

# SPARK INFRASTRUCTURE HOLDINGS NO. 2 LIMITED

(ABN 16 116 940 795)

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

Spark Infrastructure comprises of Spark Infrastructure Spark Infrastructure Holdings No. 1 Limited, Spark Infrastructure Holdings No. 2 Limited, Spark Infrastructure Trust and Spark Infrastructure Holdings International Limited.

Each share in Spark Infrastructure Holdings No. 2 Limited is stapled to one share in Spark Infrastructure Holdings No. 1 Limited, one unit in Spark Infrastructure Trust, one CHESS Depository Interest representing one share in Spark Infrastructure Holdings International Limited and one Loan Note issued by Spark Infrastructure Trust. The stapled securities trade on the Australian Securities Exchange.

**This financial report relates to the performance of Spark Infrastructure Holdings No. 2 Limited only. As the securities are held by investors in a stapled structure, the financial result of Spark Infrastructure (as lodged with the Australian Securities exchange on 24 February 2009) represents the most concise information regarding performance of investors' funds.**

<b>DIRECTORS' REPORT</b>	<b>71</b>
<b>AUDITOR'S INDEPENDENCE DECLARATION</b>	<b>77</b>
<b>INCOME STATEMENT</b>	<b>78</b>
<b>BALANCE SHEET</b>	<b>79</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>80</b>
<b>CASH FLOW STATEMENT</b>	<b>81</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>82</b>
<b>DIRECTORS' DECLARATION</b>	<b>96</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>97</b>

# DIRECTORS' REPORT

The Directors of Spark Infrastructure Holdings No. 2 Limited ("Company") provide this financial report for the year ended 31 December 2008 ("Financial Year"), in respect of the Company and its controlled entities (together the "Consolidated Entity").

In order to comply with the requirements of the *Corporations Act 2001*, the Directors report as follows:

## Directors

The persons listed below were Directors of the Company as at the date of this report:

Stephen Johns (Chairman)

Cheryl Bart, AO

John Dorrian

Andrew Hunter

Hing Lam Kam

Timothy Keith (appointed 17 March 2008)

Anne McDonald (appointed 1 January 2009)

Don Morley

Dominic Chan (Alternate Director, appointed 11 December 2008)

In addition, Shaun Mays was a Director until his resignation on 17 March 2008 and Peter St George until his resignation on 31 December 2008.

The Directors' qualifications, experience and special responsibilities are provided below:

### Stephen Johns BEc, FCA

#### Chairman and Independent Director (appointed 8 November 2005)

Mr Johns had a long executive career with Westfield where he held a number of positions including that of Finance Director from 1985 to 2002. He was appointed an executive Director of Westfield Holdings Limited and Westfield Trust in 1985 and Westfield America Trust upon its listing in 1996. He became a non-executive Director of the three Westfield boards in October 2003. He is currently a non-executive Director of the Westfield Group, which resulted from the merger of the three listed entities in July 2004.

Mr Johns was a non-executive Director of Brambles Industries Limited and Brambles Industries plc from August 2004 to December 2006, at which time he became a non-executive Director of Brambles Limited, the new holding company of the Brambles Group following a corporate reorganisation which became effective in December 2006. He is also a Director of Sydney Symphony Limited.

### Cheryl Bart AO, BCom, LLB

#### Independent Director (appointed 8 November 2005)

Ms Bart is a lawyer and has been a non-executive Director on the board of ETSA Utilities ("ETSA") since 1995.

She has significant utilities industry experience and is Chairman of the Audit Committee of ETSA and a member of its Compliance Committee.

Her other current directorship positions include ANZ Trustees Ltd, Economic Development Board (SA), Global Properties Limited, Shaw of Australia, and the Alcohol Education and Rehabilitation Foundation. She is Chairman of the Environment Protection Authority (EPA), South Australian Film Corporation, the Adelaide Film Festival and the Adelaide Film Festival Investment Fund.

Her previous directorships include Sydney Ports Corporation, the Australian Sports Foundation, Soccer Australia, and the Information Economy Advisory Board.

Ms Bart is a member of the Audit and Risk Management Committee ("ARMC").

### John Dorrian BA, FCA, MAICD

#### RREEF Board Appointee and Non-executive Director (appointed 24 August 2007)

John Dorrian is a Managing Director of Deutsche Bank AG, Head of RREEF Alternative Investments Australia and Head of RREEF Infrastructure Investments, Asia Pacific. RREEF is the alternative investment management division of Deutsche Asset Management, a member of the Deutsche Bank Group.

He is an Executive Director of Deutsche Asset Management (Australia) Limited and a non-executive Director of a number of Australian companies including, Australia Pacific Airports Corporation Limited, CHEDHA Holdings Pty Limited ("CHEDHA"), the holding company of CitiPower and Powercor Australia ("Powercor"), CitiPower, Powercor and ETSA, Northern Gas Networks Holdings Limited (UK) and the Port of Geelong.

Mr Dorrian is a member of the ARMC.

### Andrew Hunter MA, MBA, MICAS, MHKICPA

#### CKI Board Appointee and Non-executive Director (appointed 1 December 2006)

Mr Hunter is currently an executive Director and Chief Operating Officer of CKI. In addition, he serves as Chief Financial Officer of Cheung Kong Holdings Limited and is an executive Director of Hong Kong Electric (Holdings) Limited.

Mr Hunter has more than 24 years experience in accounting and financial management and holds a range of directorships in CKI related companies. He is a Director of CHEDHA, CitiPower, Powercor and ETSA.

Mr Hunter was an alternate Director for Mr Kam during the year, and up until 13 February 2009.

Mr Hunter is a member of the ARMC.

## DIRECTORS' REPORT CONTINUED

**Hing Lam Kam BSc, MBA****CKI Board Appointee and Non-executive Director (appointed 1 November 2005)**

Mr Kam has been Managing Director of Cheung Kong Infrastructure ("CKI") since its incorporation in May 1996 and the Deputy Managing Director of Cheung Kong (Holdings) Limited since February 1993. He has played a leading role in developing the Cheung Kong Group's corporate and strategic direction.

Mr Kam is also the President and Chief Executive Officer of CK Life Sciences International (Holdings) Inc. and an executive Director of Hutchison Whampoa Limited and Hong Kong Electric Holdings Limited.

In Australia, he is a Director of CHEDHA, CitiPower, Powercor, ETSA and Aqua Tower.

**Timothy B. Keith, BA****RREEF Infrastructure Board Appointee and Non-executive Director (appointed 17 March 2008)**

Mr Keith is a Managing Director of Deutsche Bank AG and the Chief Executive Officer of RREEF Infrastructure and Private Equity Investments, based in New York. He is responsible for managing the global operations of these businesses for RREEF Alternative Investments, which is the fiduciary investment operation within Deutsche Asset Management.

Prior to taking this position, he was the Global Chief Investment Officer of RREEF Infrastructure and Head of Business Development of RREEF Alternative Investments and the co-chair of the RREEF Alternative Assets Investment Committee. Formerly, Mr Keith was a partner of RREEF America LLC prior to its acquisition by Deutsche Bank; Chief Executive Officer of Cabot Industrial Trust after its privatisation and de-listing; and Regional Vice President of Meridian Industrial Trust.

Mr Keith has over 13 years' experience in the funds management industry and managing public companies and over 20 years' experience in investment markets. He has specialised in real estate markets for most of his career with substantial experience in direct investments, formation of long term operating partnerships, initial public offerings and privatisations of public companies. He has had executive management and investment roles in infrastructure for four years. Mr Keith is a non-executive Director of Maher Terminals LLC.

**Anne McDonald BEc, FCA****Independent Director (appointed 1 January 2009)**

Ms McDonald served as a partner of Ernst & Young for 15 years until 2005. She has broad based business and financial experience, gained through working with a wide cross section of international and local companies, assisting them with audit, transaction due diligence and regulatory and accounting requirements. She was a Board member of Ernst & Young Australia for 7 years.

