" one entity in the arrangement, namely AIL has been identified as the acquirer for the purpose of the consolidation and the interests of the other entities, AIT and AIIT are seen as minority interests. However by virtue of the stapling arrangement the equity holders of these entities are also equity holders in the acquirer.

AIT and AIIT are deemed to have been acquired by AIL. The net assets of these two trusts of $877.6 million has been recognised as minority interest in equity of AIH at 31 December 2005. This is comprised of:

	2005 $'000
Share capital	873,092
Retained earnings	4,539
	877,631

The issued capital of the minority interest is as follows:

Alinta Infrastructure Trust

(i) Issued units	2005 Units	2005 $'000
Partly paid	289,333,333	873,092

(ii) Movements in issued units

Date	Details	Number of units	Issue price	$'000
1 January 2005	Opening balance	-	-	-
5 October 2005	Initial issue of units - first instalment	289,333,333	$2.00	578,667
5 October 2005	Recognition of second instalment receivable	289,333,333	$1.20	347,200
				925,867
	Less: Discount to fair value on second instalment			(23,175)
	Less: Transaction costs arising on issue of units			(29,600)
31 December 2005	Balance			873,092

On 5 October 2005 AIT issued 57,866,667 units to Alinta Limited and 231,466,666 units to the general public, pursuant to the listing of AIH on the ASX. Each AIT unit was issued for $3.199999656. Upon issue only $2.00 was received per unit with the second instalment of $1.20 per unit receivable on 29 December 2006. Accordingly issued units have been recognised at the fair value of consideration received or receivable.

Subject to the rights attached to a class of units (including partly paid units), each unit confers on a unitholder an equal and undivided interest in the Trust property. A unit confers on a unitholder an interest in the Trust property as a whole. It does not confer on a unitholder an interest in any particular Trust property.

Alinta Infrastructure Investment Trust

	2005	2005
(i) Issued units	**Units**	**$'000**
Fully paid	289,333,333	-

On 5 October 2005 AIIT issued 57,866,667 units to Alinta Limited and 231,466,666 units to the general public, pursuant to the listing of AIH on the ASX. Each unit was issued for nominal consideration.

28 Issued capital (continued)

Subject to the rights attached to a class of units (including partly paid units), each unit confers on a unitholder an equal and undivided interest in the Trust property. A unit confers on a unitholder an interest in the Trust property as a whole. It does not confer on a unitholder an interest in any particular Trust property.

29 Reserves and retained profits

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
(a) Reserves				
Share buy-back reserve	**(239,663)**	-	**(239,663)**	-
Hedging reserve - cash flow hedges	**(4,821)**	-	**-**	-
Foreign currency translation reserve	**5,881**	7,085	**-**	-
	(238,603)	7,085	**(239,663)**	-
Movements:				
Share buy-back reserve				
Balance at 1 January 2005	**-**	-	**-**	-
Buy back of share capital (note 28)	**(239,663)**	-	**(239,663)**	-
Balance at 31 December 2005	**(239,663)**	-	**(239,663)**	-
Movements:				
Hedging reserve - cash flow hedges				
Balance at 1 January 2005	**-**	-	**-**	-
Adjustment on adoption of AASB 132 and AASB 139, net of tax	**(4,770)**	-	**-**	-
Revaluations	**(51)**	-	**-**	-
Balance at 31 December 2005	**(4,821)**	-	**-**	-
Movements:				
Foreign currency translation reserve				
Balance at 1 January 2005	**7,085**	-	**-**	-
Currency translation differences arising during the year	**(1,204)**	7,085		
Balance at 31 December 2005	**5,881**	7,085	**-**	-

(b) Retained profits

Movements in retained profits were as follows:

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Balance at 1 January 2005	**(15,893)**	-	**-**	-
Net profit/(loss) for the period	**3,181**	(15,893)	**139,908**	-
Dividends (Note 30)	**(47,000)**	-	**(47,000)**	-
Balance at 31 December 2005	**(59,712)**	(15,893)	**92,908**	-

(c) Nature and purpose of reserves

(i) Share buy-back reserve
The share buy back reserve arises upon AIL's buy back of shares from Alinta Limited prior to the formation of AIH.

29 Reserves and retained profits (continued)

(ii) Hedging reserve - cash flow hedges
The hedging reserve is used to record gains or losses on the effective portion of a cash flow hedge that are recognised directly in equity, as described in note 1(o). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(iii) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entity where the functional currency is different to the presentation currency, are taken to the foreign currency translation reserve, as described in note 1(e). The reserve is recognised in profit and loss when the net investment is disposed of.

30 Dividends

	Parent	
	2005	2004
	$'000	$'000
(a) Ordinary shares		
Final dividend for the year ended 31 December 2005 of 7.0 cents per fully paid share paid on 4 October 2005		
42.05% franked based on tax paid @ 30%	**47,000**	-

The dividend was paid to Alinta Limited on 3 October 2005 prior to the AIL share buy-back and formation of AIH.

31 Key management personnel disclosures

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The following persons were considered key management personnel of AIH during the financial period:

(a) Directors

On 6 January 2006 Alinta Funds Management Limited (AFML), a company wholly owned by Alinta Limited, replaced Permanent Investment Management Limited (PIML) as the responsible entity of AIIT and AIT.

