

The Australian Gas Light Company

Full Financial Report 2001



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for the year ended 30 June 2001

	Note	Consolidated		Parent Entity	
		2001 \$m	2000 \$m	2001 \$m	2000 \$m
Revenue from ordinary activities	4	3,498.9	2,745.4	501.4	934.9
Equity accounted share of profits of associates and joint venture entities	4	41.4	63.7	0.0	0.0
Expenses from ordinary activities	5	(3,046.8)	(2,018.7)	(339.1)	(467.6)
Operating profit from ordinary activities before borrowing costs, depreciation and amortisation		493.5	790.4	162.3	467.3
Depreciation and amortisation	6(b)	(198.2)	(151.9)	(1.9)	(2.0)
Operating profit from ordinary activities before borrowing costs		295.3	638.5	160.4	465.3
Borrowing costs	6(b)	(181.9)	(152.0)	(109.3)	(103.0)
Operating profit from ordinary activities before income tax	6	113.4	486.5	51.1	362.3
Income tax attributable to ordinary activities	7	(76.9)	(23.8)	(1.0)	(8.4)
Operating profit from ordinary activities after income tax		36.5	462.7	50.1	353.9
Outside equity interests in operating profit after income tax		78.9	(12.7)	0.0	0.0
Operating profit after income tax attributable to Proprietors of the Parent Entity		115.4	450.0	50.1	353.9
Increase(decrease) in foreign currency translation reserve arising on translation of financial reports of foreign controlled operations		12.3	(17.0)	0.0	0.0
Total revenue, expense and valuation adjustments attributable to Proprietors of the Parent Entity recognised directly in equity		12.3	(17.0)	0.0	0.0
Total changes in equity other than those resulting from transactions with Proprietors as owners		127.7	433.0	50.1	353.9
Earnings per share					
Basic earnings per share (cents)		32.8	133.1		
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share (millions)		352.3	338.2		
Diluted earnings per share is the same as basic earnings per share.					

as at 30 June 2001

	Note	Consolidated		Parent Entity	
		2001 \$m	2000 \$m	2001 \$m	2000 \$m
Current assets					
Cash		100.9	31.1	85.0	6.2
Receivables	9	690.6	608.8	48.9	44.7
Inventories	10	20.6	17.8	0.0	0.0
Property, plant and equipment	11	81.7	17.1	0.0	14.9
Intangibles	12	111.1	0.0	0.0	0.0
Other	13	48.6	24.7	2.3	1.1
Total current assets		1,053.5	699.5	136.2	66.9
Non-current assets					
Receivables	14	75.6	73.2	3,132.0	2,796.9
Inventories	15	3.1	3.1	0.0	0.0
Investments accounted for using the equity method	16	576.1	269.4	140.5	146.4
Other financial assets	17	66.8	10.5	378.6	378.6
Property, plant and equipment	18	2,753.9	2,614.5	49.2	32.8
Intangibles	19	910.9	1,159.7	0.0	0.0
Deferred expenditure	20	322.7	251.1	7.9	14.2
Tax assets	21	102.4	102.9	15.8	14.0
Other	22	138.2	161.2	0.0	0.0
Total non-current assets		4,949.7	4,645.6	3,724.0	3,382.9
Total assets		6,003.2	5,345.1	3,860.2	3,449.8
Current liabilities					
Payables	23	539.2	474.1	53.6	68.2
Interest bearing liabilities	24	1,104.2	204.1	400.2	143.4
Provisions	25	179.3	248.4	102.0	179.5
Tax liabilities	26	31.3	8.1	4.9	10.0
Unearned revenue	27	17.4	26.2	14.7	12.5
Total current liabilities		1,871.4	960.9	575.4	413.6
Non-current liabilities					
Payables	28	0.0	0.0	42.3	145.2
Interest bearing liabilities	29	1,577.9	1,863.2	1,474.2	1,158.9
Provisions	30	93.8	112.5	5.8	9.4
Tax liabilities	31	348.2	296.8	9.5	11.6
Unearned revenue	32	3.6	25.8	1.4	2.2
Total non-current liabilities		2,023.5	2,298.3	1,533.2	1,327.3
Total liabilities		3,894.9	3,259.2	2,108.6	1,740.9
Net assets		2,108.3	2,085.9	1,751.6	1,708.9
Equity					
Contributed equity	33	1,354.6	1,175.9	1,354.6	1,175.9
Reserves	34	(13.7)	(26.0)	1.7	1.7
Retained profits	35	565.0	635.7	395.3	531.3
Equity attributable to Proprietors of the Parent Entity		1,905.9	1,785.6	1,751.6	1,708.9
Outside equity interests in controlled entities	36	202.4	300.3	0.0	0.0
Total equity		2,108.3	2,085.9	1,751.6	1,708.9

for the year ended 30 June 2001

	Note	Consolidated Inflows (Outflows)		Parent Entity Inflows (Outflows)	
		2001 \$m	2000 \$m	2001 \$m	2000 \$m
Cash flows from operating activities					
Receipts from customers		3,783.9	2,374.1	299.9	289.3
Payments to suppliers and employees		(3,305.2)	(1,893.6)	(319.6)	(290.9)
Proceeds from property mortgage repayments		0.0	0.2	0.0	0.0
Dividends received		28.6	77.2	64.9	152.6
Interest received		13.7	11.4	119.4	120.6
Borrowing costs paid		(178.5)	(151.9)	(104.5)	(97.1)
Income taxes paid		(45.1)	(44.1)	(10.2)	(7.2)
Net cash provided by operating activities	49(d)	297.4	373.3	49.9	167.3
Cash flows from investing activities					
Payments for property, plant and equipment		(376.5)	(324.6)	(9.0)	(24.7)
Payments for investments		(220.5)	(327.2)	0.0	(156.8)
Payments for acquisition of controlled entities	49(e)	(55.6)	(809.6)	0.0	0.0
Payments for additional investments in controlled entities		(122.4)	0.0	0.0	0.0
Loans advanced		(9.5)	(55.1)	(9.3)	(4.3)
Proceeds from sale of property, plant and equipment		18.3	17.3	4.6	11.6
Proceeds from disposal of controlled entities	49(f)	0.0	349.3	0.0	340.0
Proceeds from disposal of investments		18.3	34.5	14.2	0.0
Proceeds from loan repayments		4.7	17.5	3.6	1.6
Net cash provided by (used in) investing activities		(743.2)	(1,097.9)	4.1	167.4
Cash flows from financing activities					
Proceeds from issue of shares		268.5	167.2	178.5	112.1
Proceeds from borrowings and hedge receipts on foreign currency borrowings		1,245.2	934.5	428.9	160.3
Repayment of borrowings and hedge payments on foreign currency borrowings		(719.3)	(202.7)	(132.8)	(200.2)
Loans repaid by wholly-owned controlled entities		0.0	0.0	167.2	552.3
Loans advanced to controlled entities		0.0	0.0	(348.8)	(815.4)
Dividends and other distributions paid		(272.5)	(173.6)	(260.0)	(160.1)
Net cash provided by (used in) financing activities		521.9	725.4	33.0	(351.0)
Net increase (decrease) in cash held		76.1	0.8	87.0	(16.3)
Cash at the beginning of the financial year		22.6	19.4	(2.2)	14.1
Effect of exchange rate changes on the balance of cash held in foreign currencies		2.0	2.4	0.0	0.0
Cash at the end of the financial year	49(a)	100.7	22.6	84.8	(2.2)

Note 1 – Regulation

The Parent Entity was established as an unincorporated organisation by Act of Council, 8 William IV, 7 September 1837 and is regulated by the accounting and auditing requirements of the Corporations Act 2001.

Note 2 – Statement of significant accounting policies**(a) Basis of accounting**

The financial report is a general purpose financial report and is prepared in accordance with the Corporations Act 2001, applicable Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report is prepared on the basis of historical cost and, except where otherwise stated, is not adjusted to take account of either changing money values or current valuations of non-current assets.

(b) Principles of consolidation

The consolidated financial report of the consolidated entity, comprises of The Australian Gas Light Company (the Parent Entity) and each of its controlled entities listed in Note 43. All inter-entity balances and transactions are eliminated on consolidation.

(c) Receivables

Debtors, loans receivable and other receivables are carried at amounts due or amounts expected to be realised, whichever is the lesser.

Unbilled revenue represents estimated gas, electricity and telecommunication services supplied to consumers but unbilled at the end of the financial year.

Receivables are normally recognised when control of goods and services provided by the consolidated entity passes to the buyers.

Provisions are raised for any doubtful debts based on a review of all outstanding amounts at balance date. Bad debts are written off in the period in which they are identified.

(d) Inventories

Stocks and materials are valued at the lower of cost and estimated net realisable value. Cost includes both fixed and variable expenses.

Property held for development and sale is valued at the lower of cost plus capitalised development and holding costs, and estimated net realisable value.

The conditions of purchase of certain inventories include retention of title clauses. Under such clauses, ownership of the inventories does not fully pass to the consolidated entity until the suppliers have been paid in full.

(e) Investments

Investments in controlled entities are shown at cost or estimated recoverable amounts.

Investments in associates and joint venture entities are shown at cost plus the consolidated entity's share of the post-acquisition undistributed profits and reserves of the associates or joint venture entities. The results of associates and joint venture entities are accounted for by the equity method.

Interests in unincorporated joint ventures (joint venture operations) are recognised by including in the financial report under the appropriate categories the consolidated entity's relevant proportion of joint venture revenues, costs, assets and liabilities.

Interests in partnerships that are not joint ventures are shown at cost plus the consolidated entity's share of the undistributed profits of the partnerships. The consolidated entity's share of the profits of partnerships is recognised as it is earned.

Investments in other entities are shown at cost, and dividend income or distributions from such entities are brought to account as operating profit.

(f) Property, plant and equipment**Purchased assets**

Items of property, plant and equipment are initially brought to account at cost. For major items, cost includes, where applicable, borrowing and other costs incurred during construction or represents, where applicable, the fair value of assets acquired on the purchase of controlled entities.

Property, plant and equipment, other than freehold land, leasehold improvements and surplus properties held for sale, are depreciated at rates based upon the expected useful lives of the assets. Depreciation rates are reviewed annually and, if necessary, adjusted to reflect the most recent assessments of useful lives.

Leasehold improvements are amortised over the periods of the relevant leases or the expected useful lives of the improvements, whichever are the shorter.

Leased assets

Assets acquired under finance leases are capitalised and amortised over their expected useful lives. Corresponding liabilities are also established and lease payments are allocated between interest expense and lease liabilities with the interest component being charged against profits as incurred.

Payments made under operating leases are expensed.

for the year ended 30 June 2001

Note 2 – Statement of significant accounting policies (continued)**(g) Goodwill**

Goodwill represents the excess of acquisition costs over the fair values of the identifiable net assets of controlled entities acquired by the consolidated entity and is amortised on a straight line basis over the period of time during which the future benefits are expected to arise or twenty years, whichever is the shorter. The unamortised balance of goodwill is reviewed at each reporting date and, to the extent that future benefits are no longer probable, charged against profits.

(h) Licences

The consolidated entity's electricity distribution licence is carried at cost to the consolidated entity, cost representing the fair value of the electricity licence acquired. The licence was granted in perpetuity, has an infinite useful life and, accordingly, is not amortised.

The consolidated entity's electricity retail licences are carried at cost to the consolidated entity, cost representing the fair value of the electricity licences acquired. The licences are amortised on a straight line basis over the period of time during which the future benefits are expected to arise, being twenty to sixty years.

(i) Gas entitlements

A controlled entity of the consolidated entity has entered into gas supply contracts in New Zealand. Under the terms of the contracts, the controlled entity is required to pay for a minimum quantity of gas in each contract year whether or not delivery has been made. Prepayments for undelivered gas entitle the controlled entity to delivery of gas in subsequent years without further payment. The prepayments are capitalised as a long term asset and are amortised as the prepaid gas is utilised.

(j) Deferred expenditure

Borrowing expenses relating to long-term facilities are deferred and amortised over periods not exceeding the term of each borrowing.

Other expenditures which provide benefits beyond the current accounting period are deferred and amortised over the periods during which the benefits are expected to arise, ranging from two to fifty years. These expenditures principally relate to computer software and gas and electricity industry operations (the connection of new customers to the gas system, the conversion of existing customers' appliances to the use of natural gas and other gas and electricity industry expenditures).

(k) Recoverable amount of non-current assets

The carrying values of non-current assets are reviewed at each reporting date. Where the carrying values of any non-current assets exceed recoverable amount, the non-current assets are written down by directors to their recoverable amounts. Independent valuations, quoted market values or discounted cash flows are used to determine the recoverable amount of non-current assets. Where discounted cash flows are used, the expected net cash flows have been discounted to their present values using a market-determined, risk adjusted discount rate. The discount rate used in determining the recoverable amount of non-current assets ranged from 6.3% – 11.7% (2000 6.0% – 11.0%) depending on the nature and assessed risk of the assets.

(l) Revaluation of non-current assets

In accordance with subsection 334(5) of the Corporations Act 2001, the directors have elected to apply the July 2001 revised version of Accounting Standard AASB 1041 'Revaluation of Non-Current Assets' with effect from 1 July 2000.

Up to 30 June 2000 certain non-current assets had been revalued by directors to directors' valuation. On applying AASB 1041, with effect from 1 July 2000, the consolidated entity has elected to revert to the cost basis for measuring those non-current assets previously carried at a revalued amount, by deeming the existing carrying amount of the revalued non-current assets to be their cost.

(m) Payables

Creditors and other payables, including accruals not yet billed, are recognised when the consolidated entity becomes obliged to make future payments principally as a result of purchases of goods and services.

(n) Interest bearing liabilities

Borrowings (bank borrowings, bank overdrafts, promissory notes, senior notes and other borrowings) are recognised at amounts due on settlement. Interest on the instruments is recognised as an expense on an accruals basis. Consumer deposits are recognised on receipt of refundable deposits held as security over future gas and electricity usage by consumers. Interest is accrued at nominal rates over the period the deposits are held.

(o) Restoration and rehabilitation costs

Provision is made for the costs of restoration and rehabilitation of sites used in gas and electricity operations.

Note 2 – Statement of significant accounting policies (continued)**(p) Taxation**

The liability method of tax effect accounting is applied. Under this method, income tax expense is based on operating profit adjusted for any permanently non-allowable and non-assessable items.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit and taxable income, are brought to account at tax rates expected to apply when those timing differences are to reverse, as either a provision for deferred income tax or as a future income tax benefit.

Future income tax benefits relating to tax losses are not brought to account unless there is virtual certainty of realisation of the benefits. In bringing to account such losses, it is assumed that no adverse change will occur in income tax legislation, that the Parent Entity and its relevant controlled entities will derive sufficient future assessable income to enable the benefits to be realised and that those entities will continue to comply with the conditions of deductibility imposed by law.

The potential effect of any capital gains tax is not recognised in the revaluation of current and non-current assets.

(q) Employee entitlements

Liabilities for wages, salaries and annual leave and other employee entitlements which are expected to be settled within twelve months of reporting date are accrued at nominal amounts, calculated on the basis of current wage and salary rates, plus relevant employment on-costs.

Liabilities for other employee entitlements, which are not expected to be settled within twelve months of reporting date, are accrued at nominal amounts calculated on the basis of current wage and salary rates. The liabilities ascertained using this method are not materially different from the liabilities determined using the present value method of measurement.