In addition, Ms McDonald is a non-executive Director of listed entities, including the GPT Group and Speciality Fashion Group. She is also a non-executive director of Westpac Bank's Life and General Insurance businesses, St Vincent's Health Australia and Health Super. Ms McDonald is a Director of CHEDHA, CitiPower and Powercor.

Ms McDonald is a member of the ARMC and the Compliance Committee.

**Don Morley BSc, MBA, FAustIMM****Independent Director (appointed 8 November 2005)**

Mr Morley is the Chairman of Alumina Limited (since 2002) and an independent Director of Iluka Resources Limited (since 2002). He was previously a Director of Finance at WMC Limited with over 30 years of service.

Mr Morley is the Chairman of the ARMC.

**Dominic Loi Shun Chan FCPA, FCCA****Alternate Director to Mr. Hing Lam Kam (appointed 11 December 2008)**

Mr Chan currently is Chief Financial Officer of CKI and has over 20 years experience in the accounting profession.

In Australia, Mr Chan is a Director of Envestra Limited. He is an alternate Director of CHEDHA, CitiPower, Powercor and ETSA.

In the UK, Mr Chan is a Director of Cambridge Water plc.

**Peter St George CA (SA), MBA****Independent Director (appointed 8 November 2005, resigned 31 December 2008)**

Mr St George was a Director of CHEDHA, CitiPower and Powercor. He is also a Director of First Quantum Minerals Limited, a mining group listed in Toronto and London, and Boart Longyear Limited, an international mining services group, and is Chairman of Walter Turnbull, an Australian accounting and financial services group. He was also a Director of SFE Corporation Limited from 2000 until it merged with ASX Limited in July 2006.

He was Chief Executive Officer of NatWest Markets Australia from 1995 until its acquisition by Salomon Smith Barney Australia Limited in 1998 and then Co-Chief Executive Officer of Salomon Smith Barney Australia Limited from 1998 to 2001.

Prior to that, Mr St George had more than 20 years experience in senior corporate advisory roles with NatWest Markets and Hill Samuel & Co Limited in London.

Mr St George was a member of the ARMC.

**Shaun Mays BSc (Hons), MSc, MBA****RREEF Board Appointee and Non-executive Director (appointed 1 November 2005, resigned 17 March 2008)**

Mr Mays was a Managing Director of Deutsche Bank AG and the Global Head of RREEF Infrastructure, based in New York. He was responsible for managing the global RREEF business which is the fiduciary infrastructure investment operation within Deutsche Asset Management.

Prior to joining Deutsche Asset Management, Mr Mays was the Managing Director of Westpac Financial Services Group. He was Chief Investment Officer of Commonwealth Financial Services after holding the position of Managing Director and Chief Investment Officer at Mercury Asset Management, where he also served on the board of Mercury Asset Management UK plc.

He has held a wide range of directorships on the boards of listed and unlisted companies in Australia, the USA, the UK and Japan including non-executive Chairman of the Board of Maher Terminals LLC.

Mr Mays was a member of the ARMC.

## Company Secretary

### Alexandra Finley Dip Law, MLM

Ms Finley is an experienced corporate governance professional with over 15 years legal and commercial experience gained in private practice and in-house. Prior to joining Spark, she spent almost 10 years with National Australia Bank/MLC in various senior legal and commercial roles, most recently as Company Secretary of the MLC Group of Companies.

Ms Finley has extensive experience in the financial services sector including mergers and acquisitions, risk management and regulatory compliance and has held strategic, operational and management roles. As a senior lawyer and senior associate in private practice, her experience includes property and construction, banking and finance, workplace relations and corporate advisory.

## Principal Activity

The principal activity of the consolidated entity during the Financial Year was investment in an electricity distribution business in South Australia. There has been no significant change in the activities during the financial year.

## Stapled Securities

Spark Infrastructure is a stapled structure, wherein:

- one share in Spark Infrastructure Holdings (No. 1) Limited ("SIH No. 1");
- one share in the Company;
- one unit in Spark Infrastructure Trust ("the Trust");
- one loan note issued by the responsible entity of the Trust; and
- one CHES Depositary Interest ("CDI") representing one share in Spark Infrastructure Holdings International Limited

are "stapled" and are quoted on the Australian Securities Exchange as if they were a single security.

## Review of Operations

The Consolidated Entity made a loss of \$14.803 million (2007 year: Profit \$37.251 million) principally due to lower share of equity profits, payment of performance fee and the reversal of tax benefit that was recognised during the previous period. No dividends have been declared during or in respect of the Financial Year (2007 year: nil).

## Changes in State of Affairs

There has been no change in the activities of the Consolidated Entity during the Financial Year.

## Future Developments

Disclosure of information regarding likely developments in the operations of the Consolidated Entity not otherwise disclosed elsewhere in this report is likely to result in unreasonable prejudice. Accordingly, such information has not been disclosed in this report.

## Events Occurring after Reporting Date

The Directors of the Company are not aware of any other matter or circumstance not otherwise dealt with in this report that has significantly affected or may significantly affect the operations or the state of affairs in the period since 31 December 2008.

## Non-Audit Services

Details of amounts paid or payable to the external auditor for non-audit services provided during the Financial Year are outlined in Note 12 to the Financial Statements.

The Directors are satisfied that the non-audit services provided by the auditor are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are also of the opinion that the services as disclosed in Note 12 to the Financial Statements do not compromise the external auditor's independence, based on advice received from the ARMC, for the following reasons:

- non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor and comply with Spark Infrastructure's policy on auditor independence; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110, Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, which includes reviewing or auditing the auditor's own work, acting in a management or decision-making capacity, acting as an advocate or jointly sharing economic risks and rewards of the Company.

## Indemnification of Officers and Auditors

The Company's Constitution permits the Company, to the extent permitted by law, to indemnify any current or former Directors or officers against liability incurred by them in that capacity and indemnify them for all legal costs incurred in defending or resisting proceedings, whether civil or criminal or of an administrative or investigatory nature, in which they become involved because of that capacity. The Company may pay a premium for a contract insuring a Director or officer against such liability, unless prohibited by law. The Company may enter into an agreement with a Director or officer in respect of such matters and including provisions relating to rights of access to books of the Company.

During the Financial Year, the Company paid a premium in respect of a contract of insurance indemnifying the Directors against a liability incurred as such a Director to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The entities have not otherwise, during or since the Financial Year, indemnified or agreed to indemnify an officer or auditor or of any related body corporate against a liability incurred as such an officer or auditor, except to the extent permitted by law.

The Company has entered into Deeds of Access, Indemnity and Insurance with Directors.

## Options over Securities

No options have been granted over the shares of the Company or the stapled securities of Spark Infrastructure.

## Environmental Regulations

The Consolidated Entity is not subject to any environmental regulations. However, ETSA is subject to various environmental regulations. The Directors are not aware of any material breaches of those regulations by ETSA.

## DIRECTORS' REPORT CONTINUED

## Directors' Meetings

The following table sets out the number of Directors' meetings held during the Financial Year and the number of meetings attended by each Director for which they were eligible to attend (i.e. in the case of Directors, while they were appointed and where they were not disqualified from attending due to observation of processes to guard against any perceived conflict of interests, and in the case of Alternate Directors (if any), while they were appointed and meetings for which they were nominated to attend as alternate).