The Directors of PIML from 12 August 2005 until the change in responsible entity on 6 January 2006 were:

Jonathan Sweeney (Chairman)
Michael Britton
John Dinan
Ian Nicol

The Directors of AIL in office during or since the end of the financial year and the Directors of AFML in office since AFML became the responsible entity on 6 January 2006, to the date of this report are:
Mark Barnaba (Chairman)
Gaye McMath
John Atkins
Frank Cooper
Robert Browning
Fiona Harris
Ian Devenish (alternate director for Fiona Harris and Robert Browning appointed 1 December 2005)
John Cahill (resigned 15 August 2005 - AIL)
Murray King (resigned 15 August 2005 - AIL)
All directors are non-executive.

31 Key management personnel disclosures (continued)

(b) Other key management personnel

Name	*Position*
John Cahill	Chief Executive Officer
Stephen Gobby	Chief Financial Officer
Yasmin Broughton	Company Secretary

(c) Compensation for key management personnel

(i) Non-Executive Directors
The Directors of AIL and AFML review, on an annual basis, the level of fees for Directors. The Board seeks external professional advice to ensure that Directors fees are at an appropriate level to attract and maintain high calibre Directors. The Directors are remunerated by fees determined by the AIL and AFML Boards, within the aggregate Directors' fees pool limit of $1,000,000 pursuant to the AIL Constitution. The Directors of AFML do not receive Directors' fees. Director's remuneration is comprised of two main elements':

- Main board fees; and
- Committee fees.

The rates for Directors' remuneration are as follows:

- Chairman of the Board $140,000 per annum;
- Non Executive Directors $75,000 per annum;
- Chairman of the Audit and Risk Committee $10,000 per annum;
- Members of the Audit and Risk Committees Nil;
- Chairman of the Investment Committee Nil; and
- Members of the Investment Committee Nil.

Superannuation contributions form a part of the foregoing fee levels. Retirement benefits, other than those funded via mandatory superannuation contributions, are not provided by AIH.

Differences in workloads of Directors will arise mainly due to their involvement in Board Committees in addition to their main Board responsibilities. Thus, differences in workloads and responsibilities will be recognised via committee fees in addition to main board fees.

The Chair of the Board is paid main board fees at a higher rate than other Directors to reflect the additional workload and responsibilities.

Consistent with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations, the remuneration of non-executive directors is composed of fixed sums and does not include incentive remuneration.

The Board may, from time to time, award an Extra Exertion Allowance to members of the Board for undertaking exceptional additional workloads in relation to the growth strategy of AIH. Where an allowance is approved, the amount will be linked to a notional charge rate, such as an hourly rate, and appropriately reward and recognise effort.

In setting Directors fees, account is taken of the responsibilities inherent in the stewardship of AIH and the demands made of Directors in the discharge of their responsibilities.

(ii) Other key management personnel
AIH aims to develop and grow as a viable and dynamic company that attracts, rewards and motivates talented personnel. It must therefore adopt remuneration policies that strike a balance between sustaining business profitability and managing in a competitive employment market. To this end, and within the bounds set by legislation and other industrial agreements, AIH sets remuneration policies intended to support both building a performance culture and the business direction. The framework provides a mix of fixed and variable pay, and a blend of short and long term incentives.

Total employee reward
AIH's remuneration framework is based on the concept of Total Employee Reward. This encompasses the three components of Fixed Remuneration, Variable Remuneration and Recognition or Non Financial Reward.

Fixed remuneration
Fixed remuneration, expressed as Total Cost Remuneration, or TCR includes salary and superannuation entitlements, and is used as a basis for remuneration review and is benchmarked against the national general market.

31 Key management personnel disclosures (continued)

Fixed remuneration is reviewed once per year, in December, however there is no automatic entitlement to a salary increase. Increases relate to performance, market movements in salaries for similar level positions, internal relativities and AIH's ability to pay.

Variable remuneration - Short-term incentive payment
Personnel have the opportunity to earn an annual lump sum incentive payment through the achievement of annual goals established with the CEO at the beginning of each financial year. Each participant has individual, team, business unit or corporate performance outcomes for some or all of the following five categories: Financial, Growth, Improvement, Customer and Employee, that are weighted to adequately reflect the participant's role and the level of influence that they can exert in each category. Payments will be made following the audit of the corporate annual financial results, and the achievement of the designated performance targets, having regard to the performance review rating achieved by the individual.

Variable remuneration - Long-term incentive payment
AIH is in the process of establishing a long term incentive plan which will commence in 2006.

Recognition and Non - Financial Reward
A key element of AIH's strategy is that of pursuing profitable growth opportunities. When significant accomplishments are made in achievement of this strategy an employee, or team of employees, may work beyond the call of duty to meet these challenging objectives, or may substantially exceed expectations. At that time, AIH may recognise such behaviours by way of non-financial rewards and discretionary bonuses where appropriate.

Other Benefits
Details of benefits offered to personnel are contained on the Alinta Limited website.

Senior Executives
Executive remuneration is benchmarked against comparative energy sector industry groups and the general market of like size companies. In making recommendations, the CEO receives annual salary survey data and advice of like organisations from independent remuneration consultants including Godfrey Remuneration Group, Mercer Human Resource Consulting and Geoff Nunn and Associates regarding compensation practices.