Contributions to employee superannuation plans are expensed as the contributions are paid or become payable.

Expenses relating to shares issued pursuant to employee share ownership plans are recognised as incurred. Amounts outstanding on employee share loans are included in receivables.

(r) Revenue recognition

Gas, electricity and telecommunication services revenue represents accounts rendered plus an accrual for unbilled revenue at the end of the financial period.

Revenue from the provision of services, including revenue from construction contracts, represents consideration received or receivable determined, where appropriate, in accordance with the percentage of completion method, with the stage of completion of each contract determined by reference to the proportion that contract costs for work performed to date bears to the estimated total contract costs.

Customer contributions towards infrastructure are recognised as income in the periods in which the infrastructure is completed.

(s) Foreign currencies**Translation of foreign currency transactions**

Foreign currency transactions are converted to Australian dollars at exchange rates ruling at the dates of those transactions. Amounts payable and receivable in foreign currencies at balance date are converted to Australian dollars at exchange rates ruling on that date.

Exchange differences arising from the conversion of amounts payable and receivable in foreign currencies are brought to account as gains or losses in the periods in which the differences arise.

Translation of foreign currency financial statements

Assets and liabilities of self-sustaining foreign controlled entities are translated into Australian dollars at exchange rates ruling at reporting date. Profits and losses of such controlled entities are translated at average exchange rates ruling during the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

Assets and liabilities of integrated foreign controlled entities are translated into Australian dollars at historical rates of exchange or, in the case of monetary items, at exchange rates ruling at reporting date. Profits and losses of such controlled entities are translated at average exchange rates ruling during the year. Exchange differences arising on translation are either brought to account as gains or losses in the periods in which the differences arise or, where such differences are attributable to qualifying assets, included in the costs of acquisition of such assets.

Hedging of foreign currency commitments

Exchange differences arising on hedges of specific purchase and sale commitments are deferred until the date of the relevant transaction and included in the measurement of the purchase or sale.

Exchange differences relating to other hedge transactions are either brought to account as gains or losses in the periods in which the differences arise or, in the case of initial gains or costs, brought to account over the periods of the hedge transactions. On consolidation, gains or losses on hedge transactions entered into in relation to net investments in self-sustaining foreign controlled entities are transferred to the foreign currency translation reserve.

The carrying amounts of forward foreign exchange contracts, which comprise net receivables and payables accrued, are included in assets or liabilities respectively.

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Note 2 – Statement of significant accounting policies (continued)**(t) Derivative financial instruments**

Derivative financial instruments are entered into in order to manage financial risks, as outline in Note 51.

Gains or losses on derivative financial instruments relating to hedge transactions are either brought to account as gains or losses in the periods in which the differences arise or, brought to account over the periods of the hedge transactions.

Gains or losses on derivative financial instruments which meet the definition of a hedge of specific purchase and sale commitments are deferred until the date of the relevant transaction and included in the measurement of the purchase or sale.

Where a derivative financial instrument which meets the definition of a hedge for hedge accounting purposes is terminated early and the underlying hedged transactions are no longer expected to occur, the gains or losses arising on the early termination of the instrument are recognised in the statement of financial performance as at the date of termination.

Where a derivate financial instrument which meets the definition of a hedge for hedge accounting purposes is terminated early and the underlying transactions are still expected to occur as designated, the gains and losses arising on the early termination of the instrument continue to be deferred and are progressively brought to account over the period during which the hedged transaction are recognised.

Amounts payable and receivable under interest rate swaps, forward rate agreements and interest rate options are recognised in the statement of financial performance on a basis consistent with corresponding fluctuations in interest expense on floating rate debt. The carrying amounts of these financial instruments, which comprise net interest receivables and payables accrued, are included in assets or liabilities respectively.

Option fees and amounts receivable and payable in respect of electricity hedging contracts are brought to account on an accruals basis.

Foreign exchange contracts are accounted for as outlined in Note 2(s).

(u) Cash flows

For the purpose of the statements of cash flows, cash includes cash on hand, cash held at call with financial institutions and money market investments, net of bank overdrafts and money market borrowings.

(v) Comparative figures

Where necessary, information for the previous financial year is re-presented to conform with changes in presentation of the current financial year.

(w) Rounding of amounts

Unless otherwise specified, amounts in the financial report are shown to the nearest tenth of a million dollars in accordance with ASIC class order 98/100 issued 10 July 1998. The Parent Entity is an entity to which the class order applies.

for the year ended 30 June 2001

Note 3 – Segment information	Revenue		Operating result		Total assets	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m	2001 \$m	2000 \$m
INDUSTRY SEGMENTS						
Energy						
<i>Infrastructure</i>						
• Gas networks	569.8	371.3	222.0	173.3	1,170.4	1,119.7
• Electricity networks	168.5	172.2	70.7	62.9	1,098.1	1,123.0
• Agility	123.2	0.0	28.4	0.0	58.4	0.0
• Pipelines	0.0	542.9	0.0	216.7	0.0	67.5
	861.5	1,086.4	321.1	452.9	2,326.9	2,310.2
<i>Sales & marketing</i>	1,908.8	1,510.1	115.4	58.5	694.4	682.3
Less network charges	422.0	469.3	0.0	0.0	0.0	0.0
	1,486.8	1,040.8	115.4	58.5	694.4	682.3
	2,348.3	2,127.2	436.5	511.4	3,021.3	2,992.5
<i>Investments</i>	45.7	0.0	39.7	2.6	386.9	0.0
<i>Power generation</i>	8.2	32.0	(0.3)	2.9	72.3	47.6
<i>LPG</i>	28.2	30.8	13.6	17.7	102.9	100.2
<i>International business</i>	1,033.0	528.8	(166.1)	100.5	2,043.8	2,035.2
	3,463.4	2,718.8	323.4	635.1	5,627.2	5,175.5
Property	40.6	34.2	20.5	12.6	98.8	73.3
Telecommunications	29.1	0.0	(33.4)	0.0	101.4	0.0
Other	1.0	53.2	(3.2)	4.2	8.1	28.2
Segment totals	3,534.1	2,806.2	307.3	651.9	5,835.5	5,277.0
Unallocated items	6.4	5.6	(12.0)	(13.4)	167.7	68.1
	3,540.5	2,811.8	295.3	638.5	6,003.2	5,345.1
Less: inter-segment revenue	0.2	2.7	0.0	0.0	0.0	0.0
borrowing costs	0.0	0.0	181.9	152.0	0.0	0.0
	3,540.3	2,809.1	113.4	486.5	6,003.2	5,345.1
Inter-segment revenue was derived as follows:						
Energy	0.1	1.1				
Property	0.1	0.2				
Other	0.0	1.4				
	0.2	2.7				
Inter-segment pricing is on an 'arms-length' basis.						
GEOGRAPHICAL SEGMENTS						
Australia	2,506.7	2,275.1	461.9	534.1	3,956.8	3,291.3
New Zealand	1,003.1	532.2	(164.6)	104.0	1,868.3	1,995.7
Other	30.5	1.8	(2.0)	0.4	178.1	58.1
	3,540.3	2,809.1	295.3	638.5	6,003.2	5,345.1
There was no material inter-segment revenue.						

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Note 3 – Segment information (continued)**REVENUE IS PRINCIPALLY DERIVED FROM:****(i) Energy**

<i>Infrastructure</i>	<ul style="list-style-type: none"> • Gas networks – distribution of natural gas. • Electricity networks – distribution of electricity. • Agility – provision of infrastructure management and maintenance services.
<i>Sales & marketing</i>	Sale of natural gas and electricity.
<i>Investments</i>	Investments in pipeline and energy entities.
<i>Power generation</i>	Generation and sale of electricity.
<i>LPG</i>	Extraction and sale of LPG and investment in a joint venture entity involved in the LPG industry.
<i>International business</i>	Distribution of natural gas and investments in foreign entities involved in the gas and electricity industries.

(ii) Property Sale and rental of properties.**(iii) Telecommunications** Investment in entities involved in the telecommunications industry.**(iv) Other** Business development activities and revenue from other activities.**OPERATING RESULT INCLUDES THE FOLLOWING SIGNIFICANT AMOUNTS:****(i) Energy**

<i>Infrastructure</i>	
• Gas networks	\$49.3 million (2000 – \$(3.2) million)
• Electricity networks	\$nil (2000 – \$(6.0) million)
• Pipelines	\$nil (2000 – \$135.6 million)
<i>Sales & marketing</i>	\$5.0 million (2000 – \$(9.2) million)
<i>International</i>	\$(267.6) million (2000 – \$nil)
(ii) Property	\$20.8 million (2000 – \$14.1 million)
(iii) Telecommunications	\$(22.2) million (2000 – \$nil)
(iv) Other	\$nil (2000 – \$(1.1) million)
(v) Unallocated	\$(9.4) million (2000 – \$(20.7) million)

for the year ended 30 June 2001

Note 3 – Segment information (continued)

	Gas networks	Infrastructure Electricity networks	Agility	Sales & marketing	Investments	Power generation	LPG	International business
	2001	2001	2001	2001	2001	2001	2001	2001
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
INFORMATION RELATING TO ENERGY SEGMENT								
(a) Funds employed								
Current assets								
Cash	0.0	0.0	0.2	4.9	0.0	0.0	0.0	9.7
Receivables	12.3	11.5	34.3	388.6	0.4	2.6	2.1	186.3
Inventories	0.7	0.0	4.8	6.5	0.0	0.0	0.0	8.3
Property, plant and equipment	2.2	0.0	0.0	0.0	0.0	0.0	0.0	79.5
Intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	111.1
Other	3.1	0.0	0.6	17.0	0.0	0.0	0.0	23.4
Non-current assets								
Receivables	0.0	0.0	0.0	0.0	0.0	0.0	32.5	5.9
Investments accounted for using the equity method	0.0	0.0	0.0	0.4	380.6	0.0	67.3	127.9
Other financial assets	0.0	0.0	0.0	0.0	0.0	12.0	0.0	0.0
Property, plant and equipment	924.6	480.0	6.1	22.6	0.0	52.9	1.0	1,201.6
Intangibles	0.0	580.9	0.0	201.9	0.0	0.0	0.0	103.0
Deferred expenditure	226.4	21.7	0.0	15.7	0.0	3.2	0.0	12.7
Tax assets	0.9	0.9	9.6	36.3	2.1	0.0	0.0	41.2
Other	0.2	3.1	2.8	0.5	3.8	1.6	0.0	133.2
Total assets	1,170.4	1,098.1	58.4	694.4	386.9	72.3	102.9	2,043.8
Current liabilities								
Payables	9.9	12.0	26.3	255.2	0.0	4.1	0.5	180.0
Provisions	6.5	2.1	12.1	23.8	0.0	0.2	0.0	23.7
Tax liabilities	6.0	4.7	9.9	12.8	13.0	0.0	3.7	5.6
Unearned revenue	12.9	0.0	0.4	0.7	0.0	0.0	0.0	2.4
Non-current liabilities								
Payables	0.0	0.0	0.0	12.2	0.0	0.0	0.0	0.0
Provisions	5.0	0.5	16.4	62.7	0.0	0.0	0.0	0.0
Tax liabilities	163.0	50.1	0.0	42.5	6.7	4.7	0.2	73.6
Unearned revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2
Funds employed	967.1	1,028.7	(6.7)	284.5	367.2	63.3	98.5	1,756.3
(b) Profit before borrowing costs and significant items								
Before income tax	172.7	70.7	28.4	110.4	39.7	(0.3)	13.6	101.6
After income tax	123.2	50.5	19.3	72.3	36.6	(0.2)	9.7	55.0
(c) Profit before borrowing costs and significant items/funds employed*(%)								
Before income tax	18.2	6.8	n/a	43.8	19.9	n/a	14.0	5.6
After income tax	13.0	4.8	n/a	28.7	18.3	n/a	10.0	3.1
* Weighted where appropriate.								

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 4 – Revenue				
Sales of goods				
Operating activities	2,808.9	1,975.4	274.1	295.2
Other activities	4.2	14.9	0.0	0.0
Provision of services				
Construction contracts	61.7	5.2	0.0	0.0
Other operating activities	296.5	296.7	1.2	0.4
Interest				
Controlled entities				
Wholly-owned	0.0	0.0	115.2	107.6
Associates and joint venture entities	5.2	5.6	0.0	0.0
Other entities	9.3	13.9	3.1	1.7
Dividends				
Wholly-owned controlled entities	0.0	0.0	59.1	152.6
Associates and joint venture entities	0.0	0.0	5.8	0.0
Equity share of profits				
Joint venture entities (Note 45)	28.5	3.8	0.0	0.0
Associates (Note 46)	12.9	59.9	0.0	0.0
Share of partnership profits	0.4	0.9	0.0	0.0
Disposals of assets				
Operating activities	267.0	407.8	6.4	352.2
Other activities	35.4	18.8	35.4	18.8
Rents				
Other activities	0.1	0.4	0.1	0.3
Write-back of provisions no longer required				
Business restructuring	6.4	0.0	0.0	0.0
Contract restructuring	0.0	1.3	0.0	0.0
Employee entitlements	0.8	0.0	0.0	0.0
Environmental rehabilitation	0.0	2.1	0.0	0.0
Reversal of diminution of value of property, plant and equipment	0.0	2.4	0.0	0.0
Settlement of contract agreement	2.0	0.0	0.0	0.0
Other	1.0	0.0	1.0	0.0
Net foreign currency exchange gain from non-speculative dealing	0.0	0.0	0.0	6.1
	3,540.3	2,809.1	501.4	934.9
All revenue relates to operating activities unless otherwise stated.				
Note 5 – Expenses from ordinary activities				
Cost of goods sold	1,962.7	1,306.0	274.1	295.2
Administrative costs	141.3	106.3	17.8	42.2
Employee entitlements	288.1	223.4	26.2	24.7
Losses and writedown relating to controlled entities	289.8	0.0	21.0	0.0
Carrying value of businesses sold	173.5	97.4	0.0	97.4
Costs relating to restructure of AGL's business structures and processes	0.0	32.2	0.0	1.5
Other expenses	191.4	253.4	0.0	6.6
	3,046.8	2,018.7	339.1	467.6