During the Financial Year, 7 Board meetings, 5 ARMC meetings and 4 Compliance Committee meetings of the Company were held:

Directors	Board of Directors		Audit and Risk Management Committee		Compliance Committee <sup>e</sup>	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Stephen Johns	7	7	-	-	-	-
Hing Lam Kam	7	2	-	-	-	-
Andrew Hunter (as Director)	7	5	5	4	-	-
Timothy Keith <sup>a</sup>	6	6	-	-	-	-
John Dorrian	7	7	5	5	-	-
Don Morley	7	7	5	5	-	-
Cheryl Bart	7	6	5	4	-	-
Andrew Hunter <sup>b</sup> (as Alternate Director)	7	2	-	-	-	-
Dominic Chan <sup>c</sup> (as Alternate Director)	1	1	-	-	-	-
Peter St George <sup>d</sup>	7	6	5	5	-	-
Shaun Mays <sup>a</sup>	1	1	-	-	-	-

<sup>a</sup> Mr Keith was appointed on 17 March 2008. Mr Mays resigned on the same date.

<sup>b</sup> Alternate Director for Mr HL Kam.

<sup>c</sup> Alternate Director for Mr HL Kam.

<sup>d</sup> Mr St George resigned on 31 December 2008.

<sup>e</sup> For the Financial Year, there were no directors who were members of the Compliance Committee (a sub committee of the Board). Therefore no attendance details have been provided.

## Directors' Stapled Security Holdings

The relevant interest of each Director in the Stapled Securities of Spark Infrastructure as at the date of this report is as follows:

Directors	Opening Balance (No.)	Net Movement Acquired/(Disposed) (No.)	Closing Balance (No.)
Stephen Johns	355,000	-	355,000
Hing Lam Kam	-	-	-
Andrew Hunter	-	-	-
John Dorrian	162,150	(25,722)	136,428
Don Morley	225,000	-	225,000
Cheryl Bart	125,000	-	125,000
Anne McDonald	-	-	-
Dominic Chan	-	-	-
Peter St George <sup>a</sup>	71,400	-	71,400
Shaun Mays <sup>b</sup>	-	-	-

<sup>a</sup> Resigned on 31 December 2008.

<sup>b</sup> Resigned on 17 March 2008.

## Remuneration Report

### Remuneration of Directors

The fees and payments to Directors reflect the demands and responsibilities as the Directors.

The Directors' fees are reviewed annually by the Board and are subject to an aggregate fees pool limit of \$2,000,000 per annum (inclusive of superannuation). Any increase to this limit will be submitted to the Stapled Security Holders at an annual general meeting for approval.

The Directors do not receive securities, options or any performance related incentives. The Alternative Directors are not paid any fees.

Details of remuneration (including superannuation) of each Director paid or accrued in respect of the Financial Year are set out below. The remuneration paid to Directors is shared equally by the three operating entities in Spark Infrastructure. The Company's share of the remuneration was \$321,334 for the Financial Year (2007:\$323,492).

The Company's share of remuneration (including superannuation) of each Director paid or accrued in respect of the Financial Year is set out below:

Directors		Short term	Post	Total
		Employment Benefits	Employment Benefits	
		Director's Fees	Superannuation	
		\$	\$	\$
<b>Chairman</b>				
Stephen Johns	2008	70,521	4,479	75,000
	2007	70,624	4,376	75,000
<b>Non Executive Directors</b>				
Hing Lam Kam <sup>a</sup>	2008	33,333	–	33,333
	2007	33,333	–	33,333
Andrew Hunter <sup>a</sup>	2008	35,500	–	35,500
	2007	35,500	–	35,500
Timothy Keith <sup>a</sup>	2008	26,374	–	26,374
	2007	–	–	–
John Dorrian <sup>a</sup>	2008	35,500	–	35,500
	2007	11,738	–	11,738
Don Morley	2008	34,556	3,111	37,667
	2007	34,277	3,390	37,667
Cheryl Bart	2008	32,569	2,931	35,500
	2007	32,305	3,195	35,500
Peter St George <sup>d</sup>	2008	35,500	–	35,500
	2007	35,500	–	35,500
Shaun Mays <sup>a,b</sup>	2008	6,960	–	6,960
	2007	35,500	–	35,500
Brian Scullin <sup>c</sup>	2008	–	–	–
	2007	23,754	–	23,754
<b>Total</b>	2008	<b>310,813</b>	<b>10,521</b>	<b>321,334</b>
	2007	312,531	10,961	323,492

<sup>a</sup> The Directors' fees for Mr Kam and Mr Hunter were paid to CKI, while the fee for Mr Keith, Mr Dorrian and Mr Mays were paid to RREEF Infrastructure.

<sup>b</sup> Mr Keith was appointed on 17 March 2007. Mr Mays resigned on the same date.

<sup>c</sup> Mr Scullin retired on 24 August 2007.

<sup>d</sup> Mr St George retired on 31 December 2008.

### Board Remuneration Policy

The remuneration of Spark Infrastructure's Directors is benchmarked to the remuneration of Directors of comparable enterprises periodically using an independent external consulting firm. A broad cross section of parameters are used by the external firms in determining comparable entities. In the last review undertaken in the year ended 31 December 2007, the following criteria were used:

- Market capitalisation;
- Revenue;
- Total assets; and
- A combination of all the above parameters.

## DIRECTORS' REPORT CONTINUED

Based on the report from the firm, the Board of Directors approved annual remuneration, including post employment benefits payable to Directors with effect from 1 January 2007 which applies to the Financial Year as well:

Role	\$
Chairman	225,000
Non-executive Director	100,000
Additional fee for enhanced responsibility:	
— Chairman of ARMC	13,000
— ARMC member	6,500
— Chairman of Compliance Committee	10,000
— Compliance Committee member	5,000

Further, the following other policies apply to Directors' remuneration:

- Fee levels for all non-executive Directors to be positioned between the median and the 75th percentile of the general market comprising comparable board roles in listed companies within the range of half to twice the market capitalisation, revenue and total assets of Spark Infrastructure;
- The Chairman's fee to be in the range of 2.0 and 2.5 times that of non-executive Directors;
- The Chairman of board committees (other than the Chairman of the Board) shall be eligible to receive a committee chair fee in addition to the base non-executive Director fee;
- Members of board committees shall be eligible to receive a committee membership fee in addition to the base non-executive Director fee, set at half the fee of the committee chair.
- In setting the fees applicable to committee chairs and committee members, the Board is to consider the relative workloads of committees.

In December 2008, the Board reviewed the remuneration of Directors who are appointed to committees of the Board against remuneration of similar enterprises. Based on the review the following adjustments were made to the remuneration of Directors holding enhanced responsibility as members of various committees:

— Chairman of ARMC	\$20,000
— ARMC member	\$10,000
— Compliance Committee member	\$10,000

The above changes are effective from 1 January 2009.

The Directors are paid a fixed remuneration as disclosed above. None of the remuneration is linked to the financial performance of Spark Infrastructure or its security price.

The remuneration paid to Directors is shared equally by the three operating entities in Spark Infrastructure. The Company's incurred a fee of \$321,334 in 2008 (2007: \$323,492).

In addition to the remuneration received from Spark Infrastructure, Ms Cheryl Bart was also entitled to a fee of \$100,000 (2007: \$30,000) to act as a representative Director of Spark Infrastructure on the ETSA board. This fee was paid by ETSA, and not by Spark Infrastructure.

### Remuneration of Executives

The Consolidated Entity does not have any employees. Spark Infrastructure Management Limited ("Manager"), as the manager of Spark Infrastructure, makes employees (including senior executives) available under the Management Agreement. The Company is not liable for expenses referable to the executives. Accordingly, executive remuneration details are not provided in this report.

### Performance of the Consolidated Entity

The following table provide details of the Consolidated Entity's performance for the past three years:

	Financial Period Ended 31 December		
	2008 (\$'000)	2007 (\$'000)	2006 <sup>a</sup> (\$'000)
Profit before Income tax	1,133	21,315	7,756
Loss/Profit after tax	(14,803)	37,251	7,756
Security Price <sup>b</sup> (\$)	1.30	1.98	1.74
Distribution per Security(cents)	18.51	18.06	15.61

<sup>a</sup> The figures for 2006 cover the period from 1 November 2005 (date of incorporation) to 31 December 2006, as it was the first year of operation.