The AIL and AFML Boards take into account the recommendations from the CEO when determining the remuneration for key personnel.

(d) Details of compensation

Details of the compensation of each element of the emoluments of each the key management personnel of AIL and the consolidated entity receiving the highest emoluments for the period ended 31 December 2005 are set out in the following tables.

(i) Directors of Alinta Infrastructure Holdings

2005	Primary	Post-employment	
Name	Cash salary and fees $	Super-annuation $	Total $
Mark Barnaba*	52,500	-	52,500
Gaye McMath	26,177	2,356	28,533
John Atkins	26,177	2,356	28,533
Frank Cooper	29,667	2,679	32,346
Robert Browning*	28,533	-	28,533
Fiona Harris	26,177	2,356	28,533
Total	189,231	9,747	198,978

* Mr Barnaba's fees were paid direct to Azure Capital Pty Ltd. Mr Browning's fees were paid direct to Alinta Limited

No fees were paid to Mr Browning, Mr Cahill or Mr King by AIH during the period 1 January 2005 to 14 August 2005.

No fees were paid to Mr Devenish.

(ii) Other key management personnel
Amounts paid during the period to 31 December are as follows:

31 Key management personnel disclosures (continued)

2005	Primary	Post-employment	
Name	Cash salary and fees $	Super-annuation $	Total $
John Cahill (18 August 2005 - 31 December 2005)	119,643	10,768	130,411
Stephen Gobby (1 August 2005 - 31 December 2005)	69,222	6,230	75,452
Yasmin Broughton (4 October 2005 - 31 December 2005)	43,578	3,922	47,500
Total	232,443	20,920	253,363

(iii) Service agreements
Compensation and other terms of employment of the key management personnel are formalised in service agreements. In addition to the remuneration details disclosed earlier in this note, the major provisions of the agreement relating to remuneration are set out below:

Mark Barnaba *Chairman*
- Base TCR - $140,000
- Term of appointment - 3 years (subject to retirement/rotational provisions)
- Termination notice by Director - by notice in writing to the Chairman or the Company Secretary

Gaye McMath *Director*
- Base TCR - $75,000
- Term of appointment - 3 years (subject to retirement/rotational provisions)
- Termination notice by Director - by notice in writing to the Chairman or the Company Secretary

John Atkins *Director*
- Base TCR - $75,000
- Term of appointment - 3 years (subject to retirement/rotational provisions)
- Termination notice by Director - by notice in writing to the Chairman or the Company Secretary

Frank Cooper *Director*
- Base TCR - $85,000 (includes $10,000 as Chairman of the Audit and Risk Committee)
- Term of appointment - 3 years (subject to retirement/rotational provisions)
- Termination notice by Director - by notice in writing to the Chairman or the Company Secretary

Robert Browning *Director*
- Base TCR - $75,000
- Term of appointment - 3 years (subject to retirement/rotational provisions)
- Termination notice by Director - by notice in writing to the Chairman or the Company Secretary

Fiona Harris *Director*
- Base TCR - $75,000
- Term of appointment - 3 years (subject to retirement/rotational provisions)
- Termination notice by Director - by notice in writing to the Chairman or the Company Secretary

John Cahill *Chief Executive Officer*
- Base TCR - $350,000
- Term of employment - On secondment from Alinta Management Services Pty Ltd to minimum October 2007
- Termination notice by employer - 9 months
- Termination notice by employee - 3 months

Stephen Gobby *Chief Financial Officer*
- Base TCR - $200,000
- Term of employment - On secondment from Alinta Management Services Pty Ltd to minimum October 2007
- Termination notice by employer - 9 months
- Termination notice by employee - 3 months

Yasmin Broughton *Company Secretary*
- Base TCR - $203,300
- Term of employment - On secondment from Alinta Management Services Pty Ltd to minimum October 2007
- Termination notice by employer - 9 months

31 Key management personnel disclosures (continued)

- Termination notice by employee - 3 months

(e) Equity instrument disclosures relating to key management personnel

(i) Warrants
The number of warrants over stapled securities in AIH held during the financial year by each of the key management personnel of the consolidated entity, including their personally related entities, are set out below.

The warrants are issued by UBS. Further details on the warrants can be found at www.ubs.com/instalments.

Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Purchased at market	Disposal at market	Balance at the end of the year
Directors of Alinta Infrastructure Holdings						
Mark Barnaba	-	-	-	100,000	-	100,000
Gaye McMath	-	-	-	100,000	-	100,000
John Atkins	-	-	-	50,000	-	50,000
Frank Cooper	-	-	-	20,000	-	20,000
Robert Browning	-	-	-	100,000	-	100,000
Fiona Harris	-	-	-	100,000	-	100,000
Ian Devenish	-	-	-	23,000	-	23,000
John Cahill*	-	-	-	-	-	-
Murray King	-	-	-	-	-	-
Other key management personnel						
John Cahill*	-	-	-	-	-	-
Stephen Gobby	-	-	-	43,750	(43,750)	-
Yasmin Broughton	-	-	-	-	-	-

* John Cahill resigned as a director of AIL on 15 August 2005 and was appointed Chief Executive Officer on 18 August 2005.