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 6 – Operating profit				
Operating profit from ordinary activities includes:				
(a) Net gain on disposal of assets (excluding significant items – refer to Note6(c))				
Investments	1.7	5.5	0.0	0.0
Property, plant and equipment	11.3	1.3	2.6	0.1
(b) Items of expense				
Borrowing costs				
Interest expense				
Controlled entities				
Wholly-owned	0.0	0.0	0.9	1.2
Other entities	178.2	150.3	104.7	99.7
Finance lease expenses				
Finance charges				
Other borrowing costs	0.0	0.1	0.0	0.0
	3.7	2.2	3.7	2.1
	181.9	152.6	109.3	103.0
Less amounts capitalised as part of the carrying values of assets*				
	0.0	0.6	0.0	0.0
	181.9	152.0	109.3	103.0
*Capitalisation rate applicable to funds borrowed generally – (2000 6.6%)				
Amounts provided for:				
Directors' retiring allowances				
	0.3	0.2	0.3	0.2
Doubtful debts (net of bad debts recovered)				
	14.2	12.7	0.0	0.0
Employee entitlements				
	23.9	15.4	5.4	2.5
Property rental guarantees				
	0.2	0.0	0.0	0.0
Amounts written off in respect of:				
Plant and equipment scrapped				
	2.6	1.6	0.0	0.0
Deferred expenditure				
	0.5	0.2	0.0	0.0
Amortisation of:				
Deferred expenditure				
	22.2	21.1	0.2	0.4
Gas entitlements				
	26.6	9.9	0.0	0.0
Intangibles				
	32.2	13.9	0.0	0.0
Right to receive net pipeline tariffs				
	0.0	0.7	0.0	0.0
Depreciation of:				
Buildings				
Freehold				
	0.5	0.2	0.0	0.0
Leasehold				
	2.2	2.6	1.1	0.7
Plant and equipment				
Purchased assets				
	114.5	103.2	0.6	0.9
Leased assets				
	0.0	0.3	0.0	0.0
Net decrements arising on write down of:				
Inventories				
	0.1	0.0	0.0	0.0
Property, plant and equipment				
	0.6	0.0	0.0	0.0
Rental expense on operating leases				
Goldline rehabilitation programme				
	10.8	20.4	0.0	0.0
Amadeus Gas Trust assets				
	0.0	17.3	0.0	0.0
Other				
	17.6	16.6	3.1	4.6
Net foreign currency exchange loss from non-speculative dealing				
	1.4	0.4	0.7	0.0
Research and development costs				
	0.2	0.2	0.0	0.0

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 6 – Operating profit (continued)				
(c) Significant items				
Profit on sale of businesses (Income tax benefit applicable \$11.4 million (2000 \$24.8 million)) (Parent Entity income tax expense \$3.3 million)	54.3	137.1	0.0	195.3
Profit on sale of surplus property held for sale (Income tax expense applicable \$7.2 million (2000 \$4.6 million)) (Parent Entity \$7.2 million (2000 \$4.6 million))	20.8	14.1	20.8	14.1
Losses and writedowns relating to controlled entities (Income tax benefit applicable \$24.4 million (Parent Entity \$nil))	(289.8)	0.0	(21.0)	0.0
Costs relating to review ownership structure of AGL's network assets (Income tax benefit applicable \$3.2 million (Parent Entity \$3.2 million))	(9.4)	0.0	(9.4)	0.0
Costs incurred to implement the Goods and Services Tax (Income tax benefit applicable \$3.4 million (Parent Entity \$0.8 million))	0.0	(9.5)	0.0	(2.2)
Costs incurred to restructure AGL's business structures and processes (Income tax benefit applicable \$11.6 million (Parent Entity \$0.7 million))	0.0	(32.2)	0.0	(1.6)
Adjustments to restate net deferred income tax balances due to the change in income tax rates	0.0	40.7	0.0	0.6
Recognition of tax losses in respect of which future income tax benefits were not previously brought to account	0.0	15.6	0.0	0.0
Note 7 – Income tax attributable to operating profit				
Prima facie income tax expense on operating profit at 34% (2000 36%)	(38.6)	(175.1)	(17.4)	(130.4)
Tax effect of permanent differences				
Non-allowable expenditure	(87.0)	(19.2)	(7.7)	(0.6)
Non-assessable revenue	12.8	5.1	0.0	0.0
Rebateable/non-assessable dividends	0.0	0.0	21.0	55.0
Non rebateable/assessable dividends	(4.6)	0.0	0.0	0.0
Equity accounted profits of associates and joint venture entities	5.6	22.9	0.0	0.0
Development allowance	1.8	2.5	0.0	0.0
Rehabilitation expenditure	0.0	4.9	0.0	0.0
Profits/losses on disposals of assets	31.7	77.4	0.6	67.5
Other	(2.9)	1.8	0.6	0.7
Recognition of tax losses not previously brought to account	2.8	15.6	2.8	0.0
Reversal of tax losses previously recognised now written off	(5.9)	0.0	0.0	0.0
Income tax rate change	6.6	40.7	(1.7)	0.6
Income tax over/(under)provided in prior years	0.8	(0.4)	0.8	(1.2)
Income tax expense on operating profit	(76.9)	(23.8)	(1.0)	(8.4)

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 8 – Dividends				
Interim dividend paid 12 April 2001 (2000 14 April 2000)				
Franked amount (7 cents per share (2000 4 cents per share))	24.9	13.5	24.9	13.5
Unfranked amount (18 cents per share (2000 20 cents per share))	64.1	67.7	64.1	67.7
Total amount (25 cents per share (2000 24 cents per share))	89.0	81.2	89.0	81.2
Final dividend proposed for 16 October 2001 (2000 17 October 2000)				
Franked amount (16 cents per share (2000 6 cents per share))	57.6	20.5	57.6	20.5
Unfranked amount (11 cents per share (2000 21 cents per share))	39.5	71.8	39.5	71.8
Total amount (27 cents per share (2000 27 cents per share))	97.1	92.3	97.1	92.3
Special dividend paid (2000 17 October 2000)				
Franked amount (2000 0 cents per share)	0.0	0.0	0.0	0.0
Unfranked amount (2000 23 cents per share)	0.0	78.7	0.0	78.7
Total amount (2000 23 cents per share)	0.0	78.7	0.0	78.7
	186.1	252.2	186.1	252.2
The franking rate applicable to all franked dividends paid is 34%				
The franking rate applicable to all franked dividends proposed is 30%				
Franking credits available for franking dividends in the subsequent financial year (after allowing for tax payable in respect of the current financial year)	10.8	10.3	0.0	10.3
Foreign dividend account credits attached to dividends for the year	0.0	51.3	0.0	51.3
Note 9 – Receivables (current)				
Debtors	461.8	464.7	47.7	8.9
Less provision for doubtful debts	25.0	15.4	0.0	0.0
	436.8	449.3	47.7	8.9
Unbilled revenue	203.6	143.4	0.0	0.0
Loans receivable (secured)	10.6	0.5	0.5	0.5
Loans to directors engaged in full time employment within the consolidated entity (secured)	0.7+	0.7*	0.7+	0.7*
Amounts owing by:				
Wholly-owned controlled entities	0.0	0.0	0.0	26.5
Associates and joint venture entities	38.9	14.9	0.0	8.1
	38.9	14.9	0.0	34.6
	690.6	608.8	48.9	44.7
+ To nearest thousand dollars, \$689,000.				
* To nearest thousand dollars, \$710,000.				
Significant terms and conditions				
Debtors are required to be settled within 30 days of the date of recognition.				
Unbilled gas and electricity revenue is not collectable until such time as consumers' meters are read and bills rendered.				
Loans receivable (secured) comprise a loan commitment which is secured by first mortgage over listed securities and employee share plan loans which are secured by first mortgages over shares of the Parent Entity. The loan commitment is interest bearing and matures on the 28 June 2002, while the share plan loans are non-interest bearing and the current portions of the loans are repayable no later than 30 June 2002.				
Loans to directors, including directors of controlled entities, comprise employee share plan loans which are secured by first mortgages over shares of the Parent Entity. The loans are non-interest bearing and the current portions of the loans are repayable no later than 30 June 2002.				
Amounts owing by associates and joint venture entities are non-interest bearing and are required to be paid within 30 days of the date of recognition.				
Credit risk				
The consolidated entity does not have a material exposure to any individual debtor or any group of debtors having similar characteristics by reason of the debtors comprising a group operating in the same industry.				
Revision of accounting estimate				
During the year, the assumptions used to calculate unbilled electricity revenue in AGL South Australia were revised in-line with existing usage profiles and tariff categories. This review resulted in the amount of unbilled electricity recognised at 30 June 2001 increasing by \$15.1 million.				

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 10 – Inventories (current)				
(a) Stocks and materials				
Raw materials and stores – at cost	12.1	11.2	0.0	0.0
Work in progress – at cost	3.9	0.1	0.0	0.0
Finished goods – at cost	4.6	2.7	0.0	0.0
	20.6	14.0	0.0	0.0
(b) Properties held for development and sale				
Acquisition costs	0.0	6.1	0.0	0.0
Development costs	0.0	0.6	0.0	0.0
	0.0	6.7	0.0	0.0
Less provision to reduce carrying values to net realisable values	0.0	2.9	0.0	0.0
	0.0	3.8	0.0	0.0
	20.6	17.8	0.0	0.0
Aggregate carrying amount of inventories, including non-current inventories (Note 15)	23.7	20.9	0.0	0.0
Note 11 – Property, plant and equipment (current)				
(a) Plant and equipment				
At cost	79.5	0.0	0.0	0.0
(b) Surplus properties held for sale – freehold				
At cost	2.2	17.1	0.0	14.9
	81.7	17.1	0.0	14.9
<i>Valuations</i>				
Surplus properties held for sale were valued at \$2.2 million at 30 June 2001. The valuations were determined by directors after receipt of independent valuations from licensed real estate valuers and after allowing for site rehabilitation costs.				
Note 12 – Intangibles (current)				
Goodwill				
At cost	338.7	0.0	0.0	0.0
Less provision for amortisation	227.6	0.0	0.0	0.0
	111.1	0.0	0.0	0.0
Note 13 – Other current assets				
Prepayments	27.0	24.7	2.3	1.1
Gas entitlements	21.6	0.0	0.0	0.0
	48.6	24.7	2.3	1.1

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 14 – Receivables (non-current)				
Debtors	17.2	10.5	11.9	10.4
Loans receivable (unsecured)	0.8	1.9	0.0	0.0
Loans receivable (secured)				
At recoverable amount (1)	3.5	3.5	0.0	0.0
At cost	11.5	10.6	11.5	10.6
	15.0	14.1	11.5	10.6
Loans to directors engaged in full time employment within the consolidated entity (secured)	10.1+	5.3*	10.1+	5.3*
Amounts owing by:				
Wholly-owned controlled entities	0.0	0.0	3,119.3	2,770.4
Partly-owned controlled entities	0.0	0.0	0.2	0.2
Associates and joint venture entities	32.5	41.4	0.0	0.0
	32.5	41.4	3,119.5	2,770.6
Less provision to reduce carrying value to net realisable value	0.0	0.0	21.0	0.0
	32.5	41.4	3,098.5	2,770.6
	75.6	73.2	3,132.0	2,796.9

+ To nearest thousand dollars, \$10,149,000

* To nearest thousand dollars, \$5,332,000.

(1) A loan receivable (secured) was written down to recoverable amount by directors on 30 June 1993.

Significant terms and conditions

Loans receivable (secured) comprise a property related loan which is secured by a second mortgage over the relevant property and employee share plan loans which are secured by first mortgages over shares of the Parent Entity. The property related loan is non-interest bearing and is repayable no later than June 2004. The share plan loans are non-interest bearing and are repayable no later than November 2010.

Loans to directors, including directors of controlled entities, comprise employee share plan loans which are secured by first mortgages over shares of the Parent Entity. The loans are non-interest bearing and are repayable no later than November 2010.

Amounts owing by associates and joint venture entities are unsecured, interest bearing and are repayable in June 2003.

Credit risk

The consolidated entity does not have a material exposure to any individual debtor or any group of debtors, other than in respect of an amount of \$32.5 million owing by Elgas Limited (a joint venture entity) which is repayable in June 2003.

Note 15 – Inventories (non-current)**Properties held for development and sale**

Acquisition costs	2.1	2.1	0.0	0.0
Development costs	1.8	1.8	0.0	0.0
Other costs capitalised	0.9	0.9	0.0	0.0
	4.8	4.8	0.0	0.0
Less provision to reduce carrying value to net realisable value	1.7	1.7	0.0	0.0
	3.1	3.1	0.0	0.0

Valuations

The properties held for development and sale were valued at \$3.2 million at 30 June 2001. The valuations were determined by directors, after receipt of independent valuations from licensed real estate valuers, and are based on the estimated realisable values of the properties in an open market. The carrying values of the properties were not restated at 30 June 2001.

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 16 – Investments accounted for using the equity method				
Associates – quoted on stock exchange				
At equity accounted carrying amount (Parent Entity at cost)	161.7	162.1	140.5	146.4
Associates – not quoted on stock exchange				
At equity accounted carrying amounts	1.6	1.7	0.0	0.0
Joint venture entities – not quoted on stock exchange				
At equity accounted carrying amounts	412.8	105.6	0.0	0.0
	576.1	269.4	140.5	146.4
Note 17 – Other financial assets				
Controlled entities – not quoted on stock exchange				
At recoverable amount (1)	0.0	0.0	11.5	11.5
At cost (2)	0.0	0.0	367.1	367.1
	0.0	0.0	378.6	378.6
Interest in other entities	54.9	0.0	0.0	0.0
Interest in partnership – at cost plus share of undistributed profits	11.9	10.5	0.0	0.0
	66.8	10.5	378.6	378.6
(1) Shares in a controlled entity not quoted on a stock exchange were written down to recoverable amount by directors on 30 June 1994.				
(2) Shares in other controlled entities not quoted on a stock exchange previously revalued to fair value (\$137.6 million) by directors in 1986 have been deemed to be carried forward at cost as from 1 July 2000 under AASB 1041.				
<i>Interest in partnership</i>				
The consolidated entity has a 15% interest in the Southern Cross Energy partnership, the principal activity of which is power generation.				
Note 18 – Property, plant and equipment (non-current)				
(a) Land and buildings				
Freehold				
At cost	39.2	37.0	1.5	1.5
Less provision for depreciation	2.7	2.1	0.0	0.0
	36.5	34.9	1.5	1.5
Leasehold				
At cost	9.6	9.3	4.3	3.9
Less provision for depreciation	3.9	1.7	1.3	0.2
	5.7	7.6	3.0	3.7
	42.2	42.5	4.5	5.2
<i>Valuations</i>				
Freehold land and buildings were valued at \$37.4 million at 30 June 2001. These valuations were determined by directors after receipt of independent valuations from licensed real estate valuers and after allowing for site rehabilitation costs. The carrying values of the properties were not restated at 30 June 2001.				