<sup>b</sup> Security price is based on last business day of each year and 2006 price includes 54 cps in instalment receipt.

### Management Fee and Performance Fee

The Consolidated Entity paid a management fee of \$4.897 million in 2008 (2007: \$6.009 million), being its share of management fee. In addition, a performance fee of \$8.272 million (2007:nil) was payable, being its share of performance fee.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 77.

### Rounding of Amounts

As permitted by ASIC Class Order 98/0100 dated 10 July 1998, amounts in the Directors' Report and the financial report have been rounded to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors of the Company.



**S Johns**  
Chairman  
Sydney  
24 February 2009



**D Morley**  
Director

# AUDITOR'S INDEPENDENCE DECLARATION

# Deloitte.

Deloitte Touche Tohmatsu  
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The Board of Directors  
Spark Infrastructure Holdings No.2 Limited  
255 George Street  
Sydney, NSW 2000

24 February 2009

Dear Directors


## Spark Infrastructure Holdings No.2 Limited

In accordance with section 307C of the Corporations Act 2001, I provide the following declaration of independence to the directors of Spark Infrastructure Holdings No.2 Limited.

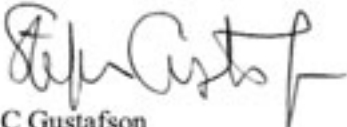
As lead audit partner for the audit of the financial statements of Spark Infrastructure Holdings No.2 Limited for the financial year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



S C Gustafson  
Partner  
Chartered Accountants

Member of  
Deloitte Touche Tohmatsu

# INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Notes	CONSOLIDATED		COMPANY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Income from associates:					
— Share of equity profits	5 (c)	<b>96,887</b>	109,603	—	—
Other income – interest		<b>2</b>	—	<b>2</b>	—
		<b>96,889</b>	109,603	<b>2</b>	—
Management fee		<b>(4,897)</b>	(6,009)	—	—
Performance fee		<b>(8,272)</b>	—	—	—
Interest expense – other	2 (b)	<b>(81,562)</b>	(81,340)	—	—
General and administrative expenses	2 (c)	<b>(1,025)</b>	(939)	<b>(946)</b>	(860)
<b>Profit/(Loss) Before Income Tax</b>		<b>1,133</b>	21,315	<b>(944)</b>	(860)
Income Tax (Expense)/Benefit	3	<b>(15,936)</b>	15,936	<b>(33,180)</b>	—
<b>Net (Loss)/Profit for the Year After Tax</b>		<b>(14,803)</b>	37,251	<b>(34,124)</b>	(860)
<b>Basic and Diluted (Loss)/Earnings per Share (Cents)</b>	13	<b>(1.47)</b>	3.69	—	—

Notes to the financial statements are included on pages 82 to 95.

# BALANCE SHEET

AS AT 31 DECEMBER 2008

	Notes	CONSOLIDATED		COMPANY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Current Assets</b>					
Cash and cash equivalents		8	70	8	70
Loans to related party	4	–	23,769	–	–
Other Receivables		302	–	73	–
<b>Total Current Assets</b>		<b>310</b>	23,839	<b>81</b>	70
<b>Non-Current Assets</b>					
Investments in associates:					
– Investments accounted for using the equity method	5(d)	1,073,682	1,197,371	–	–
Deferred Tax Asset	3(b)	–	–	35,143	68,323
Other financial assets	6	–	–	136,556	136,556
<b>Total Non-Current Assets</b>		<b>1,073,682</b>	1,197,371	<b>171,699</b>	204,879
<b>Total Assets</b>		<b>1,073,992</b>	1,221,210	<b>171,780</b>	204,949
<b>Current Liabilities</b>					
Payables	7	73,194	48,984	5,795	4,840
Loan from related party	8	183,422	207,190	68,323	68,323
<b>Total Current Liabilities</b>		<b>256,616</b>	256,174	<b>74,118</b>	73,163
<b>Non-Current Liabilities</b>					
Loans from related party	8	749,673	749,673	–	–
<b>Total Non-Current Liabilities</b>		<b>749,673</b>	749,673	–	–
<b>Total Liabilities</b>		<b>1,006,289</b>	1,005,847	<b>74,118</b>	73,163
<b>Net Assets</b>		<b>67,703</b>	215,363	<b>97,662</b>	131,786
<b>Equity</b>					
– Issued Capital	9	133,172	133,172	133,172	133,172
Reserves	10	(35,361)	16,143	–	–
Retained earnings	11	(30,108)	66,048	(35,510)	(1,386)
<b>Total Equity</b>		<b>67,703</b>	215,363	<b>97,662</b>	131,786

Notes to the financial statements are included on pages 82 to 95.

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Notes	CONSOLIDATED		COMPANY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total equity at beginning of the Financial Year		<b>215,363</b>	166,224	<b>131,786</b>	132,646
Share of associates' (expense)/ income recognised directly in equity:					
— (loss)/gain on hedges	10	<b>(58,423)</b>	17,905	—	—
— actuarial (loss)/gain on defined benefit plans	11	<b>(90,370)</b>	9,919	—	—
Related Tax		<b>15,936</b>	(15,936)	—	—
Net (loss)/income directly recognised in equity		<b>(132,857)</b>	11,888	—	—
Net (loss)/profit	11	<b>(14,803)</b>	37,251	<b>(34,124)</b>	(860)
<b>Total Recognised Income and Expense</b>		<b>(147,660)</b>	49,139	<b>(34,124)</b>	(860)
<b>Total Equity at end of the Financial Year</b>		<b>67,703</b>	215,363	<b>97,662</b>	131,786

Notes to the financial statements are included on pages 82 to 95.

# CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Notes	CONSOLIDATED		COMPANY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Cash Flows Related to Operating Activities</b>					
Income from associate – preferred partnership capital		69,826	69,635	–	–
Dividends received – associate		1,957	–	–	–
Interest received – other		2	–	2	–
Interest paid – other		(71,783)	(69,635)	–	–
Management fees		(4,898)	(6,009)	–	–
Performance fees		(8,272)	–	–	–
Other		(1,334)	(939)	(1,019)	(860)
<b>Net Cash Outflow Related to Operating Activities</b>	20(b)	<b>(14,502)</b>	(6,948)	<b>(1,017)</b>	(860)
<b>Cash Flows Related to Investing Activities</b>					
Loans received – other		23,769	18,549	–	–
Amounts (paid to)/advanced by related parties		(9,329)	(11,536)	955	925
<b>Net Cash Inflow Related to Investing Activities</b>		<b>14,440</b>	7,013	<b>955</b>	925
<b>Net (Decrease)/Increase in Cash and Cash Equivalents for the Financial Year</b>					
		<b>(62)</b>	65	<b>(62)</b>	65
Cash and Cash equivalents at beginning of Financial Year		70	5	70	5
<b>Cash and cash equivalents at the end of the Financial Year</b>	20(a)	<b>8</b>	70	<b>8</b>	70

Notes to the financial statements are included on pages 82 to 95.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Summary of Accounting Policies

### Basis of Preparation and Statement of Compliance

This financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001*, accounting standards and interpretations, and complies with other requirements of the law.

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

This financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of consideration given in exchange for assets.

The financial report complies with Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Compliance with A-IFRS ensures that the financial statements and notes comply with the International Financial Reporting Standards ("IFRS").

The financial statement was authorised for issue by the Directors on 24 February 2009.

### Standards Not Yet Effective

During the Financial Year, the Company adopted all the new and revised standards and interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the current accounting year. However, certain standards, amendments and interpretations that are on issue but not yet effective have not been applied in the preparation of this report. The following standards have not been applied in preparation of this report:

- AASB 101 "Presentation of Financial Statements" – revised standard (effective for annual reporting periods beginning on or after 1 January 2009)

The standard will result in a number of changes to the presentation of the financial statements, including:

- presenting all non-owner changes in equity (comprehensive income) either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income may not be presented in the statement of changes in equity;
- presenting an additional statement of financial position (balance sheet) as at the beginning of the earliest comparative period when the entity applies an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in its financial statements (this would generally mean that three balance sheets are presented in these circumstances);
- disclosing income tax relating to each component of other comprehensive income; and
- disclosing reclassification adjustments relating to components of other comprehensive income.