(ii) Stapled security holdings
The numbers of stapled securities in the consolidated entity held during the financial year by each of the key management personnel of the consolidated entity, including their personally related entities, are set out below.

Name	Balance at the start of the year	Received during the year on the exercise of options	Purchased at market	Disposal at market	Balance at the end of the year
Directors of Alinta Infrastructure Holdings					
Mark Barnaba	-	-	-	-	-
Gaye McMath	-	-	-	-	-
John Atkins	-	-	2,350	-	2,350
Frank Cooper	-	-	-	-	-
Robert Browning	-	-	-	-	-
Fiona Harris	-	-	-	-	-
Ian Devenish	-	-	-	-	-
John Cahill*	-	-	50,000	-	50,000
Murray King	-	-	56,000	-	56,000
Other key management personnel					
John Cahill*	-	-	50,000	-	50,000
Stephen Gobby	-	-	27,500	(22,500)	5,000
Yasmin Broughton	-	-	30,000	-	30,000

* John Cahill resigned as a director of AIL on 15 August 2005 and was appointed Chief Executive Officer on 18 August 2005.

31 Key management personnel disclosures (continued)

John Cahill holds a total of 50,000 stapled securities.

(f) Loans to key management personnel

There were no loans made to key management personnel or their personally related entities during the year ended 31 December 2005.

32 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the consolidated entity and its related practices:

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$	$	**$**	$
(a) Assurance services				
Audit services				
Fees paid to KPMG				
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**799,000**	530,000	**-**	-
Total remuneration for audit services	**799,000**	530,000	**-**	-
Other assurance services				
Other assurance services (a)	**-**	106,531	**-**	-
Total remuneration for other assurance services	**-**	106,531	**-**	-
Total remuneration for assurance services	**799,000**	636,531	**-**	-
(b) Taxation services				
Tax advice	**28,000**	-	**-**	-
Total remuneration for taxation services	**28,000**	-	**-**	-
(c) Advisory services				
Other accounting services (b)	**-**	131,105	**-**	-
Total remuneration for advisory services	**-**	131,105	**-**	-

(a) Other assurance services in 2004 relates to the US Private Placement Offering Memorandum.

(b) Other accounting services in 2004 relates primarily to acquisition accounting advice.

All services carried out by the external auditor were in compliance with the Board policy on transactions with external auditors. The Board is of the opinion that audit independence was not impaired as a result of the provision of these services.

Alinta Energy Holdings Pty Ltd settles audit fees on behalf of all entities in the Group, including AIL.

33 Contingencies

The parent entity and Group had contingent liabilities at 31 December 2005 in respect of:

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Guarantees				
Bank Guarantees	**2,037**	4,000	-	-

Commercial disputes

Comparative contingencies have not been disclosed as they now form part of the indemnity from associate. Refer note 18.

General matters
In the course of normal business, the consolidated entity may receive claims and other matters arising from its operations.

In the opinion of the Directors of AFML and AIL, all such matters are covered by insurance, or if not so covered, are without merit or are of such kind or involve such amounts that would not have a material adverse effect on the operating results or the financial position of the consolidated entity if settled unfavourably.

34 Commitments

(a) Lease commitments : where a Group company is the lessor

The future minimum lease payments receivable under non cancellable operating leases are as follows:

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Within one year	**-**	540	**-**	-
Later than one year and not later than five years	**-**	880	**-**	-
	-	1,420	**-**	-

35 Related party transactions

(a) Parent entities

From 5 October 2005 to 31 December 2005 the ultimate parent entity within the consolidated entity was AIL for the reasons set out in note 28(d). AIH is a triple stapled security comprising equal shares in AIL and units in AIT and AIIT. From 10 March 2004 to 4 October 2005 the ultimate parent entity was Alinta Limited.

Alinta Limited owns 20% of the units and shares in the above entities. AIL, AIT and AIIT are associates of Alinta Limited. References to associates are to Alinta Limited and its controlled entities.

(b) Controlled entities

Interests in controlled entities are set out in note 37.

(c) Key management personnel

Disclosures relating to directors and specified executives are set out in note 31.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Services revenue				
Gas transmission revenue - Commonly controlled entity (i)	**39,307**	16,904	**-**	-
Power toll fees - Commonly controlled entity (i)	**5,594**	5,818	**-**	-
Gas transmission revenue - associated entities (ii)	**12,933**	-	**-**	-
Power toll fees - associated entities (ii)	**3,055**	-	**-**	-
Management fee expense				
Ultimate parent entity (i)	**5,472**	3,766	**-**	-
Associated entities (ii)	**1,534**	-	**-**	-
Operating, construction and maintenance services				
Commonly controlled entities (i)	**24,267**	23,007	**-**	-
Associated entities (ii)	**5,586**	-	**-**	-

35 Related party transactions (continued)

Interest revenue				
Commonly controlled entity (i)	**-**	-	**145,827**	-
Associated entities (ii)	**894**	-	**-**	-
Interest expense				
Commonly controlled entity (i)	**-**	-	**5,983**	-
Associated entity (ii)	**4,553**	-	**4,553**	-
Other transactions				
Corporate costs - commonly controlled entity (i)	**12,603**	-	**-**	-
Corporate costs - associated entity (ii)	**3,579**	-	**-**	-

(i) This represents all transactions between AIL and its subsidiaries and Alinta Limited and its subsidiaries for the periods up to 4 October 2005, when Alinta Limited was the ultimate parent entity.