for the year ended 30 June 2001

	Consolidated		Parent Entity		
	2001 \$m	2000 \$m	2001 \$m	2000 \$m	
Note 18 – Property, plant and equipment (non-current) (continued)					
(b) Surplus properties held for sale					
Freehold					
At cost	44.8	31.4	40.8	22.5	
Less provision for depreciation	0.2	0.1	0.0	0.0	
	44.6	31.3	40.8	22.5	
Valuations					
The properties were valued at \$98.3 million at 30 June 2001. These valuations were determined by directors after receipt of independent valuations from licensed real estate valuers and after allowing for site rehabilitation costs (\$50.0 million of rehabilitation costs in respect of a former gasworks site have been offset by the utilisation of part of the former gas customers' reserve account). The carrying values of the properties were not restated at 30 June 2001.					
Capital gains tax payable if the properties had been sold at 30 June 2001 for amounts equivalent to either their carrying values or the directors' valuations at that date would be \$23.1 million (2000 \$29.4 million). At 30 June 2001 no allowance has been made for this capital gains tax.					
(c) Plant and equipment					
At recoverable amount (1)	5.4	0.0	0.0	0.0	
Less provision for depreciation	0.0	0.0	0.0	0.0	
	5.4	0.0	0.0	0.0	
At cost (2)	3,319.4	3,133.3	7.3	8.3	
Less provision for depreciation	657.7	592.6	3.4	3.2	
	2,661.7	2,540.7	3.9	5.1	
	2,667.1	2,540.7	3.9	5.1	
	2,753.9	2,614.5	49.2	32.8	
Non-current assets pledged as security					
Refer to Note 29 for details of non-current assets pledged as security.					
Depreciation methods applicable to each class of assets					
Land and surplus properties held for sale are not depreciated.					
Buildings and other plant and equipment are depreciated on a straight-line basis.					
Depreciation rates applicable to each class of assets:					
Buildings component of land and buildings: 2% pa.					
Plant and equipment					
Purchased assets: 2% – 33 1/3% pa.					
Capitalised leased assets: 2% – 20% pa.					
	Freehold land & buildings \$m	Leasehold land & buildings \$m	Surplus properties held for sale \$m	Plant & equipment \$m	Total \$m
Reconciliations					
Reconciliations of the carrying amounts of each class of non-current property, plant & equipment at the beginning and end of the reporting period:					
Consolidated – 2001					
Balance at beginning of year	34.9	7.6	31.3	2,540.7	2,614.5
Additions	2.1	1.0	18.3	300.3	321.7
Disposals		(0.7)	(5.0)	(121.9)	(127.6)
Additions through acquisitions				124.0	124.0
Recoverable amount writedowns				(0.6)	(0.6)
Depreciation	(0.5)	(2.2)		(114.5)	(117.2)
Foreign currency exchange differences				18.6	18.6
Reclassification to current asset				(79.5)	(79.5)
Balance at the end of year	36.5	5.7	44.6	2,667.1	2,753.9
Parent Entity – 2001					
Balance beginning of year	1.5	3.7	22.5	5.1	32.8
Additions		0.4	18.3		18.7
Disposals				(0.6)	(0.6)
Depreciation		(1.1)		(0.6)	(1.7)
Balance at the end of year	1.5	3.0	40.8	3.9	49.2

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 19 – Intangibles (non-current)				
Goodwill				
At cost	208.6	453.9	0.0	0.0
Less provision for amortisation	21.1	18.4	0.0	0.0
	187.5	435.5	0.0	0.0
Licences				
At cost	730.8	726.3	0.0	0.0
Less provision for amortisation	7.4	2.1	0.0	0.0
	723.4	724.2	0.0	0.0
	910.9	1,159.7	0.0	0.0
Note 20 – Deferred expenditure				
Gas industry expenses – at cost				
Customer connections	257.2	195.1	0.0	0.0
Natural gas conversion	71.6	72.0	0.0	0.0
Other	16.9	17.8	0.0	0.0
	345.7	284.9	0.0	0.0
Less provision for amortisation	117.3	113.2	0.0	0.0
	228.4	171.7	0.0	0.0
Other expenses – at cost				
Borrowings	12.0	12.4	12.0	12.4
Computer software	123.5	93.8	1.5	1.5
Other	10.5	8.9	0.3	4.7
	146.0	115.1	13.8	18.6
Less provision for amortisation	51.7	35.7	5.9	4.4
	94.3	79.4	7.9	14.2
	322.7	251.1	7.9	14.2
Note 21 – Tax assets				
Future income tax benefits *	102.4	102.9	15.8	14.0
* Includes future income tax benefits attributable to tax losses carried forward as an asset	16.7	18.4	7.6	0.0
Future income tax benefits, attributable to tax losses not brought to account, which will only be realised if the conditions for deductibility set out in Note 2(p) apply	42.6	14.8	0.0	2.8
Note 22 – Other non-current assets				
Gas entitlements – at cost	168.4	164.0	0.0	0.0
Less provision for amortisation	36.5	9.9	0.0	0.0
	131.9	154.1	0.0	0.0
Sundry gas and electricity assets	6.3	7.1	0.0	0.0
	138.2	161.2	0.0	0.0
Note 23 – Payables (current)				
Creditors	535.8	465.4	53.6	68.2
Amounts owing to:				
Associates and joint venture entities	3.4	8.7	0.0	0.0
	539.2	474.1	53.6	68.2
<i>Significant terms and conditions</i>				
Creditors and amounts owing to associates and joint venture entities are generally settled within 30 days of recognition and are unsecured.				

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 24 – Interest bearing liabilities (current)				
Secured				
Bank borrowings	0.8	0.0	0.0	0.0
Other borrowings	2.5	4.7	0.0	0.0
Subject to negative pledge				
Bank borrowings	722.0	50.0	240.0	50.0
Unsecured				
Bank overdrafts	0.2	0.3	0.2	0.3
Bank borrowings	11.9	0.0	0.0	0.0
Capital convertible notes	43.6	0.0	0.0	0.0
Natural gas notes	60.7	51.9	0.0	0.0
Promissory notes	262.0	85.0	160.0	85.0
Other borrowings	0.0	8.2	0.0	8.1
Consumer deposits and interest	0.5	4.0	0.0	0.0
	1,104.2	204.1	400.2	143.4
Significant terms and conditions				
Bank borrowings (secured) are secured by a guarantee from the Parent Entity and a mortgage over various gas distribution assets of a controlled entity. The current portion of the loan is repayable by June 2002.				
Other borrowings (secured) are secured by a floating charge over the assets of a joint venture operation. The current portion of the loan is repayable by June 2002.				
Bank borrowings (subject to negative pledge) consist of:				
(i) Various committed bank cash advance facilities to the Parent Entity which are repayable on the expiration of the facilities, currently between July 2001 and February 2002.				
(ii) A two year revolving cash advance facility to Natural Gas Corporation Holdings Limited and a standby committed cash advance facility to On energy Limited. These facilities were both refinanced on 13 July 2001 under a NZ\$850 million syndicated cash advance facility which matures on 13 November 2001. Bank overdrafts may be utilised at any time and are repayable on demand.				
Convertible notes consist of:				
(i) Convertible notes issued by a controlled entity which are subject to redemption by the controlled entity on 1 October 2001.				
(ii) Convertible notes issued by a controlled entity which entitle the holder to convert on a one for one basis to ordinary shares in a partly-owned controlled entity on the maturity date of 28 June 2002.				
Natural gas notes issued by a partly-owned controlled entity are repayable on 15 July 2001.				
Promissory notes are payable on maturity. The maturity dates are between July and December 2001.				
Consumer deposits and interest relate to security deposits lodged with certain controlled entities of the consolidated entity by gas and electricity consumers. These deposits and accrued interest are normally held by the consolidated entity for periods of either one or two years. The aggregate amount expected to be paid to consumers within twelve months of the reporting date is shown as a current liability, with the balance shown as a non-current liability (refer to Note 29).				
Note 25 – Provisions (current)				
Dividends	97.1	171.0	97.1	171.0
Employee entitlements	34.0	44.2	4.8	8.2
Contract restructuring	10.9	19.6	0.0	0.0
Property rental guarantees	1.2	0.3	0.0	0.0
Environmental rehabilitation	0.1	0.9	0.1	0.1
Business restructuring	15.7	0.0	0.0	0.0
Promotional initiatives	4.7	0.0	0.0	0.0
Other	15.6	12.4	0.0	0.2
	179.3	248.4	102.0	179.5
Note 26 – Tax liabilities (current)				
Current tax payable	31.3	8.1	4.9	10.0

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 27 – Unearned revenue (current)				
Balance of amount transferred from former gas customers' reserve account to offset reductions in network transportation charges	12.6	16.0	0.0	0.0
Other unearned revenue	4.8	10.2	14.7	12.5
	17.4	26.2	14.7	12.5
Note 28 – Payables (non-current)				
Amounts owing to wholly-owned controlled entities	0.0	0.0	42.3	145.2
Note 29 – Interest bearing liabilities (non-current)				
Secured				
Bank borrowings	25.1	0.0	0.0	0.0
Other borrowings	38.9	38.7	0.0	0.0
Subject to negative pledge				
Bank borrowings	400.0	80.0	400.0	80.0
Medium term notes	300.0	300.0	300.0	300.0
Senior notes	772.2	772.7	772.2	772.7
Other unsecured				
Bank borrowings	29.5	550.7	0.0	0.0
Capital convertible notes	0.0	45.0	0.0	0.0
Natural gas notes	0.0	63.6	0.0	0.0
Amounts owing to wholly-owned controlled entities	0.0	0.0	2.0	6.2
Consumer deposits and interest	12.2	12.5	0.0	0.0
	1,577.9	1,863.2	1,474.2	1,158.9
<i>Significant terms and conditions</i>				
Bank borrowings (secured) are secured by a guarantee from the Parent Entity and a mortgage over various gas distribution assets of a controlled entity. The loan is repayable in equal instalments between 28 July 2003 and 28 January 2007.				
Other borrowings (secured) are secured by a floating charge over the assets of a joint venture operation and are repayable in instalments up to 31 December 2011.				
Bank borrowings (subject to negative pledge) are repayable on the expiration of the facilities. The expiry dates of the facilities are currently between July 2002 and January 2003.				
Medium term notes are repayable on maturity in July 2004.				
Senior notes are repayable on maturity, partly in November 2003, partly in April 2008 and partly in April 2018. The notes are denominated in US dollars and the consolidated entity's foreign exchange exposure has been fully hedged.				
Bank borrowings (unsecured) relating to a controlled entity are repayable in equal instalments between February 2003 and August 2006.				
Consumer deposits and interest relate to security deposits lodged with certain controlled entities of the consolidated entity by gas and electricity consumers. These deposits and accrued interest are normally held by the consolidated entity for periods of either one or two years. Other gas deposits and accrued interest are held until such time as the consumers cease to be customers of the consolidated entity and all outstanding amounts are either paid or deducted from the security deposits.				
<i>Assets pledged as security</i>				
The carrying value of non-current assets pledged as security are:				
Property, plant and equipment	215.1	50.3	0.0	0.0

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 30 – Provisions (non-current)				
Directors' retiring allowances	1.6	1.3	1.6	1.3
Employee entitlements	35.3	33.9	4.1	8.0
Contract restructuring	48.7	63.6	0.0	0.0
Property rental guarantees	0.8	1.5	0.0	0.0
Environmental rehabilitation	0.1	0.6	0.1	0.1
Promotional initiatives	4.8	9.5	0.0	0.0
Other	2.5	2.1	0.0	0.0
	93.8	112.5	5.8	9.4
Note 31 – Tax liabilities (non-current)				
Deferred income tax	348.2	296.8	9.5	11.6
Note 32 – Unearned revenue (non-current)				
Balance of amount transferred from former gas customers' reserve account to offset reductions in network transportation charges	0.0	23.6	0.0	0.0
Other unearned revenue	3.6	2.2	1.4	2.2
	3.6	25.8	1.4	2.2
Note 33 – Contributed equity				
359,758,945 (2000 341,990,877) fully paid ordinary shares	1,354.6	1,175.9	1,354.6	1,175.9
During the year the Parent Entity issued:				
(i) 6,406,596 shares at \$9.98 per share and 3,599,656 shares at \$10.44 per share pursuant to The Australian Gas Light Company Dividend Reinvestment Plan;				
(ii) 6,785,801 shares at \$9.98 per share pursuant to an underwriting agreement in respect of The Australian Gas Light Company Dividend Reinvestment Plan;				
(iii) 132,500 shares at \$11.69 per share, 385,500 shares at \$11.10 per share and 300,000 shares at \$11.67 per share pursuant to the AGL Share Loan Plan; and				
(iv) 158,015 shares pursuant to the AGL Share Reward Plan.				
Ordinary shares entitle each Proprietor to the capital and profits of the Company including dividend payments in proportion to the number and amounts paid on the shares held.				
A Proprietor of ordinary shares has the right of voting personally or by proxy in the following manner:				
– for every 5 shares or part thereof up to 100 shares – 1 vote;				
– for every 10 shares or part thereof beyond the first 100 shares up to 200 shares – 1 vote;				
– for every 25 shares or part thereof beyond the first 200 shares up to one fourth of the total shares issued by the Company – 1 vote.				

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 34 – Reserves				
Asset revaluation	0.0	0.0	1.7	1.7
Foreign currency translation	(13.7)	(26.0)	0.0	0.0
	(13.7)	(26.0)	1.7	1.7
<i>Movements in reserves</i>				
<i>Asset revaluation</i>				
Balance at beginning of year	0.0	29.8	1.7	1.7
Reversal of previous movements in associates' reserves on associate becoming a controlled entity	0.0	(29.8)	0.0	0.0
Share of movements in associates' reserves	0.0	0.0	0.0	0.0
Balance at end of year	0.0	0.0	1.7	1.7
The asset revaluation reserve was used to recognise increments and decrements from prior years arising on the revaluation of non-current assets.				
<i>Foreign currency translation</i>				
Balance at beginning of year	(26.0)	(9.0)	0.0	0.0
Net exchange gain(loss) arising on translation of foreign currency net assets	8.0	(13.2)	0.0	0.0
Net gain(loss) arising on hedging of foreign currency investments	4.3	(3.8)	0.0	0.0
Balance at end of year	(13.7)	(26.0)	0.0	0.0
Exchange differences arising on the translation of assets and liabilities of self-sustaining foreign controlled entities are taken to the foreign currency translation reserve as outlined in Note 2(s). The debit balance in the reserve has arisen primarily as a result of the weakening of the New Zealand currency.				
Note 35 – Retained profits				
Balance at beginning of year	635.7	437.9	531.3	429.6
Operating profit after income tax attributable to Proprietors of the Parent Entity	115.4	450.0	50.1	353.9
Dividends provided for or paid	(186.1)	(252.2)	(186.1)	(252.2)
Balance at the end of year	565.0	635.7	395.3	531.3
Note 36 – Outside equity interests in controlled entities				
Contributed equity	152.9	166.4	0.0	0.0
Reserves	7.0	0.0	0.0	0.0
Accumulated profits/(losses)	42.5	133.9	0.0	0.0
	202.4	300.3	0.0	0.0
Note 37 – Construction contracts in progress				
Aggregate of contract costs incurred and recognised profits (less recognised losses) to date	76.7	25.6	0.0	0.0
Less aggregate of consideration received and receivable as progress billings (including retentions) and advances received	(72.8)	(25.5)	0.0	0.0
Advances received	0.0	0.0	0.0	0.0
	3.9	0.1	0.0	0.0
Amounts due from customers for contract work	13.1	5.8	0.0	0.0
Less amounts due to customers for contract work	0.0	0.0	0.0	0.0
	13.1	5.8	0.0	0.0