The standard will not have any financial impact other than disclosure changes on the results of the Company and Consolidated Entity.

- AASB 123 "*Borrowing Costs*" (effective for annual reporting periods beginning on or after 1 January 2009).

The principle change from the above standard is the requirement to capitalise borrowing costs attributable to acquisition, construction or production of a qualifying asset. The current standard permits such costs to be either expensed or capitalised.

Spark Infrastructure's policy is to capitalise borrowing costs and therefore adoption of the above standard will not impact on reported results.

### Working Capital Deficiency

The net current liabilities for the period is \$256.306 million (2007: \$232.335 million). The Directors consider the application of the going concern principle to be appropriate to the Consolidated Entity as payables are due to related parties within Spark Infrastructure, who share the same Directors as the Consolidated Entity, and therefore it is expected that continual financial support would be provided when required.

### Significant Accounting Policies

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

#### a) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all entities that comprise the Consolidated Entity, being the Company and its subsidiaries as defined in AASB 127 "Consolidated and Separate Financial Statements".

#### b) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the assets given up, equity issued or liabilities assumed at the date of acquisition plus incidental costs directly attributable to the acquisition.

#### c) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the year of the borrowing using the effective interest rate method.

#### d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments.

#### e) Creditors and Accruals

Trade creditors and accruals are recognised when there is an obligation to make future payments resulting from the purchase of goods and services.

## 1. Summary of Accounting Policies (continued)

### f) Financial Instruments

#### *Debt and Equity Instruments*

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

#### *Transaction Costs on the Issue of Equity Instruments*

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

#### *Interest, Dividends and Distributions*

Interest, dividends and distributions are classified as expenses, distributions of profit or a return of capital consistent with the balance sheet classification of the related debt or equity instruments.

### g) Goods and Services Tax

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

### h) Impairment of Other Tangible and Intangible Assets

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

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

If the recoverable amount of an asset or the cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

### i) Income Tax

#### *Current Tax*

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

#### *Tax Consolidation Legislation*

Tax consolidation group has been formed within the Consolidated Entity, whereby wholly owned Australian resident entities have combined together to form a tax consolidated group that will be taxed under Australian taxation law as if it was a single entity. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of members of a tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidated group are recognised by the head entity in the relevant tax consolidated group. Further details are provided in Note 3.

### j) Investments in Associates

Investments in Associates are accounted for using the equity method of accounting. The associates are entities over which the Consolidated Entity has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, investments in the associates are carried in the balance sheet at cost plus post-acquisition changes in share of net assets of the associates. After application of the equity method, the Consolidated Entity determines whether it is necessary to recognise any impairment loss with respect to its net investment in associates.

The Consolidated Entity's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in equity such as actuarial gains are recognised in reserves/retained earnings, as appropriate. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the individual entity's income statement.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**1. Summary of Accounting Policies (continued)****k) Loans and Receivables**

Loans to associates and other receivables are recorded at amortised cost less any impairment.

**l) Revenue Recognition***Dividend and Interest Revenue*

Dividend revenue from investments is recognised when the right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**m) Investments in Subsidiaries**

The investments in subsidiaries are recorded for at cost.

**n) Critical Accounting Estimates and Judgements**

The preparation of this report required the use of certain critical accounting estimates and exercises judgement in the process of applying the accounting policies. The estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectation of future events. The Directors believe the estimates and judgements are reasonable. Actual results in the future may differ from those periods.

The key accounting estimate and judgement used in the preparation of this report is as follows:

- *Accounting for Acquisition*

On 15 December 2005, the Consolidated Entity acquired a 49% interest in the distribution Business of ETSA Utilities in South Australia. The Consolidated Entity is required to reflect its equity accounted investment in the businesses by reference to its share of fair value of net assets of the businesses. This assessment of fair value by the Consolidated Entity resulted in a notional increase in the carrying value of certain depreciable assets and amortisable intangible assets (i.e. licences), which are depreciated/amortised over the estimated useful life of such assets, extending up to 200 years. As a result of this, the share of the Consolidated Entity's equity accounted profits have been adjusted by additional depreciation and amortisation arising from the increase in the carrying value.

- *Impairment of Assets*

At each reporting date, the Consolidated Entity tests whether there are any indicators of impairment in accordance with Note 1(h). ETSA is regarded as a cash generating unit for the purposes of such testing indicators of impairment. If any indicators are established, a discounted cashflow analysis will be undertaken.

The recent economic events involving substantial changes to external market conditions has the potential to impact asset values and the Consolidated Entity regards this as an indicator of impairment. Accordingly impairment testing was undertaken to confirm that the carrying value of assets do not exceed their respective recoverable values (defined as fair value). The following key parameters were used in testing impairment:

- Cashflow projections based on financial forecasts approved by management containing assumptions about business conditions and future regulatory returns, over a period of 10 years with an appropriate terminal value based on recent trading multiples for similar assets;
- Growth rates for volume of electricity delivered are based on observed historical values and studies undertaken by independent experts; and
- Appropriate discount rates specific to the individual assets.

Cashflow projections for a 10 year period are deemed appropriate as electricity distribution assets are long life assets.

The impact of the 'Statement of Regulatory Intent on Revised WACC Parameters' issued on 11 December 2008 by the Australian Energy Regulation ("AER") has not been considered in the impairment calculation as it is a draft determination. The final determination, which will consider further submissions by the industry, is expected to be issued in March 2009 when the underlying forecasts may need to be adjusted.

- *Deferred Tax Assets*

Deferred Tax Assets are recognised to the extent that it is probable that there is sufficient taxable amounts available against which deductible temporary differences or unused tax losses and tax offsets can be utilised and they are expected to reverse in the foreseeable future. As at 31 December 2008, a net amount of \$126.932 million (2007: \$86.697 million) has not been recognised on the basis that the above recognition criteria was not met.

**o) Rounding of Amounts**

The Consolidated Entity is an entity of the kind referred to in ASIC Class Order 98/0100, relevant amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise indicated.

	CONSOLIDATED		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>2. Profit for the Year</b>				
<b>(a) Income</b>				
Income from associates:				
— Share of equity accounted profits	<b>96,887</b>	109,603	—	—
<b>(b) Expenses</b>				
Interest expense:				
— Interest on related party debt	<b>81,562</b>	81,340	—	—
<b>(c) General and Administrative Expenses</b>				
Directors' fees – short term benefits	<b>311</b>	312	<b>311</b>	312
Directors' fees – post employment benefits	<b>10</b>	11	<b>10</b>	11
Other expenses	<b>704</b>	616	<b>625</b>	537
	<b>1,025</b>	939	<b>946</b>	860
<b>3. Income Taxes</b>				
<b>(a) Income Tax Recognised in Profit or Loss</b>				
The prima facie income tax expense on pre-tax accounting profit/(loss) from operations reconciles to the income tax expense in the financial statements as follows:				
Profit/(loss) from continuing operations	<b>1,133</b>	21,315	<b>(944)</b>	(860)
Income tax (expense)/benefit calculated at 30%	<b>(340)</b>	(6,394)	<b>283</b>	258
Offsets from unused tax losses brought to account	<b>340</b>	6,394	<b>(283)</b>	(258)
Tax benefit in respect of losses on items directly recognised in equity:				
— Write down of Deferred Tax assets	<b>15,936</b>	—	<b>33,180</b>	—
— Previously unrecognised and unused tax losses recognised as deferred tax assets	—	(15,936)	—	—
Income tax expense/(benefit)	<b>15,936</b>	(15,936)	<b>33,180</b>	—
The tax rate of 30% used above is the current Australian corporate tax rate. There has been no change in the corporate tax rate during the Financial Year.				
<b>(b) Deferred Tax Balances</b>				
Deferred Tax Assets comprise:				
Temporary differences	<b>35,143</b>	68,323	<b>35,143</b>	68,323
Deferred Tax Liabilities comprise:				
Temporary differences	<b>35,143</b>	68,323	—	—
	—	—	<b>35,143</b>	68,323
<b>(c) Unrecognised Deferred Tax Balances</b>				
The following deferred tax assets have not been brought to account as assets:				
Tax losses – revenue	<b>126,932</b>	86,697	—	—

An amount of \$35.135 million has been recognised in deferred tax liabilities and offset against available tax losses, resulting in net unrecognised deferred tax asset of \$126.932 million.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**3. Income Taxes (continued)****Tax Consolidation**

The Company and its wholly owned Australian resident entities have formed a tax consolidated group and are taxed as a single entity. The Company is head entity of the tax consolidated group. The members of the tax consolidated group are identified in Note 19.