(ii) This represents all transactions between AIL and its subsidiaries and Alinta Limited subsidiaries for the period from 5 October 2005 to 31 December 2005. These are associated entities by virtue of Alinta Limited's 20% interest in AIH.

(e) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Current receivables				
Ultimate parent entity	**-**	17,381	**-**	-
Commonly controlled entities	**-**	846	**934**	-
Associated entities	**75,583**	-	**-**	-
Non-current receivables				
Subsidiaries	**-**	-	**133,874**	134,091
Current payables				
Commonly controlled entities	**-**	10,374	**26,408**	-
Subsidiaries	**-**	-	**74,607**	-
Associated entities	**347,771**	-	**328,497**	-
Non-current payables (loans)				
Commonly controlled entities	**-**	-	**382,930**	-

36 Business combination

(a) Summary of acquisition

<u>2005</u>

During the year, AIL was identified as acquiring AIT and AIIT as at 5 October 2005 (refer note 1(c)). No consideration was involved for the acquisition. The net fair value of assets and liabilities of AIT and AIIT was nil as at date of acquisition.

<u>2004</u>

On 23 April 2004, Alinta Infrastructure Limited acquired Duke Energy Corporation's Australian and New Zealand gas infrastructure and power generation assets for $1,698 million, before transaction costs.

As a result, the Group now owns and operates gas transmission pipelines and power stations in Australia and New Zealand.

This acquisition has been restated on conversion to AIFRS. Refer to note 43 for further details.

36 Business combination (continued)

(b) Purchase consideration

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Cash consideration	**-**	1,722,199	**-**	-
Cash	**-**	(6,707)	**-**	-
Outflow of cash	**-**	1,715,492	**-**	-

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $'000	Fair value $'000
Cash	**6,707**	**6,707**
Trade receivables	**123,235**	**123,460**
Inventories	**6,622**	**6,622**
Plant and equipment	**1,387,283**	**1,077,254**
Prepayments	**6,331**	**6,331**
Intangibles	**207,721**	**328,916**
Trade payables	**(27,482)**	**(62,353)**
Current tax liabilities	**(7,501)**	**(7,501)**
Provisions	**(43,867)**	**(61,706)**
Deferred tax liabilities	**(51,403)**	**(58,203)**
Deferred income	**(3,650)**	**(329)**
Other	**(1,936)**	**(1,936)**
Net assets	**1,602,060**	**1,357,262**
Goodwill on consolidation		**364,937**
Net identifiable assets acquired		**1,722,199**

37 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(c):

Name of entity	Country of incorporation	Class of shares	Equity holding 2005 %	Equity holding 2004 %
Alinta Energy 1 Limited (previously Alinta Infrastructure Limited)	Australia	Ordinary	**100**	-
Alinta Energy 1 Trust	Australia	Ordinary	**100**	100
Alinta Energy 2 Pty Ltd	Australia	Ordinary	**100**	-
Alinta Energy 2 Trust*	Australia	Ordinary	**100**	99.9
Alinta Energy 3 Pty Ltd	Australia	Ordinary	**100**	-
Alinta Energy 3 Trust*	Australia	Ordinary	**100**	99.9
Alinta Power Pty Ltd	Australia	Ordinary	**100**	-
Alinta Gas Transmission Pty Ltd	Australia	Ordinary	**100**	-
Alinta Energy Holdings Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta Gas Trust*	Australia	Ordinary	**100**	99.9
Alinta Power Trust*	Australia	Ordinary	**100**	99.9
Alinta DAPH Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta ED Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DAPF Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta EH Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta EA Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DAF Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DEQP Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DQP Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta EAC Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DVH Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DTH Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DENSWGH Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DEEGP Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DEGP Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta EGP Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DIC Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DEWAH Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DEWAP Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DVP Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DEBH Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DEBP Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DEBO Pty Ltd*	Australia	Ordinary	**100**	99.9
Alinta DEBF Pty Ltd*	Australia	Ordinary	**-**	99.9
Alinta DPN Pty Ltd	Australia	Ordinary	**100**	-
Alinta ENZ Ltd*	Bermuda	Ordinary	**100**	99.9
Alinta ENZF Pty Ltd*	New Zealand	Ordinary	**100**	99.9

* Minority shareholding was 0.0001%.

AIT and AIIT are also deemed controlled entities of the parent entity, AIL by virtue of the accounting policy set out in note 1(c)(i).