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 38 – Capital commitments				
Expenditure contracted for at balance date not reflected in the financial statements				
Capital expenditure in respect of:				
Information technology projects	2.0	3.4	0.0	0.0
Property, plant and equipment	166.2	15.7	1.8	10.2
Construction projects	5.4	19.5	0.0	0.0
Capital commitments in respect of:				
Joint venture operations	0.1	2.0	0.0	0.0
Joint venture entities	10.5	3.6	0.0	0.0
Associates	15.2	26.8	0.0	0.0
Payable not later than one year	199.4	71.0	1.8	10.2
Note 39 – Lease commitments				
Non-cancellable operating leases				
Aggregate amounts contracted for at balance date not reflected in the financial statements				
<i>Goldline rehabilitation programme</i>				
Due within 1 year	0.0	18.6	0.0	0.0
Due between 1 and 5 years	0.0	50.0	0.0	0.0
Due after 5 years	0.0	0.0	0.0	0.0
	0.0	68.6	0.0	0.0
<i>Other</i>				
Due within 1 year	16.8	15.2	4.8	4.4
Due between 1 and 5 years	44.4	40.8	17.5	16.6
Due after 5 years	2.8	9.1	0.0	2.3
	64.0	65.1	22.3	23.3
	64.0	133.7	22.3	23.3
Operating leases comprise leases of office space and gas reticulation networks. There are no contingent rental payments due or payable. There are no purchase options and escalation clauses or restrictions imposed by lease arrangements concerning dividends, additional debt and further leasing. Various operating leases have standard lease renewal options.				
Note 40 – Contingent liabilities				
Bank guarantees in respect of the consolidated entity	7.4	6.0	0.6	0.2
Other guarantees and warranties in respect of controlled entities	0.8	0.0	166.1	0.0
Guarantees in respect of associated companies	5.0	0.0	5.0	0.0
	13.2	6.0	171.7	0.2
<i>Other contingent liabilities</i>				
(a) Claims and possible claims, indeterminable in amount, have arisen in the course of business against entities in the consolidated entity. Based on legal advice obtained, the directors of the Parent Entity believe that any resultant liability will not materially affect the financial position of the consolidated entity.				
(b) The Parent Entity has undertaken to provide financial support, as and when required, to certain wholly-owned controlled entities, so as to enable those controlled entities to pay their debts as and when such debts become due and payable.				

for the year ended 30 June 2001

	Consolidated		Parent Entity	
	2001 \$000	2000 \$000	2001 \$000	2000 \$000
Note 41 – Remuneration of auditors				
Remuneration of the auditor of the Parent Entity for:				
Auditing and reviewing the financial report	617	542	89	84
Other services (1)	2,154	3,970	0	0
Related practice of the Parent Entity auditors:				
Other services	424	0	0	0
Remuneration of the auditor of a controlled entity for auditing and reviewing the financial report	207	249	0	0
(1) Includes the provision of consultancy and due diligence services relating to the acquisitions and disposals of businesses during the relevant years.				
Note 42 – Remuneration of directors and executive officers				
Directors' remuneration				
Aggregate income paid or payable, or otherwise made available, to directors of:				
The Parent Entity	13,727	3,108	13,727	3,108
Controlled entities	5,426	5,780	0	0
	19,153	8,888	13,727	3,108
* Excluding executive officers of the Parent Entity who are only directors of wholly-owned controlled entities.				
Number of directors of the Parent Entity whose income, including superannuation contributions and retirement benefits, was within the following bands:				
\$000	2001	2000		
60 – 70	0	2		
70 – 80	1	2		
80 – 90	3	1		
90 – 100	1	0		
110 – 120	0	1		
120 – 130	1	0		
180 – 190	0	1		
200 – 210	1	1		
1,260 – 1,270	1	0		
2,260 – 2,270	0	1		
11,710–11,720	1	0		
Executive officers' remuneration				
Aggregate remuneration of Australian based executive officers whose remuneration is \$100,000 or more:				
	33,672	29,280	21,679	13,873

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Note 42 – Remuneration of directors and executive officers (continued)

Number of executive officers whose total remuneration, including superannuation, retirement and termination benefits, was within the following bands:

\$000	Consolidated		Parent Entity	
	2001	2000	2001	2000
140 – 150	1	0	0	0
150 – 160	4	0	1	0
160 – 170	3	0	0	0
170 – 180	8	0	1	0
180 – 190	9	0	2	0
190 – 200	6	0	4	0
200 – 210	7	0	1	0
210 – 220	7	0	3	0
220 – 230	2	5	2	1
230 – 240	8	4	2	1
240 – 250	2	1	0	0
250 – 260	1	7	0	1
260 – 270	2	4	0	0
270 – 280	7	4	4	1
280 – 290	2	6	0	2
290 – 300	1	5	0	2
300 – 310	0	5	0	1
310 – 320	0	4	0	2
320 – 330	1	2	0	0
330 – 340	1	0	0	0
340 – 350	0	2	0	0
350 – 360	0	6	0	2
360 – 370	0	1	0	0
370 – 380	2	1	2	1
390 – 400	1	1	0	1
400 – 410	1	0	1	0
420 – 430	2	1	2	0
440 – 450	1	0	0	0
460 – 470	1	0	1	0
520 – 530	0	2	0	1
540 – 550	1	1	1	1
550 – 560	0	1	0	1
570 – 580	0	2	0	1
590 – 600	0	1	0	1
610 – 620	0	1	0	0
630 – 640	0	1	0	1
640 – 650	1	0	1	0
680 – 690	1	0	1	0
690 – 700	0	1	0	1
880 – 890	0	1	0	1
890 – 900	0	1	0	1
1,040 – 1,050	0	1	0	0
1,130 – 1,140	0	1	0	1
1,260 – 1,270	1	0	1	0
2,260 – 2,270	0	1	0	1
11,710 – 11,720	1	0	1	0
	85	74	31	26

Executive officers' remuneration includes salaries, incentive payments, provision of motor vehicles, superannuation contributions, retirement and termination benefits, other benefits and fringe benefits tax.

For the purpose of disclosure, executive officers are defined as group managers, general managers and senior managers of the consolidated entity based in Australia.

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Note 43(a) – Controlled entities

Entity	Country of incorporation or formation	Equity interest held in shares/units of controlled entity	
		2001 %	2000 %
Agility Communications Pty Limited	Australia	100	100
Agility Management Pty Limited	Australia	100	100
Agility Services Pty Limited	Australia	100	100
Agility Team Build Pty Limited	Australia	100	100
AGL ACT Retail Investments Pty Limited (b)	Australia	100	0
AGL (Cawse) Power Pty Limited	Australia	100	100
AGL Chile Operations SA (a)	Chile	100	100
AGL COMindico Pty Limited (b)	Australia	100	0
A.G.L. Consultancy Pty Ltd	Australia	100	100
AGL Corporate Services Pty Limited	Australia	100	100
AGL Electricity Limited	Australia	100	100
AGL Electricity (VIC) Pty Limited	Australia	100	100
AGL Energy Sales & Marketing Limited	Australia	100	100
AGL Energy Services Limited	Australia	100	100
AGL Finance Pty Limited	Australia	100	100
AGL Foundation Nominees Pty Limited	Australia	100	100
AGL Gas Companies Pty Limited (formerly AGL Gas (Vic) No 4 Pty Limited)	Australia	100	100
AGL Gas Company (ACT) Limited	Australia	100	100
AGL Gas Networks Limited	Australia	100	100
AGL Gas Trading Pty Limited	Australia	100	100
AGL International (a)	Cayman Islands	100	100
AGL Investments Pty Limited	Australia	100	100
AGL NZ Capital Limited	New Zealand	100	100
AGL NZ Employment Services Limited (a)	New Zealand	100	100
AGL NZ Energy Limited	New Zealand	100	100
AGL NZ Holdings Limited	New Zealand	100	100
AGL NZ Investments Pty Limited	Australia	100	100
AGL NZ Limited	New Zealand	100	100
AGL NZ Management Limited	New Zealand	100	100
AGL Pipelines Investments Pty Limited	Australia	100	100
AGL Pipelines Investments (QLD) Pty Limited	Australia	100	100
AGL Polska Sp z O O	Poland	100	100
AGL Power Generation Pty Limited	Australia	100	100
AGL Power Generation (Mid West) Pty Limited	Australia	100	100
AGL Power Generation (SA) Pty Limited (formerly AGL Gas (Vic) No 1 Pty Limited)	Australia	100	100
AGL Power Generation (Victoria) Pty Limited (formerly AGL Gas (Vic) No 5 Pty Limited)	Australia	100	100
AGL Power Generation (WA) Pty Limited	Australia	100	100
AGL Retail Energy Limited	Australia	100	100
AGL Service Businesses Pty Limited	Australia	100	100
AGL South Australia Pty Limited	Australia	100	100
AGL Technology Commerce Pty Limited	Australia	100	100
AGL TransACT Pty Limited	Australia	100	100
AGL WA Gas Investment Pty Limited (formerly AGL Ethane Investment Pty Limited)	Australia	100	100
AGL Wholesale Electricity Pty Limited (formerly AGL Gas (Vic) No 2 Pty Limited)	Australia	100	100
AGL Wholesale Gas Limited	Australia	100	100
Anloe Holdings Limited	New Zealand	100	100
Aspen Properties Limited	New Zealand	100	100
Central Gas Limited (a)	New Zealand	100	100
Central Park Ventures Pty Limited	Australia	100	100
Cobb Power Limited (formerly TEC Cobb Limited) (a)	New Zealand	100	100
Crofton Investments Pty Ltd	Australia	100	100

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Note 43(a) – Controlled entities (continued)

Entity	Country of incorporation or formation	Equity interest held in shares/units of controlled entity	
		2001 %	2000 %
Dingo Blue Pty Limited (c)	Australia	100	0
Dingo Blue Services Pty Limited (c)	Australia	100	0
Dual Fuel Systems Pty Limited	Australia	100	100
EAP Operations Pty Limited	Australia	100	100
Empresa de Gas de la V Region SA (c)	Chile	100	50
Energy Waikato Limited (a)	New Zealand	100	100
ETSA Power Corporation (Victoria) Pty Ltd	Australia	100	100
Gaslink Finance Limited (a)	New Zealand	100	100
Gaztec Sp z O O	Poland	52	52
Goodacre Development Pty Limited	Australia	100	100
HC Extractions Pty Limited	Australia	100	100
International Oil Proprietary Ltd	Australia	100	100
Inversiones AGL Chile Limitada (a)	Chile	100	100
Korou First Limited (a)	New Zealand	100	100
Liquid Gas Limited (a)	New Zealand	100	100
Liquid Petroleum Gas Leasing Limited (a)	New Zealand	100	100
Liquigas Limited (a)	New Zealand	60	60
LPG Supplies Limited (a)	New Zealand	100	100
Natural Gas Contracts Limited (a)	New Zealand	100	100
Natural Gas Corporation Energy Limited (a)	New Zealand	100	100
Natural Gas Corporation Equities Limited (a)	New Zealand	100	100
Natural Gas Corporation Finance Limited (a)	New Zealand	100	100
Natural Gas Corporation Holdings Limited (a)	New Zealand	66	74
Natural Gas Corporation Investments Limited (a)	New Zealand	100	100
Natural Gas Corporation Limited (a)	New Zealand	100	100
Natural Gas Corporation Loans Limited (a)	New Zealand	100	100
Natural Gas Corporation Management Limited (a)	New Zealand	100	100
Natural Gas Corporation Nominees Limited (a)	New Zealand	100	100
Natural Gas Corporation of New Zealand Limited (a)	New Zealand	100	100
Natural Gas Corporation Proprietary Limited (a)	New Zealand	100	100
Natural Gas Gisborne Limited (a)	New Zealand	100	100
Natural Gas Limited (a)	New Zealand	100	100
Natural Gas Trading Limited (a)	New Zealand	100	100
Natural Gas Transmission Limited (a)	New Zealand	100	100
Natural Gas Waikato Limited (a)	New Zealand	100	100
Navham Pty Limited	Australia	100	100
New Zealand Cogen Limited (a)	New Zealand	100	100
NGC Gas Retail Limited (a)	New Zealand	100	100
NGC Generation Limited (formerly TransAlta Generation Limited)(a)	New Zealand	100	100
NGC Generation Operations Limited (formerly TransAlta Operations (NZ) Limited)(a)	New Zealand	100	100
NGC Infrastructure Limited (a)	New Zealand	100	100
NGC Operations Limited (a)	New Zealand	100	100
NGC Projects Limited (a)	New Zealand	100	100
NGC Retail Limited (a)	New Zealand	100	100
NGC Specialist Services Limited (a)	New Zealand	100	100

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Note 43(a) – Controlled entities (continued)

Entity	Country of incorporation or formation	Equity interest held in shares/units of controlled entity	
		2001 %	2000 %
On energy Limited (formerly TransAlta New Zealand Limited)(a)	New Zealand	100	76
Porta-Gas Pty Limited	Australia	100	100
Power New Zealand Ltd (a)	New Zealand	100	100
Propane Gas Limited (a)	New Zealand	100	100
Southdown Cogen Power Limited (formerly TEC Southdown Limited) (a)	New Zealand	100	100
Southpower Ltd (a)	New Zealand	100	100
Stratford Power Ltd (a)	New Zealand	100	100
Tauranga Civic Holdings Limited	New Zealand	100	100
Terrace Gardens Properties Pty Limited	Australia	100	100
The North Shore Gas Company Limited	Australia	100	100
Thorstone Pty Limited	Australia	100	100
Victorian Energy Pty Limited	Australia	100	100
Weldon Bridge Investments Pty Ltd	Australia	100	100
Whangarei Gas Company Limited (a)	New Zealand	100	100

(a) Not audited by Deloitte Touche Tohmatsu or a related firm.

(b) Incorporated during the financial year.

(c) Acquired during the 2000/2001 financial year.

Note 43(b) – Acquisition of businesses

Names of businesses acquired	Principal activity	Date of Acquisition	Proportion of shares acquired %	Cost of acquisition \$ m
<i>Controlled Entities</i>				
Dingo Blue Pty Limited	Provision of telecommunication services	18 December 2000	100	21.0
Empresa de Gas de la V Region SA	Distribution and sale of natural gas	5 July 2000	50	36.4

Further details of the acquisition of businesses are disclosed in Note 49(e).

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Note 44 – Material interests in unincorporated joint venture operations

Joint venture	Joint venture interest		Principal activity
	2001 %	2000 %	
Kapuni Energy	50	50	Electricity and steam generation – New Zealand
Mid West Energy	50	50	Power generation – Western Australia
Southdown Cogeneration	50	50	Electricity and steam generation – New Zealand
Silverstream	47	47	Electricity generation – New Zealand
Agility Clough Lucas	50	0	Engineering and construction

The consolidated entity's share of the assets and liabilities of the joint venture operations is included in the statement of financial position under the following classifications.

	Consolidated	
	2001 \$m	2000 \$m
Current assets		
Cash	2.4	0.0
Receivables	8.6	5.9
Other	0.3	0.0
Total current assets	11.3	5.9
Non-current assets		
Property, plant and equipment	73.4	55.5
Total non-current assets	73.4	55.5
Total assets	84.7	61.4
Current liabilities		
Payables	10.8	5.2
Total current liabilities	10.8	5.2
Non-current liabilities		
Other	38.9	44.8
Total non-current liabilities	38.9	44.8
Total liabilities	49.7	50.0
Net investment in joint venture operations	35.0	11.4

The consolidated entity's share of capital expenditure commitments and contingent liabilities of joint venture operations are disclosed in Notes 38 and 40 respectively.

for the year ended 30 June 2001

Note 45 – Material interests in joint venture entities (JVE)

Names of JVE	Principal activities of JVE	Consolidated entity's ownership interests in JVE		Consolidated entity's carrying amounts of investments in JVE		Reporting dates of JVE
		2001 %	2000 %	2001 \$m	2000 \$m	
ActewAGL	Provision of energy and water services	50.0	(c)	345.1	(c)	30 June
Auscom Holdings Pty Limited	Distribution and sale of LPG	50.0	50.0	67.3	65.2	31 December
Empresa de Gas de la V Region SA	Distribution and sale of natural gas	(a)	50.0	(a)	37.1	31 December
Inversiones Plasticas SA	Manufacture and sale of plastic and nylon pipes	(b)	50.0	(b)	2.8	31 December
Essential Energy Services Pty Limited	Maintenance and servicing of electrical appliances	50.0	50.0	0.4	0.5	30 June
				412.8	105.6	

(a) Became a wholly-owned controlled entity on 5 July 2000.