*Nature of Tax Funding Arrangements and Tax Sharing Agreements*

Entities within the tax consolidated group have entered into a tax funding arrangement and a tax sharing agreement. Under the terms of the funding agreement, the Company and each of the entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

The tax sharing agreement between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote at this time.

	CONSOLIDATED		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>4. Loans to Related Party</b>				
Loans – interest free <sup>a</sup>	–	23,769	–	–
	–	23,769	–	–

<sup>a</sup> The loan was fully repaid during the Financial Year. It was established as a part of ETSA Utilities acquisition and was repayable on demand.

**5. Investments Accounted for Using the Equity Method****(a) Investments in Associates**

Name of Entity	Principal Activity	Ownership Interest (%)		Country of Incorporation/ Formation
		2008	2007	
ETSA Utilities Partnership	Ownership of an electricity distribution network in South Australia	49	49	Australia

	CONSOLIDATED		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>(b) Share of assets and liabilities of Associates</b>				
Current assets	62,681	138,593	–	–
Non-current assets	2,102,001	2,045,471	–	–
Total assets	2,164,682	2,184,064	–	–
Current liabilities	108,920	170,149	–	–
Non-current liabilities	1,563,187	1,398,389	–	–
Total liabilities	1,672,106	1,568,538	–	–
<b>Net assets</b>	<b>492,576</b>	<b>615,526</b>	<b>–</b>	<b>–</b>
Preferred partnership capital – ETSA	622,300	622,300	–	–
Net assets applicable to Consolidated Entity	1,114,876	1,237,826	–	–

## 5. Investments Accounted for Using the Equity Method (continued)

	CONSOLIDATED		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>(c) Share of Associate's revenue and expenses</b>				
Revenue – Distribution	250,696	240,314	–	–
Revenue – Unregulated/other	137,314	127,194	–	–
Operating revenue	388,010	367,508	–	–
Revenue – Transmission	86,842	78,725	–	–
	474,852	446,233	–	–
Expenses	(412,760)	(371,139)	–	–
Profit before income tax	62,092	75,094	–	–
Income tax	–	–	–	–
Net profit accounted for using the equity accounting method	62,092	75,094	–	–
Additional share of profit from preferred partnership capital <sup>a</sup>	35,611	35,323	–	–
	97,703	110,417	–	–
Additional depreciation/amortisation charge <sup>b</sup>	(816)	(814)	–	–
	96,887	109,603	–	–
<sup>a</sup> Under the Partnership agreement, Spark Infrastructure Holdings No 2 Limited is entitled to an additional share of profits in the ETSA partnership.				
<sup>b</sup> Relates to depreciation and amortization of the fair value on uplift of assets on acquisition.				
<b>(d) Movement in Carrying Amounts</b>				
Carrying amount at beginning of the Financial Year	1,197,371	1,129,665	–	–
Share of profits after income tax	96,887	109,603	–	–
Preferred partnership distribution received	(69,826)	(69,635)	–	–
Dividends received – associates	(1,957)	–	–	–
Share of associates (expense)/income recognised directly in equity	(148,793)	27,824	–	–
Other movements	–	(86)	–	–
Carrying amount at the end of the Financial Year	1,073,682	1,197,371	–	–

### (e) Capital Commitments and Contingent Liabilities

The share of the Consolidated Entity's capital and other commitments are provided in Note 14 and 15 respectively.

## 6. Other Financial Assets

Shares in controlled entities – at cost	–	–	136,556	136,556
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## 7. Payables

Payables to related parties <sup>a</sup>	73,194	48,984	5,795	4,840
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<sup>a</sup> Payables are repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	CONSOLIDATED		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>8. Loans from Related Parties</b>				
Loans (current) – non-interest bearing <sup>a</sup>	183,422	207,190	–	–
Loans – other	–	–	68,323	68,323
	<b>184,422</b>	184,422	<b>68,323</b>	68,323
Loans (non current) – interest bearing <sup>b</sup>	749,673	749,673	–	–
<b>9. Issued Capital</b>				
Balance at beginning and end of the Financial Year	133,172	133,172	133,172	133,172
Fully paid shares	No.'000	No.'000	No.'000	No.'000
Balance at beginning and end of the Financial Year	1,008,651	1,008,651	1,008,651	1,008,651
The ordinary shares and units carry one vote per share and the right to distributions.				
Each share in SIH (No. 2) is “stapled” to one share in SIH (No. 1), one unit in the Trust, one loan note issued by the responsible entity of the Trust and one CDI representing one share in Spark International. The stapled securities are quoted on the ASX and trade as if they are a single security.				
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>10. Reserves</b>				
<b>Hedging Reserve</b>				
Balance at beginning of the Financial Year	16,143	5,157	–	–
Share of associates (loss)/gain on hedges <sup>a</sup>	(58,423)	17,905	–	–
Related tax	6,919	(6,919)	–	–
Balance at end of the Financial Year	(35,361)	16,143	–	–
<b>11. Retained Earnings</b>				
Balance at beginning of the Financial Year	66,048	27,895	(1,386)	(526)
Net (Loss)/profit for the year	(14,803)	37,251	(34,124)	(860)
Share of associate's actuarial (loss)/gain recognised directly in Retained Earnings <sup>a</sup>	(90,370)	9,919	–	–
Related tax	9,017	(9,017)	–	–
Balance at end of the Financial Year	(30,108)	66,048	(35,510)	(1,386)

<sup>a</sup> The lender, a related party within Spark Infrastructure, may recall the loan at its discretion or cancel the loan upon such payment.

<sup>b</sup> 100 year loan from a related party within Spark Infrastructure at an interest rate of 10.85% per annum.

<sup>a</sup> The hedging reserve represents hedging gains recognised on the effective portion of cash flow hedges of ETSA. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss.

<sup>a</sup> Actuarial gains or losses on defined benefit superannuation plans operated by ETSA (the Associate) are recognised directly in Retained Earnings.

	CONSOLIDATED		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>12. Remuneration of External Auditor</b>				
Audit or review of financial report	80,912	60,367	80,912	60,367
Tax advice	60,465	–	–	–
	<b>141,377</b>	60,367	<b>80,912</b>	60,367
The auditor of the Consolidated Entity and Company is Deloitte Touche Tohmatsu.				
<b>13. Earnings per Share (“EPS”) <sup>a</sup></b>				
Net (Loss)/Profit after tax used to calculate EPS	(14,803)	37,251	–	–
Weighted average number of shares ('000)	1,008,651	1,008,651	–	–
(Loss)/Earnings per share (cents)	(1.47)	3.69	–	–
<sup>a</sup> Basic EPS is the same as diluted EPS.				
<b>14. Commitments for Expenditure</b>				
<b>(a) Capital Expenditure commitments</b>				
Share of associate's capital expenditure commitments				
— Not longer than 1 year	2,095	954	–	–
	<b>2,095</b>	954	–	–
<b>(b) Other Expenditure Commitments</b>				
Share of associate's other expenditure commitments				
— Not longer than 1 year	126	126	–	–
— Longer than 1 year and not longer than 5 years	66	66	–	–
— Longer than 5 years	1	1	–	–
	<b>193</b>	193	–	–
<b>15. Contingent Liabilities</b>				
Share of associate's contingent liabilities	6,774	5,642	–	–
	<b>6,774</b>	5,642	–	–

The contingent liabilities relate to guarantees provided to various parties. There are no contingent liabilities or contingent assets in the Consolidated Entity.