38 Interests in joint ventures

Joint venture operation

A controlled entity entered into a joint venture operation called Goldfields Gas Transmission Joint Venture, responsible for the operation of the Goldfields Gas Pipeline in Western Australia. The consolidated entity's interest (11.843%) in the assets employed in the joint venture are included in the consolidated balance sheet, in accordance with the accounting policy described in note 1(c), under the following classifications:

38 Interests in joint ventures (continued)

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Current assets				
Cash	**-**	332	**-**	-
Receivables	**707**	578	**-**	-
Inventories	**182**	185	**-**	-
Other	**107**	115	**-**	-
Total current assets	**996**	1,210	**-**	-
Non-current assets				
Property, plant and equipment	**55,282**	55,819	**-**	-
Total non-current assets	**55,282**	55,819	**-**	-
Share of assets employed in joint venture	**56,278**	57,029	**-**	-

	Consolidated	
	2005	2004
	$'000	$'000
Share of joint venture operation commitments		
Capital commitments	**755**	-
Lease and other commitments	**315**	-
Total commitments	**1,070**	-

39 Economic dependency

The normal trading activities of the consolidated entity depend significantly upon major contractual arrangements as follows:

- With BHP Billiton for the sale of electricity and gas transmission capacity;
- With New Zealand Steel Limited for the sale of electricity;
- With Alinta Limited and its controlled entities for the sale of electricity and gas transmission capacity; and
- With Alinta Limited and its controlled entities for provision of corporate support, operations and maintenance services.

40 Events occurring after the balance sheet date

Responsible entity

On 6 January 2006, AFML, a company wholly owned by Alinta Limited, replaced PIML as the responsible entity of AIT and AIIT.

Distributions

On 21 February 2006, the Directors of AFML and AIL declared a fully tax deferred distribution from AIH of $0.045 per stapled security totalling $13.02 million for the period 5 October 2005 to 31 December 2005. This distribution has a payment date of 31 March 2006.

Other Matters

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of AFML and AIL, to affect significantly the operations of AIH, the results of those operations, or the state of affairs of AIH, in future financial years.

41 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated		Parent	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Profit/(loss) for the year	**7,720**	(15,893)	**139,908**	-
Depreciation and amortisation	**52,704**	36,460	**-**	-
Non-cash financing costs	**-**	-	**10,536**	-
Net (gain) loss on sale of non-current assets	**(1,611)**	22	**-**	-
Doubtful debts	**-**	103	**-**	-
Change in operating assets and liabilities				
Decrease/(increase) in receivables	**(46,061)**	19,514	**(935)**	-
Decrease/(increase) in inventories	**-**	(1,026)	**-**	-
Decrease/(increase) in deferred tax asset	**-**	(8,043)	**(32,849)**	-
Decrease/(increase) in prepayments	**-**	4,464	**-**	-
Decrease/(increase) in unearned revenue	**-**	(207)	**-**	-
Increase (decrease) in payables	**29,265**	(12,768)	**1,486**	-
Increase/(decrease) in provision for taxation payable	**(6,115)**	6,085	**-**	-
Increase/(decrease) in other liabilities	**1,798**	-	**-**	-
Increase/(decrease) in other provisions	**-**	1,432	**-**	-
Increase/(decrease) in deferred tax liability	**5,698**	(6,999)	**-**	-
Increase/(decrease) in intercompany payables	**-**	-	**(71,200)**	-
Net cash inflow from operating activities	**43,398**	23,144	**46,946**	-

42 Earnings per stapled security

	Consolidated	
	2005	2004
	Cents	Cents
(a) Earnings per stapled security		
(i) Basic - Ordinary earnings per stapled security	**1.33**	-
(ii) Diluted - Ordinary earnings per stapled security	**1.33**	-
(b) Earnings per share - Parent entity		
(iii) Basic - Ordinary earnings per share - Parent entity	**0.55**	(2.36)
(iv) Diluted - Ordinary earnings per share - Parent entity	**0.55**	(2.36)

42 Earnings per stapled security (continued)

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated 2005 $'000	Consolidated 2004 $'000
Consolidated		
Basic earnings per stapled security		
Net profit after tax	**7,720**	-
Earnings used in calculating basic earnings per stapled security	**7,720**	-
Diluted earnings per stapled security		
Net profit after tax	**7,720**	-
Earnings used in calculating diluted earnings per stapled security	**7,720**	-

In the prior year there was no stapled security.

	Consolidated 2005 $'000	Consolidated 2004 $'000
Parent		
Basic earnings per share - Parent entity		
Net profit/(loss) after tax	**7,720**	(15,893)
Profit attributable to minority interest	**(4,539)**	-
Earnings used in calculating basic earnings per share	**3,181**	(15,893)
Diluted earnings per share - Parent entity		
Net profit/(loss) after tax	**7,720**	(15,893)
Profit attributable to minority interest	**(4,539)**	-
Earnings used in calculating diluted earnings per share	**3,181**	(15,893)

(d) Weighted average number of shares used as the denominator

	Consolidated 2005 Number	Consolidated 2004 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per stapled security	**582,179,762**	-
	582,179,762	-
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (parent entity)	**582,179,762**	673,825,946
	582,179,762	673,825,946

43 Explanation of transition to Australian equivalents to IFRS

As stated in note 1, these are the Group's first annual consolidated financial statements prepared in accordance with AIFRS.

The accounting policies in note 1 have been applied in preparing the consolidated financial statements for the year ended 31 December 2005 and the comparative information for the period ended 31 December 2004. No opening AIFRS balance sheet has been prepared as Alinta Infrastructure Limited was incorporated on 10 March 2004. Therefore the results of the Group have been restated from the date of incorporation.

In preparing comparative information for the annual reporting period ended 31 December 2004, the Group adjusted amounts reported previously in financial statements prepared in accordance with AGAAP.