(b) Disposed during the 2000/2001 financial year.

(c) Partnerships with ACTEW established on 3 October 2000.

	Consolidated	
	2001 \$m	2000 \$m
<i>Consolidated entity's share of assets and liabilities:</i>		
Current assets	154.8	45.6
Non-current assets	547.5	253.8
Current liabilities	(105.0)	(40.0)
Non-current liabilities	(138.7)	(162.9)
Net assets	458.6	96.5
<i>Consolidated entity's share of joint venture entities':</i>		
Operating revenues	461.3	206.9
Operating expenses	(433.9)	(204.1)
Operating profits before tax	27.4	2.8
Income tax (expense) benefit attributable to operating profits	(0.4)	1.0
Profits after tax	27.0	3.8
The consolidated entity's share of capital expenditure commitments and contingent liabilities of joint venture entities are disclosed in Notes 38 and 40 respectively.		
<i>Retained profits and reserves of the consolidated entity attributable to joint venture entities:</i>		
At beginning of financial year:		
Retained profits	(3.4)	0.0
Reserves	0.1	0.0
At end of financial year:		
Retained profits	10.3	(3.4)
Reserves	0.0	0.1
<i>Movements in the carrying amount of investments in joint venture entities:</i>		
At beginning of financial year	105.6	0.0
Additional investments in joint venture entities	337.8	28.1
Adjustment on joint venture entity becoming a controlled entity	(37.1)	0.0
Disposal of investments in joint venture entities	(3.0)	0.0
Dividends received	(19.0)	(11.4)
Share of equity accounted profits	27.0	3.8
Unrealised profits recognised	1.5	0.0
Transfers from associates on adoption of revised standard on joint ventures (Note 46)	0.0	85.1
At end of financial year	412.8	105.6

The Parent Entity is not aware of any significant events or transactions which have occurred after the reporting date of a joint venture entity which could materially affect the financial position or operating performance of that joint venture entity for the next financial year.

The Parent Entity is not aware of any dissimilar accounting policies adopted by a joint venture entity that would materially affect the amounts determined as being the consolidated entity's share of the net assets, the profit or loss and the reserves of the joint venture entity.

for the year ended 30 June 2001

Note 46 – Material interests in associates

Names of associates	Principal activities of associates	Consolidated entity's ownership interests in associates		Consolidated entity's carrying amounts of investments in associates		Reporting dates of associates
		2001 %	2000 %	2001 \$m	2000 \$m	
Australian Pipeline Trust	Transmission of natural gas and management of gas pipelines	30.0	30.0	35.4	36.6	30 June
TrustPower Limited	Sale and generation of electricity	13.9*	13.9*	126.2	125.5	31 March
Wanganui Gas Limited	Distribution of gas	25.1	25.1	1.7	1.7	30 June
* Relevant interest is 20.5%				163.3	163.8	

Summarised assets, liabilities and profits of associates

Names of associates	Assets		Liabilities		Profits after tax*	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Australian Pipeline Trust	1,383.6	1,379.4	917.0	904.5	24.6	0.9
TrustPower Limited	690.1	636.1	194.0	170.0	19.9	29.5
Other	15.6	5.3	6.4	1.7	0.7	0.9
	2,089.3	2,020.8	1,117.4	1,076.2	45.2	31.3

* Estimated

	Consolidated	
	2001 \$m	2000 \$m
<i>Consolidated entity's share of associates:</i>		
Operating profits before tax	16.9	70.7
Income tax expense attributable to operating profits	(7.2)	(10.8)
Profits after tax	9.7	59.9

The consolidated entity's share of capital expenditure commitments and contingent liabilities of associates are disclosed in Notes 38 and 40 respectively.

Retained profits and reserves of the consolidated entity attributable to associates:

At beginning of financial year:	Retained profits	2.8	58.0
	Reserves	0.7	31.2
At end of financial year:	Retained profits	5.3	2.8
	Reserves	0.7	0.7

Movements in the carrying amount of investments in associates:

At beginning of financial year	163.8	482.2
Additional investments in associates	0.0	115.0
Adjustment on associate becoming a controlled entity	0.0	(175.7)
Adjustment on investment becoming an associate	0.0	50.2
Disposal of investments in associates	0.0	(213.4)
Dividends and capital returns received	(15.6)	(65.8)
Movements due to changes in foreign currency exchange rates	2.3	(4.2)
Share of movements in reserves	0.0	0.7
Share of equity accounted profits	9.7	59.9
Unrealised profits recognised	3.1	0.0
Transfers to joint venture entities on adoption of revised standard on joint ventures (Note 45)	0.0	(85.1)
At end of financial year	163.3	163.8

The Parent Entity is not aware of any significant events or transactions which have occurred after the reporting date of an associate which could materially affect the financial position or operating performance of that associate for the next financial year.

The Parent Entity is not aware of any dissimilar accounting policies adopted by an associate that would materially affect the amounts determined as being the consolidated entity's share of the net assets, the profit or loss and the reserves of the associate.

for the year ended 30 June 2001

Note 47 – Employee entitlements**Superannuation plans**

Details of defined benefit plans sponsored by the Parent Entity and other entities in the consolidated entity

	Date of last actuarial assessment	Plan assets (a) \$m	Accrued benefits \$m	Net surplus \$m	Vested benefits \$m
AGL Superannuation and Benefits Fund (b)	30 June 1999	154.8	139.0	15.8	129.8
AGL Executive Superannuation Fund	30 June 2000	2.7	2.4	0.3	2.2
Equipsuper Fund (c)	31 December 1999	42.7	35.7	7.0	35.7
Electricity Industry Superannuation Scheme (d)	29 February 2000	6.7	18.6	(11.9)	18.0
Natural Gas Corporation Retirement Plan	30 June 1998	4.5	4.3	0.2	3.6
		211.4	200.0	11.4	189.3

(a) At net market value.

(b) At 30 June 2000 the plan assets were \$168.7 million and the vested benefits were \$152.8 million.

(c) At 30 June 2000 the plan assets were \$44.3 million and the vested benefits were \$36.8 million.

(d) The unfunded balance of the scheme as at the date of the last actuarial assessment is being progressively funded over a five year period through additional company contributions. At 30 June 2001 a provision for \$9.6 million has been recognised in the accounts of a controlled entity to cover the liability in respect of the unfunded employer share of employee retirement benefits of the scheme.

Contributions by employer entities in the consolidated entity to defined benefit superannuation plans during the year amounted to \$8.7 million (2000 \$14.5 million).

Share ownership plans

(a) The Parent Entity currently operates three employee share ownership plans, the AGL Share Reward Plan, the AGL Share Loan Plan and the AGL Share Purchase Plan.

(i) All permanent employees of entities in the consolidated entity, subject to certain eligibility requirements, are entitled to participate in the AGL Share Reward Plan. The plan was approved by Proprietors on 21 October 1997 and five issues of shares have been made to employees in November 1997, April 1998 and November 1998, 1999 and 2000. There is no current invitation for employees to acquire additional shares. The issues of shares pursuant to the plan have been made in the form of a gift of shares in the Parent Entity, with a market value of up to \$1,000, to each eligible employee. The decision to make further offers to eligible employees and the value of those offers will depend on the performance of the consolidated entity measured against a number of indicators.

A total of 645,905 ordinary shares of the Parent Entity has been issued to employees pursuant to the plan between the date of its inception and 30 June 2001, including 158,015 shares issued during the 2000/01 financial year. The total market value of these 158,015 shares at the issue date was \$1,847,000 and the total amount receivable from employees for the shares was \$nil.

A total amount of \$646,000 for shares issued pursuant to the plan has been recognised as an expense in the relevant financial year.

(ii) All permanent employees of entities of the consolidated entity nominated from time to time by the directors of the Parent Entity are offered participation in the AGL Share Loan Plan. The plan was approved by Proprietors on 21 October 1997 and five issues of shares have been made to employees, in November 1997, 1998, 1999, 2000 and February 2001. There is no current invitation for employees to acquire additional shares. The issues of fully paid shares pursuant to the plan have been made on the basis of:

- an optional 5% discount on current market value;
- the purchase price financed by way of an interest free limited recourse loan provided by the Parent Entity, repayable out of the proceeds from dividends on the plan shares with any outstanding balance repayable at the expiration of ten years from the issue date; and
- a restriction on dealing in the shares for a period of three years from the issue date, with the shares being held by the trustee of the plan until the shares are free from restriction or the loan is fully repaid, whichever last occurs.

At 30 June 2001 there were 87 participants in the plan involving a total of 1,894,475 ordinary shares of the Parent Entity. A total of 2,013,500 ordinary shares of the Parent Entity has been acquired by employees pursuant to the plan between the date of its inception and 30 June 2001, including 818,000 shares acquired during the 2000/2001 financial year. The total market value of these 818,000 shares at the issue date was \$9,556,000 and the total amount receivable from employees for these shares was \$9,329,000. Outstanding loans to participants at 30 June 2001 amounted to \$17,892,000 (2000 \$10,370,000).

Note 47 – Employee entitlements (continued)

(iii) All permanent employees of entities in the consolidated entity nominated from time to time by the directors of the Parent Entity are offered participation in the AGL Share Purchase Plan. Directors of the Parent Entity may also participate in the plan. The plan, which was approved by Proprietors on 21 October 1997, entitles directors and specified employees to acquire fully paid ordinary shares in the Parent Entity out of their remuneration entitlements, subject to certain limitations as to the maximum level of remuneration entitlements that may be applied to the purchase of the shares. Other conditions relating to the acquisition of shares pursuant to the plan are:

- shares are acquired at market value on the date of acquisition;
- shares may only be acquired at specified times during a year; and
- there is a restriction on dealing in the shares for a period of up to ten years from the issue date, with the holding statements being held by the trustee of the plan until the shares are free from restriction.

At 30 June 2001, there were 156 participants in the plan involving a total of 293,002 ordinary shares of the Parent Entity. There is an ongoing invitation for directors and employees to acquire additional shares. A total of 304,033 ordinary shares of the Parent Entity has been acquired by directors and employees pursuant to the plan between the date of its inception and 30 June 2001, including 117,744 shares acquired during the 2000/01 financial year. The total market value of these 117,744 shares at the acquisition dates was \$1,240,000 and the total amount received from directors and employees for these shares was \$1,240,000.

All remuneration entitlements applied to, or expected to be applied to, the purchase of shares pursuant to the plan are recognised as an expense in the relevant financial year.

(iv) Prior to the 1997/98 financial year, the Parent Entity operated The Australian Gas Light Company Management Share Plan.

Certain senior employees of entities in the consolidated entity were offered participation in The Australian Gas Light Company Management Share Plan. Six issues of shares were made to employees, involving a total of 5,983,000 ordinary shares of the Parent Entity, the last issue being in November 1996. At 30 June 2001 there were 40 participants in the plan involving a total of 1,724,900 ordinary shares of the Parent Entity. Outstanding loans to participants at 30 June 2001 amounted to \$5,028,000 (2000 \$6,716,000).

(b) On energy Limited (formerly TransAlta New Zealand Limited), a controlled entity, operated an Employee Share Ownership Scheme up to 1 October 2000 when the plan was closed.

All employees of On energy or any of its subsidiaries were entitled to participate in the scheme. The scheme, which was established on 1 August 1997, entitled employees to subscribe for and pay for fully paid ordinary shares in On energy on a monthly basis at a 5% discount on current market value.

The maximum number of shares that could be issued under the prospectus dated 1 April 1998 was 200,000 shares up to 31 March 1999. A further 400,000 shares were approved under a revised prospectus dated 1 April 1999 for the period 1 April 1999 to 31 March 2001. A total of 251,996 ordinary shares of On energy were acquired by employees pursuant to the scheme between the date of establishment and 30 September 2000, including 4,365 shares acquired during the 2000/01 financial year. The total market value of these 4,365 shares at the acquisition dates was NZ\$11,576 and the total amount received from employees for these shares was NZ\$10,997.

	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Aggregate employee entitlement liability	70.1	83.9	8.9	16.3
The aggregate employee entitlement liability at reporting date includes amounts for wages and salaries, annual leave, long service leave and other entitlements.				
Number of employees at year end	3,218	2,979	159	154

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Note 48 – Additional related party disclosures**Transactions with directors/director-related entities***(a) Loans made to, and repayments received from, directors of the Parent Entity, its controlled entities and related parties*

	Consolidated		Parent Entity		Names of directors
	2001 \$000	2000 \$000	2001 \$000	2000 \$000	
Interest-free loans pursuant to the AGL Share Loan Plan and The Australian Gas Light Company Management Share Plan, repayable out of the proceeds from dividends on the shares issued pursuant to the plans					J Barton, PL Beeren, LF Bleasel, RA Casamento, RS Clare, LJ Fisk, JA Fletcher, MA Fraser, M Harper, SG Hattersley, D Kaye,
Aggregate loans advanced	5,032	1,348	5,032	1,348	GJW Martin, SP Ohl, JG Pullar and IC Woodward.
Aggregate loan repayments received	811	521	811	521	

(b) Transactions with directors (or director-related entities) of the Parent Entity and its controlled entities within a normal employee or customer relationship, on terms and conditions no more favourable than if the consolidated entity were dealing at arm's length with the directors (or director-related entities) and trivial or domestic in nature

Reimbursement of out of pocket expenses incurred by directors for the benefit of the consolidated entity.

Sale of energy and appliances to directors and director-related entities.

(c) Share transactions and shareholdings of directors of the Parent Entity and their director-related entities in respect of any entity in the consolidated entity

	Ordinary shares of the Parent Entity	
	2001 000	2000 000
Aggregate number acquired during the year (i) (ii)	373.2	72.0
Aggregate number disposed of during the year (i) (ii)	0.0	0.0
Aggregate number held as at the end of the year	769.2	884.0

(i) Acquisitions and disposals only include issues and repurchases of shares by the Parent Entity. Other transactions have been excluded in accordance with the provisions of Accounting Standard AASB 1017 'Related Party Disclosures'.

(ii) Not included in acquisitions and disposals are shares held by LF Bleasel who retired during the year and any shareholding by GJW Martin acquired prior to his appointment as managing director.

Name of each person holding the position of director of the Parent Entity at any time during the financial year

D C K Allen	L F Bleasel (retired 28 February 2001)	Sir Ronald A Brierley
A B Daniels	C J Hewson	M R G Johnson
M J Phillips	G J Reaney	GJW Martin (appointed 1 March 2001)

Transactions between the Parent Entity and controlled entities

Sale of natural gas, at cost, to a wholly-owned controlled entity for eventual sale to consumers.

Provision of administrative services, at cost, to controlled entities.

Advance of funds to, and receipt of funds from, wholly-owned controlled entities as interest free and interest bearing inter-entity loans.

The Parent Entity and a controlled entity provided technical and management services totalling \$1.0 million (2000 \$nil) to Natural Gas Corporation Limited, an entity controlled by Natural Gas Corporation Holdings Limited, on normal commercial terms and conditions.