## 16. Segment Information

The Consolidated Entity operates in one business segment, being ownership of investment in electricity distribution business, and one geographical area, being Australia.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**17. Related Party Disclosures****a) Directors**

The persons listed below were Directors of the Company as at the date of this report:

Stephen Johns (Chairman)

Hing Lam Kam

Andrew Hunter

Timothy Keith (appointed 17 March 2008)

John Dorrian

Don Morley

Cheryl Bart

Anne McDonald (appointed 1 January 2009)

Dominic Chan (Alternate Director, appointed 11 December 2008)

In addition, Shaun Mays was a Director until his retirement on 17 March 2008 and Peter St George until his resignation on 31 December 2008.

**Remuneration**

The Company bears a proportionate share of remuneration paid to the directors of Spark Infrastructure. The share of remuneration borne by the Company is as follows:

	CONSOLIDATED		COMPANY	
	2008 \$	2007 \$	2008 \$	2007 \$
Directors' fees – Short term benefits	310,813	312,531	310,813	312,531
Directors' fees – Post-employment benefits	10,521	10,961	10,521	10,961
	<b>321,334</b>	323,492	<b>321,334</b>	323,492

Apart from the details disclosed in this Note, no director has entered into any material contract with the Company or the Consolidated Entity during or since the end of the previous year, and there were no material contracts involving directors' interests existing at the end of the Financial Year.

**Security Holdings**

The relevant interest of each Director in the Stapled Securities of Spark Infrastructure as at the date of this report is as follows:

Directors	Opening Balance at 1/1/2008 (No.)	Net Movement Acquired (Disposed) (No.)	Closing Balance 31/12/2008 (No.)
Stephen Johns	355,000	–	355,000
Hing Lam Kam	–	–	–
Andrew Hunter	–	–	–
Timothy Keith	–	–	–
John Dorrian	162,150	(25,722)	136,428
Don Morley	225,000	–	225,000
Cheryl Bart	125,000	–	125,000
Anne McDonald	–	–	–
Dominic Chan	–	–	–
Peter St. George <sup>a</sup>	71,400	–	71,400
Shaun Mays <sup>b</sup>	–	–	–

<sup>a</sup> Resigned on 31 December 2008.

<sup>b</sup> Resigned on 17 March 2008.

## 17. Related Party Disclosures (continued)

The relevant interest of each Director in the Stapled Securities of Spark Infrastructure in respect of the previous financial period was as follows:

Directors	Opening Balance at 1/1/2007 (No.)	Net Movement Acquired (Disposed) (No.)	Closing Balance at 31/12/2007 (No.)
Stephen Johns	330,000	25,000	355,000
Hing Lam Kam	–	–	–
Andrew Hunter	–	–	–
John Dorrian	162,150	–	162,150
Don Morley	225,000	–	225,000
Cheryl Bart	125,000	–	125,000
Peter St. George	71,400	–	71,400
Shaun Mays <sup>a</sup>	167,000	(167,000)	–
Brian Scullin	–	–	–

<sup>a</sup> Mr Mays was required to dispose of his holdings because of legal restrictions relating to his residency in the United States of America.

### b) Manager

Spark Infrastructure has entered into a Management Agreement with Spark Infrastructure Management Limited (“Manager”) to provide management services, as set out in the agreement. The services provided include development of financial and investment strategy, preparation of investment proposals for approval by the Board, development of proposals for debt and equity raising, management of day to day operations etc.

The term of the Management Agreement is 25 years and terminable by Spark Infrastructure or the Manager under certain circumstances.

The Manager is entitled to a base fee and a performance fee. The base fee is calculated at 0.5% of enterprise value of Spark Infrastructure up to \$2.443 billion plus 1.0% of any amount over \$2.443 billion.

During the Financial Year, an amount of \$9.795 million (2007: \$12.019 million) was payable to the Manager in base fees.

#### Performance Fee

The performance fee is equal to 20% of the amount (if any) by which the accumulated return from Spark Infrastructure exceeds the benchmark return calculated by reference to the Standard and Poors/ASX 200 Industrials Accumulation Index and is calculated each half-year. Any deficit arising from the calculation of the performance fee during a year will be carried forward and deducted from the performance fee calculated in the next year.

During the half year ended 30 June 2008, the Spark Infrastructure accumulation index outperformed the benchmark index by 15.2% reflecting a surplus of \$298.863 million. After adjusting for a carry forward deficit of \$216.146 million covering the period from the Initial Public Offering (“IPO”) in December 2005 to 31 December 2007, this resulted in a performance fee payable of \$16.544 million, which was paid in July 2008 from cash reserves derived from distributions received from the Asset Companies.

However, during the half year ended 31 December 2008, the Spark Infrastructure accumulation index underperformed the benchmark index by 2.0%, reflecting a deficit of \$34.819 million. This deficit will be carried forward to future periods.

The Manager is jointly owned by CKI and DB RREEF.

The Consolidated Entity’s share of the base fee and performance fee were \$4.897 million (2007: \$6.009 million), and \$8.272 million (2007: nil), respectively.

### c) Key Management Personnel (“KMP”)

KMP are those having the authority and responsibility for directing and controlling the activities of an entity. The Directors meet the definition of KMP. However, since the authority and responsibility for directing and controlling activities has not been delegated to the Manager, there are no other KMP within the Consolidated Entity.

### d) Other Related Parties

The other related parties include:

- Associates;
- Subsidiaries; and
- Entities within Spark Infrastructure.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**17. Related Party Disclosures (continued)***Associates*

The details of ownership interests in the Associate entity is provided in Note 5(a). An amount of \$11.637 million was outstanding in respect of accumulated distributions on preferred partnership capital (2007: \$11.705 million).

*Subsidiaries*

The details of ownership interest in subsidiaries are provided in Note 19. The terms of the tax sharing and funding agreements entered into between by SIH (No. 2) with its controlled entities are provided in Note 3. There were no amounts outstanding at the end of the financial year from the controlled entities of the Company.

*Entities within Spark Infrastructure*

As at the end of the Financial Year, an amount of \$1,030.059 million was outstanding to Spark Infrastructure (Victoria) Limited, a wholly owned subsidiary of SIH(No. 1). This comprised of \$956.864 million in loans (2007: \$956.864 million) and \$73.195 million in other payables (2007: \$48.984 million).

During the Financial Year, an amount of \$81.562 million was payable in interest on the loans (2007: \$81.340 million) and \$14.194 million for other payables (\$8.272 million in performance fees, \$4.897 million in management fees and \$1.025 million in other expenditure) (2007: \$6.948 million).

The term of the loans have been disclosed in Note 8.

**18. Subsequent Events**

There were no events, other than those described in this report, that have arisen since the end of the Financial Year that have significantly affected or may significantly affect the operations of the Consolidated Entity.

**19. Controlled Entities**

Entity	Country of Incorporation	Equity Holdings (%)
Controlled Entities – SIH (No. 2) <sup>a</sup>		
— Spark Infrastructure (SA) Pty Limited <sup>b</sup>	Australia	100
— Spark Infrastructure SA (No1) Pty Limited <sup>b</sup>	Australia	100
— Spark Infrastructure SA (No2) Pty Limited <sup>b</sup>	Australia	100
— Spark Infrastructure SA (No3) Pty Limited <sup>b</sup>	Australia	100

<sup>a</sup> Head entity of a tax consolidated group.