An explanation of how the transition from previous AGAAP to AIFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

There were no adjustments required in the parent entity on transition to AIFRS.

43 Explanation of transition to Australian equivalents to IFRS (continued)

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRS (AIFRS)

(a) At the end of the last reporting period under previous AGAAP: 31 December 2004

	AGAAP	AASB 112 Deferred Tax	AASB 3 Business Combination	AASB 138 Intangible assets - amortisation	AASB 137 Decommissio-ning Costs	AASB 117 Leases	AASB 101 Reclass-ifications	AIFRS (revised)
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current assets								
Cash assets	139,839							139,839
Receivables	28,395					5,691	1,867	35,953
Inventories	5,115							5,115
Other	1,867						(1,867)	-
Total current assets	175,216	-	-	-	-	5,691	-	180,907
Non-current assets								
Receivables	17,385					83,005		100,390
Inventories	2,533							2,533
Property, plant and equipment	1,128,934		(502)		27,115	(103,922)		1,051,625
Deferred tax assets	59,945						(59,945)	-
Intangible assets	568,550	11,004	88,586	12,014	5,617	15,596		701,367
Total non-current assets	1,777,347	11,004	88,084	12,014	32,732	(5,321)	(59,945)	1,855,915
Total assets	1,952,563	11,004	88,084	12,014	32,732	370	(59,945)	2,036,822
Current liabilities								
Payables	65,393							65,393
Interest bearing liabilities	1,827							1,827
Current tax liabilities	13,587						(6,586)	7,001
Provisions	7,310							7,310
Other	1,682							1,682
Total current liabilities	89,799	-	-	-	-	-	(6,586)	83,213
Non-current liabilities								
Interest bearing liabilities	1,162,044							1,162,044
Deferred tax liabilities	6,868	7,828	88,084		(568)	103	(53,359)	48,956
Provisions	19,861				34,625			54,486
Other	23,105							23,105
Total non-current liabilities	1,211,878	7,828	88,084	-	34,057	103	(53,359)	1,288,591
Total liabilities	1,301,677	7,828	88,084	-	34,057	103	(59,945)	1,371,804
Net assets	650,886	3,176	-	12,014	(1,325)	267	-	665,018
Equity								
Contributed equity	673,826							673,826
Reserves	6,437				(45)	693		7,085
Retained profits	(29,377)	3,176		12,014	(1,280)	(426)		(15,893)
Total equity	650,886	3,176	-	12,014	(1,325)	267	-	665,018

43 Explanation of transition to Australian equivalents to IFRS (continued)

(2) Reconciliation of profit for the year ended 31 December 2004

	AGAAP	**AASB 112** Deferred Tax	**AASB 138** Intangible assets - amortisation	**AASB 137** Decommissioning Costs	**AASB 117** Leases	**AASB 101** Reclass-ifications	**AIFRS (revised)**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from ordinary activities	154,658				(11,233)	(44)	143,381
Expenses from ordinary activities before borrowing costs	(121,158)		12,014	(569)	10,569	4,117	(95,027)
	33,500	-	12,014	(569)	(664)	4,073	48,354
Borrowing costs	(65,906)			(1,260)		(4,073)	(71,239)
Profit from ordinary activities before related income tax expense	(32,406)	-	12,014	(1,829)	(664)	-	(22,885)
Income tax expense	3,029	3,176		549	238	-	6,992
Profit from ordinary activities after related income tax expense	(29,377)	3,176	12,014	(1,280)	(426)	-	(15,893)
Net increase in foreign currency translation reserve	6,437			(45)	693	-	7,085
Total changes in equity from non-owner related transactions attributable to equity holders	(22,940)	3,176	12,014	(1,325)	267	-	(8,808)

43 Explanation of transition to Australian equivalents to IFRS (continued)

(3) Reconciliation of cash flow statement for the period ended 31 December 2004

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

(4) Notes to the reconciliations

(a) Business combinations

AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* does not require entities to restate business combinations for AIFRS prior to 1 January 2004. If business combinations prior to this date are restated then all subsequent business combinations must also be restated.

Alinta Infrastructure Limited is required to restate the acquisition of the former Duke Energy Australia ("Duke") assets.

The primary changes to accounting for business combinations for Alinta Infrastructure Limited are as follows:
- goodwill on acquisition is no longer amortised; and
- a more definitive approach to identifying and recognising intangible assets acquired in a business combination is prescribed.

The Duke acquisition restatement has resulted in an increase in net deferred tax liabilities of $36.5 million. This net adjustment comprises the following significant items:
- additional deferred tax liabilities on fair value adjustments and other adjustments;
- deferred tax liabilities on intangibles; and
- recognition of deferred tax assets relating to tax losses.

In addition, AIFRS adjustments relating to decommissioning costs and leases have been treated as a fair value adjustment relating to the Duke acquisition. These items are discussed in further detail below.

(i) At 31 December 2004
The primary impact of restating the Duke business combination has been the recognition of net deferred tax liabilities of $88.1 million and a corresponding adjustment to goodwill and intangibles of $88.6 million, and a decrease in property, plant and equipment of $0.5 million.