A controlled entity provided a subordinated cash advance facility (totalling NZ\$135 million) to Natural Gas Corporation Finance Limited, an entity controlled by Natural Gas Corporation Holdings Limited, on normal commercial terms and conditions. The amount of the facility drawn down as at 30 June 2001 was \$51.8 million.

The Parent Entity has guaranteed Natural Gas Corporation Holdings Limited's obligations to M-co Clearing House Limited under a Deed of Guarantee and Indemnity (totalling NZ\$177 million). This guarantee is supported by a Deed of Indemnity from Natural Gas Corporation Holdings Limited to the Parent Entity.

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Note 48 – Additional related party disclosures (continued)**Transactions with other related entities**

		2001 \$m	2000 \$m
Auscom Holdings Pty Limited	A controlled entity subscribed for additional ordinary shares in Auscom Holdings Pty Limited on arm's length terms and conditions	0.0	27.5
Australian Pipeline Trust	The consolidated entity sold to the Trust all of the issued shares in the capital of AGL Pipelines Limited and related entities	0.0	351.5
	The Parent Entity subscribed for units in the Trust on arm's length terms and conditions	0.0	146.4
	A controlled entity has been contracted by the Trust to provide technical and marketing services under a Pipeline Management Agreement on normal commercial terms and conditions	26.7	1.4
	The Parent Entity is party to a Pipeline Development Agreement which sets out the terms governing the future transfer of assets between AGL and the Trust	–	–
ActewAGL Joint Venture	The consolidated entity sold to the partnerships of the ActewAGL joint venture various assets on an arm's length basis as part consideration to acquire a 50% interest in the partnerships	227.8	0.0
	Controlled entities are contracted to provide management and asset services to the distribution partnership and retail services to the retail partnership on normal commercial terms and conditions	25.8	0.0
	Controlled entities supplied electricity and gas to the retail partnership on normal commercial terms and conditions	15.1	0.0
East Australian Pipeline Limited	A controlled entity was provided with natural gas transportation services by East Australian Pipeline Limited, on arm's length terms and conditions	0.0	98.2
	Controlled entities provided technical and management services to East Australian Pipeline Limited, on normal commercial terms and conditions	0.0	8.9
Elgas Limited	A controlled entity supplied liquefied petroleum gas (LPG) to Elgas Limited, an entity controlled by Auscom Holdings Pty Limited, on normal commercial terms and conditions	4.8	10.1
Empresa de Gas de la V Region SA	A controlled entity provided loan funds to Empresa de Gas de la V Region SA, net of repayments, on normal commercial terms and conditions	0.0	1.1
Wanganui Gas Limited	A controlled entity supplied natural gas to Wanganui Gas Limited on normal terms and conditions	2.7	1.8

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	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 49 – Cash flow information				
(a) Reconciliation of cash				
Cash	100.9	31.1	85.0	6.2
Bank overdrafts	(0.2)	(0.3)	(0.2)	(0.3)
Money market borrowings	0.0	(8.2)	0.0	(8.1)
	100.7	22.6	84.8	(2.2)
(b) Financing facilities				
Credit standby arrangements				
Amounts used	1,072.0	688.8	590.0	138.1
Amounts unused	984.8	1,140.2	710.0	1,120.0
	2,056.8	1,829.0	1,300.0	1,258.1
Credit standby arrangements had the following maturity pattern and were able to be drawn down without restriction.				
Not later than 1 year	1,656.8	1,058.1	900.0	1,058.1
Later than 1 year, not later than 5 years	400.0	770.9	400.0	200.0
	2,056.8	1,829.0	1,300.0	1,258.1
Other financing arrangements – amounts used	1,597.5	1,361.7	1,282.2	1,157.7
The majority of these facilities may be extended by mutual agreement and all are committed by major banks.				
Other financing arrangements include promissory notes, medium term notes, senior notes, term loans, natural gas notes, capital convertible notes and similar facilities, which are fully drawn and for fixed periods. Two of these facilities are drawn in US dollars.				
(c) Non-cash financing and investing activities				
During the period the consolidated entity disposed of various assets with an aggregate fair value of \$227.8 million as part consideration to acquire a 50% interest in the ActewAGL joint venture. This disposal is not reflected in the statement of cash flows.				
(d) Reconciliation of net cash provided by operating activities to operating profit after income tax				
Operating profit after income tax	36.5	462.6	50.1	353.9
Equity share of associates' profits	(12.9)	(59.9)	0.0	0.0
Equity share of joint venture entities' profits	(28.5)	(3.8)	0.0	0.0
Dividends received from associates	9.6	65.8	0.0	0.0
Dividends received from joint venture entities	19.0	11.4	0.0	0.0
Depreciation, amortisation and diminution in value of assets	201.4	182.7	1.9	3.4
(Decrease) increase in provisions	(21.9)	(0.4)	13.9	0.3
Profit on sale of property, plant and equipment	(32.1)	(15.5)	(22.6)	(14.1)
Profit on disposal of controlled entities and businesses	(56.0)	(142.6)	0.0	(195.3)
Other non-cash items included in operating profit	0.0	0.0	0.0	0.0
Changes in assets and liabilities				
(Increase) decrease in receivables	(1.7)	(106.2)	23.5	(8.4)
Decrease in inventories	0.1	10.5	0.0	0.0
(Increase) decrease in intangible assets	233.1	0.0	0.0	0.0
(Increase) decrease in other assets	(0.5)	3.8	(0.5)	0.4
Increase (decrease) in creditors	6.7	29.1	(11.0)	11.9
Increase (decrease) in other liabilities	(87.5)	(45.5)	5.1	19.4
(Increase) decrease in interest receivable accrued	(0.6)	0.4	(0.3)	0.9
Increase (decrease) in net interest payable accrued/prepaid	1.0	0.3	(1.0)	(4.1)
Increase (decrease) in income taxes payable	31.7	(19.4)	(9.2)	(1.0)
Net cash provided by operating activities	297.4	373.3	49.9	167.3

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	Consolidated		Parent Entity	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Note 49 – Cash flow information (continued)				
(e) Businesses acquired by the consolidated entity (refer Note 43(b))				
Consideration				
Cash	57.4	820.4	0.0	0.0
Other assets	0.0	0.0	0.0	0.0
	57.4	820.4	0.0	0.0
Fair value of net assets of entities acquired				
Cash	1.8	28.6	0.0	0.0
Receivables	15.2	289.0	0.0	0.0
Other financial assets	0.0	3.7	0.0	0.0
Gas entitlements	0.0	155.9	0.0	0.0
Property, plant and equipment	132.1	1,338.0	0.0	0.0
Intangibles	3.8	267.6	0.0	0.0
Tax assets	0.0	20.4	0.0	0.0
Other assets	3.8	36.3	0.0	0.0
Payables	(30.5)	(317.2)	0.0	0.0
Unearned revenue	0.0	(52.3)	0.0	0.0
Interest bearing liabilities	(71.9)	(587.8)	0.0	0.0
Provisions	(18.3)	(100.2)	0.0	0.0
	36.0	1,082.0	0.0	0.0
Proportion of net assets acquired attributable to Proprietors of the Parent entity	36.0	657.5	0.0	0.0
Adjustment relating to existing investment in controlled entity	(37.1)	55.4	0.0	0.0
Goodwill on acquisition	58.5	107.5	0.0	0.0
	57.4	820.4	0.0	0.0
Outflow of cash to acquire entities, net of cash balances acquired:				
Cash consideration	57.4	820.4	0.0	0.0
Less cash balances acquired	1.8	10.8	0.0	0.0
Outflow of cash	55.6	809.6	0.0	0.0
(f) Businesses disposed of by the consolidated entity				
Consideration				
Cash	0.0	359.9	0.0	340.0
Receivables	0.0	11.5	0.0	11.5
	0.0	371.4	0.0	351.5
Net assets of entities disposed of				
Cash	0.0	10.6	0.0	0.0
Receivables	0.0	47.9	0.0	0.0
Inventories	0.0	6.3	0.0	0.0
Other financial assets	0.0	848.4	0.0	136.2
Property, plant and equipment	0.0	114.5	0.0	0.0
Tax assets	0.0	3.7	0.0	0.0
Other assets	0.0	23.0	0.0	0.0
Payables	0.0	(33.3)	0.0	0.0
Interest bearing liabilities	0.0	(886.1)	0.0	0.0
Provisions	0.0	(102.7)	0.0	0.0
	0.0	32.3	0.0	136.2
Proportion of net assets disposed of attributable to Proprietors of the Parent entity	0.0	32.3	0.0	136.2
Inflow of cash on disposal of entity, net of cash balances disposed of:				
Cash consideration	0.0	359.9	0.0	340.0
Less cash balances disposed of	0.0	10.6	0.0	0.0
Inflow of cash	0.0	349.3	0.0	340.0

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Note 50 – Economic dependency

(a) The consolidated entity is dependent to a significant extent upon a consortium of producers for the supply of natural gas from the Cooper Basin in South Australia, and another consortium of producers for the supply of natural gas from the Maui gas field in New Zealand. Long term contracts protect the continuity of supply in both cases.

The consolidated entity has an obligation to pay the consortia of producers for a specified minimum quantity of gas each contract year, irrespective of the quantity actually supplied by the producers. The consolidated entity has the right to receive, without additional payment to the producers, a future delivery of gas equivalent to the quantity paid for but not taken in any contract year.

(b) The consolidated entity is dependent to a significant extent on the acquisition of electricity from generating entities and the use of transmission systems. Ongoing contracts are in place both for the purchase of electricity and the use of the transmission systems.

Note 51 – Additional financial instruments disclosures**Derivative financial instruments***Objectives and significant terms and conditions*

The consolidated entity enters into a variety of derivative financial instruments to manage the risks described below. The consolidated entity does not enter into such instruments for speculative purposes.

(a) Interest rate risk management

The consolidated entity uses various types of interest rate contracts in managing its interest rate exposure.

The consolidated entity uses interest rate swaps to fix funding costs with the objective of obtaining a more stable and predictable interest expense outcome. Interest rate swaps allow the consolidated entity to raise short and long term borrowings at floating rates and effectively swap them into fixed rates. Under interest rate swaps, the consolidated entity agrees with other parties to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to agreed notional principal amounts. Swap contracts are usually between one and ten years in duration.

The consolidated entity has a policy which allows the fixed/floating rate ratio to be adjusted between certain parameters depending on the perceived direction of interest rates. Swaps may sometimes be terminated or offset to achieve the desired fixed/floating portfolio mix.

Forward rate agreements are generally used by the consolidated entity to offset changes in the rates applying to short term floating rate debt. These agreements are commitments to either purchase or sell designated derivative instruments at a future date for a specified price.

The consolidated entity purchases interest rate options to protect it from adverse changes in interest rates on its debt. The consolidated entity's option contracts have terms of up to 2 years. The consolidated entity's policy is that options cannot be sold unless matched with offsetting purchased options.

The remaining terms and notional principal amounts of the consolidated entity's outstanding interest rate contracts at the reporting date are detailed in the following table.

	Average interest rates		Notional principal amounts	
	2001 %	2000 %	2001 \$m	2000 \$m
Less than 1 year	6.5	6.0	100.0	481.0
1 to 5 years	6.5	6.8	1,512.0	1,596.0
Longer than 5 years	5.4	6.7	838.0	738.6
			2,450.0	2,815.6

The interest rate contracts in place at the reporting date principally relate to the consolidated entity's Australian dollar and US dollar fixed rate borrowings. These borrowings are the subject of a number of contracts resulting in the aggregate notional principal amount (\$2,450.0 million) exceeding the Australian dollar equivalent of the borrowings (\$1,769.9 million).

(b) Foreign exchange risk management

The consolidated entity enters into various types of foreign exchange contracts in managing its foreign exchange exposure.

Hedges of foreign currency transactions

The consolidated entity enters into forward exchange contracts to hedge certain firm transactions denominated in foreign currencies and anticipated but not yet committed payments and/or receipts expected to be denominated in those currencies, such as purchases of materials, interest payable and dividends receivable. The terms of the contracts do not exceed twelve months. The purpose of the consolidated entity's foreign currency hedging activities is to protect the consolidated entity from the risk that the eventual Australian dollar cash flows will be adversely affected by changes in exchange rates. Like interest rate risk management, the consolidated entity has a policy which allows the extent of foreign exchange hedges to be varied within parameters preset by the Board.

Receivables at 30 June 2001 include an aggregate \$0.1 million (2000 \$2.8 million) due in foreign currencies (principally US dollars) which has not been hedged.

for the year ended 30 June 2001

Note 51 – Additional financial instruments disclosures (continued)*Hedges of foreign currency borrowings*

The consolidated entity has borrowings denominated in foreign currencies. It is the consolidated entity's policy to fully hedge the currency exposure on such borrowings by entering into forward foreign exchange swaps.

The settlement dates, amounts to be received and contractual exchange rates of the consolidated entity's outstanding foreign exchange contracts in respect of borrowings at the reporting date are detailed in the following table.

	2001 \$m	2000 \$m
Buy United States dollars		
Less than 6 months, at rates averaging US\$0.5195 (2000 US\$0.5802)	192.5	172.4
6 to 7 years, at rates averaging US\$0.6605 (2000 US\$0.6605)	575.3	605.6
	767.8	778.0

The net deferred loss on hedges of foreign currency borrowings at 30 June 2001 of \$0.5 million (2000 \$0.3 million gain) will be recognised in the statement of financial performance within 6 months of the reporting date.

Hedges of foreign currency investments

The consolidated entity has foreign currency investments of both an equity and debt nature. It is the consolidated entity's policy to fully hedge the currency exposure on all material foreign investments, unless the investments are of an equity nature and are to be held indefinitely or hedging is impossible or impracticable due to regulatory controls or an inadequate or immature market in the relevant currencies. However, in certain circumstances the Board may vary this policy.

The settlement dates, amounts to be received and contractual exchange rates of the consolidated entity's outstanding foreign exchange contracts in respect of investments at the reporting date are detailed in the following table.

	2001 \$m	2000 \$m
Sell New Zealand dollars		
Less than 6 months, at rates averaging NZ\$1.2397 (2000 NZ\$1.2538)	247.0	195.0
Sell United States dollars		
Less than 6 months, at rates averaging US\$0.5205 (2000 US\$0.6002)	19.7	17.1
	266.7	212.1

The net deferred loss on hedges of foreign currency investments at 30 June 2001 of \$0.4 million (2000 \$0.2 million gain) will be recognised in the statement of financial performance within 6 months of the reporting date.

Loans receivable at 30 June 2001 include an aggregate \$0.8 million (2000 \$1.4 million) due in a foreign currency (US dollars) which has not been hedged. Unsecured bank borrowings at 30 June 2001 include \$30.4 million (2000 \$nil) payable in a foreign currency (US dollars) which has not been hedged.

for the year ended 30 June 2001

Note 51 – Additional financial instruments disclosures (continued)*(c) Electricity purchase risk management*

Exposure to fluctuations in wholesale market electricity prices is minimised through the use of various types of hedging contracts.

Franchise load

Wholesale market contracts have been entered into with electricity generators to manage the financial risks associated with fluctuations in the market price of electricity. The current South Australian vesting contracts for franchise load expire in December 2002. These contracts provide a hedge in respect of the purchase cost of electricity for the forecast franchise load and are closely matched with corresponding customer electricity sales contracts.