<sup>b</sup> An entity within the tax consolidated group.

There has been no change in the controlled entities during the year.

	CONSOLIDATED		COMPANY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>20. Notes to the Cash Flow Statement</b>				
<b>(a) Reconciliation of Cash and Cash Equivalents</b>				
For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents as at the end of the period as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:				
Cash on hand and at bank	8	70	8	70
<b>Cash and cash equivalents</b>	<b>8</b>	<b>70</b>	<b>8</b>	<b>70</b>
<b>(b) Reconciliation of profit/(loss) for the year to Net Cashflow related to operating activities</b>				
Net (loss)/profit after tax for the year	(14,803)	37,251	(34,124)	(860)
Share of losses of Associates (less dividends/distributions)	(25,104)	(39,968)	–	–
Income tax benefit/(expense)	15,936	(15,936)	33,180	–
Changes in net assets and liabilities:				
Increase in liabilities:				
Current payables	9,469	11,705	(73)	–
<b>Net cash outflow related to operating activities</b>	<b>(14,502)</b>	<b>(6,948)</b>	<b>(1,017)</b>	<b>(860)</b>

## 21. Financial Instruments

### (a) Financial Risk Management Objectives

Spark Infrastructure's treasury function manages the financial risks and co-ordinates access to financial markets.

The Consolidated Entity does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by Spark Infrastructure's treasury policy, approved by the Board, which has written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

The Consolidated Entity's activities expose it primarily to the financial risks of changes in interest rates. It enters into interest rate swaps to manage its exposure to interest rate movements, including interest rate swaps, forward interest rate contracts and interest rate options. The Consolidated Entity has no exposure to foreign currency.

### (b) Capital Management Objectives

The capital structure of the Consolidated Entity comprises of debt and equity. The Consolidated Entity manages its capital through the use of a combination of debt and equity to ensure that it will be able to operate as a going concern, and provide appropriate returns to shareholders. There has been no change in the capital management strategy during the Financial Year.

### (c) Significant Accounting Policies

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

### (d) Financial Market Risk

The Consolidated Entity and the Company do not have any financial market risk as interest rates are fixed. The revenue of the Asset Companies are in part reliant on regulatory determinants of the Australian Energy Regulator. This could in turn impact on distributions by Spark Infrastructure.

### (e) Interest Rate Risk Management

As the Consolidated Entity has only fixed rate interest bearing liabilities, the change in interest rates would have no impact on its profit or loss and equity position. The following table details the Consolidated Entity's exposure to interest rate risk as at 31 December 2008 and 2007 respectively:

Consolidated Entity	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Maturity Dates			Non- Interest Bearing	Total
			Less than 1 Year	1- 5 Years	5 Years +		
2008	% pa	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	3.75	8	-	-	-	-	8
Loans – other	-	-	-	-	-	-	-
		8	-	-	-	-	8
Payables	-	-	-	-	-	73,194	73,194
Loans from related parties – non interest bearing	-	-	-	-	-	183,422	183,422
Loans from related parties – interest bearing	10.85	-	-	-	749,673	-	749,673
		-	-	-	749,673	256,616	1,006,289

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**21. Financial Instruments (continued)****(e) Interest Rate Risk Management (continued)**

Consolidated Entity	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Maturity Dates			Non- Interest Bearing	Total
			Less than 1 Year	1– 5 Years	5 Years +		
2007	% pa	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	5.25	70	–	–	–	–	70
Loans – other		–	–	–	–	23,769	23,769
		70	–	–	–	23,769	23,839
Payables		–	–	–	–	48,984	48,984
Loans from related parties – non interest bearing		–	–	–	–	207,190	207,190
Loans from related parties– interest bearing	10.85	–	–	–	749,673	–	749,673
		–	–	–	749,673	256,174	1,005,847

Company	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Maturity Dates			Non- Interest Bearing	Total
			Less than 1 Year	1– 5 Years	5 Years +		
2008	% pa	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	3.75	8	–	–	–	–	8
		8	–	–	–	–	8
Payables	–	–	–	–	–	5,795	5,795
		–	–	–	–	5,795	5,795

Company	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Maturity Dates			Non- Interest Bearing	Total
			Less than 1 Year	1– 5 Years	5 Years +		
2007	% pa	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	5.25	70	–	–	–	–	70
		70	–	–	–	–	70
Payables	–	–	–	–	–	4,840	4,840
		–	–	–	–	4,840	4,840

**(f) Credit risk exposures**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity's credit risk arises primarily from cash held on deposit. The Consolidated Entity has a policy of dealing with creditworthy counterparties only as a means of mitigating the risk of financial loss from defaults. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international ratings agencies.

**(g) Liquidity risk**

The Consolidated Entity manages liquidity by maintaining adequate cash reserves, banking facilities and monitoring continuously the forecast and actual cashflows. No significant risks have been identified.

## 21. Financial Instruments (continued)

### (g) Liquidity risk (continued)

The undiscounted cashflow of financial liabilities are as disclosed in the balance sheet with the exception of Loans from Related Parties. The details of interest and principal cashflows in respect of those loans are disclosed below:

	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Maturity Dates			Non- Interest Bearing	Total
			Less than 1 Year	1– 5 Years	5 Years +		
<b>2008</b>	<b>% pa</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Loans to related parties – non interest bearing	–	–	183,422	–	–	–	183,422
Loans to related parties – interest bearing	–	–	81,562	406,697	7,483,236	–	7,971,272
			<b>264,761</b>	<b>406,697</b>	<b>7,483,236</b>	<b>–</b>	<b>8,154,694</b>

	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Maturity Dates			Non- Interest Bearing	Total
			Less than 1 Year	1– 5 Years	5 Years +		
<b>2007</b>	<b>% pa</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Loans to related parties – non interest bearing	–	–	207,190	–	–	–	207,190
Loans to related parties – interest bearing	–	–	81,340	406,697	7,564,575	–	8,052,612
			<b>288,530</b>	<b>406,697</b>	<b>7,564,575</b>	<b>–</b>	<b>8,259,802</b>

### (h) Fair Value of Financial Instruments

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values. The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis;
- the fair values of derivative instruments, included in hedging assets and liabilities, are calculated using market values. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

## 22. Additional Company Information

SIH (No. 2) is registered in Australia.

The registered office of business SIH (No. 2) is :

Level 6, 255 George Street  
Sydney NSW 2000  
Australia.

# DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company; and
- (c) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001*

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors:



**S Johns**  
Chairman  
Sydney  
24 February 2009



**D Morley**  
Director

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPARK INFRASTRUCTURE HOLDINGS NO.2 LIMITED



Deloitte Touche Tohmatsu  
ABN 74 490 121 060

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## Report on the Financial Report

We have audited the accompanying financial report of Spark Infrastructure Holdings No.2 Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes, and the directors' declaration of the consolidated entity comprising Spark Infrastructure Holdings No.2 Limited (the parent entity) and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 78 to 96.

## Directors' Responsibility for the Financial Report

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

## Auditor's Responsibility

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

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

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

## Auditor's Independence Declaration

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

## Auditor's Opinion

In our opinion:

- (a) the financial report of Spark Infrastructure Holdings No.2 Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## INDEPENDENT AUDITOR'S REPORT CONTINUED

### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 75 to 76 of the directors' report for the year ended 31 December 2008.

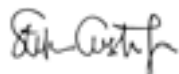
The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Auditor's Opinion

In our opinion the Remuneration Report of Spark Infrastructure Holdings No.2 Limited for the year ended 31 December 2008, complies with section 300A of the *Corporations Act 2001*.



**DELOITTE TOUCHE TOHMATSU**



**S C Gustafson**

Partner

Chartered Accountants

Sydney, 24 February 2009