(ii) For the period ended 31 December 2004
An increase in net profit after tax ("NPAT") of $12.0 million has been recognised in the income statement for the year to 31 December, relating to the non amortisation of goodwill and changes to the amortisation of other intangible assets.

(b) Provision, contingent liabilities and contingent assets

Under AIFRS a provision must only be recognised when a present obligation exists as a result of a past event, it is probable that there will be an outflow of economic benefits, and a reliable estimate can be made. Alinta Infrastructure Limited has a legal or constructive obligation to decommission, dismantle and remove some assets within its portfolio. The total future cost of this obligation must be recognised as a provision at its present value in the balance sheet upon transition to AIFRS.

Furthermore, AASB 116 Property, Plant and Equipment ("PPE") requires that the initial estimation of costs for dismantling and removing the asset and restoring the site to be capitalised to the extent that it is also recognised as a provision under AASB 137 Provisions, Contingent Liabilities & Contingent Assets. Each year there is a depreciation charge on the PPE element and an interest expense representing the unwinding of the discount of the provision.

(i) At 31 December 2004
The Group has recognised the present value of the future estimated decommissioning costs of $33.2 million as a provision at 23 April 2004. The Company brought into account a decommissioning asset of $27.6 million and an increase in intangible assets of $5.6 million at the acquisition date. The unwinding of the discount on the decommissioning provision and depreciation expense results in an increase in the provision of $1.5 million and a decrease in PPE of $0.4 million. This, together with a decrease in deferred tax liabilities of $0.6 million results in a decrease in net assets of $1.3 million.

(ii) For the period ended 31 December 2004
For the Group there has been additional depreciation and interest expense, offset by a decrease in tax expense, reducing NPAT by $1.3 million.

43 Explanation of transition to Australian equivalents to IFRS (continued)

(c) Leases

Under AIFRS, an arrangement comprising a transaction or a series of linked transactions, that do not take the legal form of a lease but convey a right to use an item, such as plant and equipment, for an agreed period of time in return for a payment or a series of payments indicates the substance of the arrangement is a lease. Where this arrangement exists, accounting for the respective assets falls under AASB 117 Leasing.

In accordance with AASB 117, the lease must be classified as either an operating or finance lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. When classified as a finance lease, the lessor recognises a finance lease receivable representing the present value of the minimum lease payments. The difference between the gross receivable and the present value of the receivable is recognised as interest income, which is recognised over the lease term reflecting a constant periodic rate of return.

The Glenbrook power station, which was purchased through the Duke acquisition, has been classified as a finance lease under AIFRS.

The effect of this is:

(i) At 31 December 2004
The Glenbrook power station, which was purchased through the Duke acquisition, has been classified as a finance lease under AIFRS. This resulted in a decrease in property, plant and equipment of $103.9 million, an increase in deferred tax liabilities of $0.1 million, and an increase in lease receivables and intangible assets of $88.7 million and $15.6 million respectively, an overall increase in net assets of $0.3 million. Foreign exchange translation results in an increase in the foreign currency translation reserve of $0.7 million.

(ii) For the period ended 31 December 2004
For the Group there is a decrease in revenue for the year to 31 December of $11.2 million and in expenses of $10.6 million, resulting in a net decrease in profit before tax of $0.6 million ($0.4 million decrease in NPAT).

(d) Income tax

AIFRS adopts a "balance sheet" approach to determining deferred tax balances, which represents a fundamental change from the "income statement" approach used under AGAAP. This method recognises deferred tax balances when there is a difference between the carrying value of an asset or liability and its tax base. The new approach has given rise to additional deferred tax assets and liabilities.

Where the change in deferred tax balance relates to a business combination by the Group subsequent to 1 January 2004 such as the Duke acquisition, the recognition of the deferred tax asset or liability has been treated as a fair value adjustment with a resulting adjustment to intangibles and goodwill. This is discussed in (a) above.

The impact since acquisition is discussed below:

(i) At 31 December 2004
There has been a decrease in deferred tax liabilities of $3.2 million, relating to the recognition of deferred tax on intangible assets.

Upon acquisition of Duke, an additional $11.0 million of deferred tax liabilities was recognised relating to tax losses not available in the future. A corresponding increase to goodwill was also recognised.

(ii) For the period ended 31 December 2004
An increase in net profit after tax ("NPAT") of $3.2 million has been recognised in the income statement, relating to a decrease in tax expense due to the unwinding of the deferred tax liability recognised in respect of intangible assets.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 2 to 56 are in accordance with the *Corporations Act 2001,* including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the company's and Group's financial position as at 31 December 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

M Barnaba
Chairman

Perth
9 March 2006

Independent audit report to members of Alinta Infrastructure Limited

Scope

The financial report and directors' responsibility

The financial report comprises the income statements, statements of changes in equity, balance sheets, statements of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Alinta Infrastructure Limited (the "Company") and its Controlled Entities (the "Consolidated Entity"), for the year ended 31 December 2005. The Consolidated Entity comprises both the Company and the entities it controlled during that 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. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to 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 control, 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 assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of 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.

Audit opinion

In our opinion, the financial report of Alinta Infrastructure 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 31 December 2005 and of their performance for the financial year ended on that date; and;

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

KPMG

KPMG

DMcComish

D P McCOMISH
Partner

Perth
9 March 2006