Contestable load

It is the policy of the consolidated entity to actively manage the exposure arising from its forecast contestable load. In doing so, the consolidated entity has entered various hedging contracts with individual market participants. Any unhedged position exposes the consolidated entity to pool price variation. The consolidated entity's policy is that the exposure and the consequent price risk are managed within prescribed limits.

The remaining terms and face values of the consolidated entity's outstanding electricity hedging contracts at the reporting date are detailed in the following table.

	2001 \$m	2000 \$m
Vesting contracts (franchise load)		
Less than 1 year	233.4	245.8
1 to 5 years	119.9	380.2
Other contracts (contestable load)		
Less than 1 year	849.5	376.1
1 to 5 years	2,075.1	460.9
Longer than 5 years	436.5	204.6
	3,714.4	1,667.6

The net unrecognised gain in respect of electricity hedging contracts at 30 June 2001 was \$252.4 million (2000 \$91.9 million gain). All contracts are due for settlement within 11 years of the reporting date.

(d) Credit risk

The consolidated entity is exposed to credit related losses in the event of non-performance by counterparties to derivative instruments, but it is not expected that any counterparties will fail to meet their obligations given their high credit ratings. The consolidated entity does not require collateral or other security to support such obligations. At 30 June 2001, the consolidated entity had no significant concentration of credit risk with any single counterparty or group of counterparties in respect of derivative instruments, other than in respect of electricity hedging contracts which included exposures to six individual counterparties each of more than \$20.0 million. Amounts receivable by the consolidated entity at the reporting date are detailed in the following table.

	2001 \$m	2000 \$m
Amounts receivable in respect of:		
Interest rate contracts	15.2	8.1
Foreign exchange contracts	187.3	70.7
Electricity hedging contracts	374.1	146.9
	576.6	225.7

(e) Equity market value risk management

The consolidated entity has entered into a series of equity performance agreements with a third party. These agreements are commitments to either receive or make payments in the future based on the movement of a defined underlying asset amount. The consolidated entity has entered these arrangements as a hedge against any future adverse movements in the market value of certain assets.

The net unrecognised gain in respect of the equity performance agreements at 30 June 2001 was \$12.6 million (2000 \$32.7 million loss).

All agreements are currently due to be settled within the next twelve months.

(f) Liquidity risk

Liquidity risk relating to the use of derivative instruments arises from possible future adverse changes in market conditions. In such circumstances, the consolidated entity either may be forced to sell derivative positions at values which are below their underlying worth or may be unable to exit the positions at all. Accordingly, the consolidated entity only utilises highly liquid derivative markets, although illiquidity in certain market conditions cannot be entirely avoided.

The consolidated entity has adequate standby facilities and other funding arrangements to enable it to settle all outstanding derivative transactions on the due dates.

for the year ended 30 June 2001

Note 51 – Additional financial instruments disclosures (continued)**Net fair values**

The carrying amounts and net fair values, at the reporting date, of the consolidated entity's financial assets and liabilities are detailed in the following table.

	Note	Carrying amounts		Net fair values	
		2001 \$m	2000 \$m	2001 \$m	2000 \$m
Financial assets					
Not readily traded on organised markets					
Cash (including deposits at call)	–	100.9	31.1	100.9	31.1
Debtors *	9 and 14	454.0	459.8	452.8	459.5
Unbilled revenue	9	203.6	143.4	203.6	143.4
Loans receivable	9 and 14	37.2	22.5	37.2	22.5
Other receivables	9 and 14	71.4	56.3	71.4	59.8
Other financial assets	17	66.8	10.5	149.4	23.9
Favourable interest rate contracts	–	0.0	0.0	15.2	8.1
Favourable electricity hedging contracts	13	16.8	0.0	374.1	146.9
Favourable foreign exchange contracts	–	0.0	0.0	179.5	64.5
Favourable equity performance agreements	–	0.0	0.0	12.6	0.0
		950.7	723.6	1,596.7	959.7
Financial liabilities					
Not readily traded on organised markets					
Creditors	23	535.8	465.4	535.8	465.4
Other payables	23	3.4	8.7	3.4	8.7
Bank borrowings	24 and 29	1,189.3	680.7	1,189.3	680.7
Natural gas notes	24 and 29	60.7	115.5	60.9	107.7
Capital convertible notes	24 and 29	43.6	45.0	44.8	45.9
Bank overdrafts	24	0.2	0.3	0.2	0.3
Promissory notes	24	262.0	85.0	261.5	84.6
Medium term notes	29	300.0	300.0	313.3	306.5
Senior notes	29	772.2	772.7	912.9	753.7
Other interest bearing liabilities	24 and 29	54.1	68.1	54.1	68.1
Unfavourable interest rate contracts	–	0.0	0.0	36.2	32.0
Unfavourable electricity hedging contracts	–	0.0	0.0	121.7	55.0
Unfavourable equity performance agreements	–	0.0	0.0	0.0	32.7
		3,221.3	2,541.4	3,534.1	2,641.3
* Includes receivables in respect of favourable foreign exchange contracts		9.0	6.5	7.8	6.2

Bases for determining net fair values

Shares – quoted market last sale price at the reporting date, adjusted for any transaction costs necessary to realise the asset.

Cash, debtors, unbilled revenue, creditors, other payables and non-interest bearing loans and other receivables – carrying amounts (cost basis, recoverable amounts or net realisable values) of the assets and liabilities, which approximate net market values.

Interest bearing loans and other receivables and interest bearing borrowings – expected future cash flows discounted by the current interest rates for assets and liabilities with similar risk profiles.

Other financial assets – expected future cash flows discounted by a risk reflective rate.

Interest rate contracts, foreign exchange contracts, electricity hedging contracts and equity performance agreements – amounts receivable or payable in order to realise favourable contracts and settle unfavourable contracts at the reporting date, based on appropriate interest rates or spot rates at that date. Financial assets with carrying amounts in excess of net fair values have not been written down as it is expected that the carrying amounts will be fully recovered by holding the assets to maturity.

for the year ended 30 June 2001

Note 51 – Additional financial instruments disclosures (continued)**Interest rate risk**

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

	Weighted average effective interest rate %	Floating interest rate \$m	Fixed interest rate maturities			Non- interest bearing \$m	Total \$m
			1 year or less \$m	1 to 5 years \$m	more than 5 years \$m		
2001							
<i>Financial assets</i>							
Cash (including deposits at call)	5.0	100.9					100.9
Debtors	–					454.0	454.0
Unbilled revenue	–					203.6	203.6
Loans receivable	7.0	10.0		0.8		26.4	37.2
Other receivables	7.0	32.5				38.9	71.4
Other financial assets	–					66.8	66.8
Interest rate contracts (a) (b)	5.1	914.0		(446.9)	(467.1)		0.0
		1,057.4	0.0	(446.1)	(467.1)	789.7	933.9
<i>Financial liabilities</i>							
Creditors	–					535.8	535.8
Other payables	0.3					3.4	3.4
Bank borrowings	5.9		734.7	454.6			1,189.3
Bank overdrafts	8.5	0.2					0.2
Promissory notes	5.4		262.0				262.0
Medium term notes	6.9			300.0			300.0
Senior notes	6.6			196.9	575.3		772.2
Other interest bearing liabilities	5.9	12.7	2.5	10.0	28.9		54.1
Natural gas notes	13.9	60.7					60.7
Capital convertible notes	9.8		43.6				43.6
Interest rate contracts (a) (c)	7.4	(974.0)	100.0	1,065.0	(191.0)		0.0
Equity performance agreements (a)	6.3	62.8					62.8
		(837.6)	1,142.8	2,026.5	413.2	539.2	3,284.1

(a) Notional principal amounts.

(b) Comprises \$939.0 million of fixed to floating swaps offset by \$25.0 million of floating to fixed swaps.

(c) Comprises \$1,230.0 million of floating to fixed swaps offset by \$256.0 million of fixed to floating swaps.

for the year ended 30 June 2001

Note 51 – Additional financial instruments disclosures (continued)

	Weighted average effective interest rate %	Floating interest rate \$m	Fixed interest rate maturities			Non- interest bearing \$m	Total \$m
			1 year or less \$m	1 to 5 years \$m	more than 5 years \$m		
2000							
<i>Financial assets</i>							
Cash (including deposits at call)	4.5	17.2				13.9	31.1
Debtors	–					459.8	459.8
Unbilled revenue	–					143.4	143.4
Loans receivable	7.0	6.0		1.9		14.6	22.5
Other receivables	8.1	41.4				14.9	56.3
Other financial assets	–					10.5	10.5
Interest rate contracts (a) (b)	5.9	90.7	(210.0)	75.0	44.3		0.0
		155.3	(210.0)	76.9	44.3	657.1	723.6
<i>Financial liabilities</i>							
Creditors	–					465.4	465.4
Other payables	0.3	16.5				8.7	25.2
Bank borrowings	6.4	550.7	50.0	80.0			680.7
Bank overdrafts	9.3	0.3					0.3
Promissory notes	6.2		85.0				85.0
Medium term notes	6.9			300.0			300.0
Senior notes	6.6			167.1	605.6		772.7
Other interest bearing liabilities	7.5	51.6					51.6
Natural gas notes	13.9		51.9	63.6			115.5
Capital convertible notes	9.8			45.0			45.0
Interest rate contracts (a) (c)	6.9	(734.9)	271.0	836.8	(372.9)		0.0
Equity performance agreements (a)	6.3	131.9					131.9
		16.1	457.9	1,492.5	232.7	474.1	2,673.3

(a) Notional principal amounts.

(b) Comprises \$500.7 million of fixed to floating swaps offset by \$410.0 million of floating to fixed swaps.

(c) Comprises \$1,319.9 million of floating to fixed swaps offset by \$585.0 million of fixed to floating swaps.

Maximum credit risk exposure

The carrying amounts of financial assets, net of any provisions, generally represent the consolidated entity's maximum exposure to credit risk in relation to those assets.

Note 52 – Events occurring after reporting date and not recognised in the financial report

(a) On 13th July 2001 Natural Gas Corporation Holdings Limited, a partly-owned controlled entity, concluded the previously announced agreement to sell its South Island electricity customers to Meridian Energy Limited, effective from 13th July 2001.

(b) On 13th July 2001, Natural Gas Corporation Finance Limited, a wholly-owned entity of Natural Gas Corporation Holdings Limited, established a NZ\$850 million syndicated bank cash advance facility. This bridging facility, which replaced the previous NGC cash advance facility (NZ\$850 million) and the On energy standby cash facility (NZ\$100 million), matures on 13th November 2001. It is expected that this loan facility will be refinanced in the normal course of business prior to its maturity.

(c) On 25th July 2001, Natural Gas Corporation Holdings Limited reached agreement to sell its North Island commercial and residential customers to Genesis Power Limited. As part of the sale NGC will acquire Genesis' electricity meter assets. The agreement is effective from 1 August 2001, after satisfaction of certain conditions.

(d) In August 2001 Natural Gas Corporation Holdings Limited announced that as a result of the continuation of the high wholesale electricity prices during July, its earnings for the year ended 30 June 2002 would be affected. NGC's net exposure in the period would result in losses from the electricity retailing business in the region of NZ\$40 million after tax. However, it is expected that the losses would be more than offset by earnings from NGC's electricity generation business over the remainder of the year. Whilst NGC's ongoing exposure to high electricity spot prices has been eliminated through the sale of its electricity retailing businesses to Meridian Energy and Genesis Power, these transactions were only completed on 13 July 2001 and 1 August 2001 respectively.

for the year ended 30 June 2001

The directors of The Australian Gas Light Company declare that the accompanying financial statements and the notes to the financial statements:

- (a) comply with accounting standards; and
- (b) give a true and fair view of the financial position and performance of the Parent Entity and the consolidated entity.

The directors also declare that, in their opinion:

- (a) there are reasonable grounds to believe that the Parent Entity will be able to pay its debts as and when they become due and payable; and
- (b) the accompanying financial statements and the notes thereto are in accordance with the Corporations Act 2001.

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



M J Phillips
Chairman
Sydney, 23 August 2001



G J W Martin
Director

to the Proprietors of The Australian Gas Light Company

Scope

We have audited the financial report of The Australian Gas Light Company for the financial year ended 30 June 2001 as set out on pages 2 to 46. The financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards issued in Australia and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

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


Audit Opinion

In our opinion, the financial report of The Australian Gas Light Company 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 30 June 2001 and of their performance for the year ended on that date; and
 - ii. complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.



DELOITTE TOUCHE TOHMATSU



G Couttas
Partner
Chartered Accountants

Sydney, 23 August 2001

The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).

Pro Forma Consolidated Summary Statement of Financial Position

	Pro Forma 30 June 2001 \$m	As reported 30 June 2001 \$m
Assets		
Cash	100.9	100.9
Receivables	752.3	766.2
Investments equity accounted	576.1	576.1
Property, plant and equipment	2,800.1	2,835.6
Intangibles	910.9	1,022.0
Other	702.4	702.4
Total Assets	5,842.7	6,003.2
Liabilities		
Payables	539.2	539.2
Interest bearing liabilities	2,520.3	2,682.1
Provisions	273.1	273.1
Tax liabilities	378.2	379.5
Other	21.0	21.0
Total Liabilities	3,731.8	3,894.9
Net Assets	2,110.9	2,108.3
Equity	2,110.9	2,108.3

The Pro Forma Consolidated Statement of Financial Position has been prepared based on information extracted from the Consolidated Financial Statements of The Australian Gas Light Company and its controlled entities as at 30 June 2001.

The Pro Forma Consolidated Statement of Financial Position as at 30 June 2001 has been prepared as if the following transactions had occurred as at 30 June 2001:

- 1 Natural Gas Corporation Holdings Limited sells its South Island electricity customers to Meridian Energy Limited;
- 2 Natural Gas Corporation Holdings Limited sells its North Island commercial and residential customers to Genesis Power Limited;
- 3 Natural Gas Corporation Holdings Limited purchases Genesis' electricity meter assets;
- 4 AGL settles the sale of the Hutt Valley gas network assets.

The Pro Forma Consolidated Statement of Financial Position has not been audited.

	2001	2000	1999	1998	1997
Statistics					
Revenue (excluding significant items) (\$m)	3,277.2	2,438.8	1,675.8	1,263.4	1,074.3
Depreciation and amortisation (\$m)	198.2	151.9	108.8	86.3	72.3
Profit before borrowing costs and tax and significant items (\$m)	519.4	529.0	362.5	305.0	240.3
Borrowing costs (\$m)	181.9	152.0	91.4	57.5	35.9
Tax expense (excluding significant items)(\$m)	108.7	115.3	63.2	69.4	56.2
Profit after tax and before significant items (\$m)	228.8	261.7	207.9	178.1	148.2
Profit attributable to Proprietors (\$m)	115.4	450.0	221.3	196.4	148.1
Proprietors' equity (\$m)	1,905.9	1,785.6	1,524.1	1,392.5	897.2
Net borrowings (\$m)	2,568.5	2,019.7	1,316.0	881.0	343.2
Total assets (\$m)	6,003.2	5,345.1	3,616.0	2,982.2	1,822.3
Funds employed (\$m)	4,777.7	4,136.7	2,860.3	2,279.6	1,249.0
Net assets (\$m)	2,108.3	2,085.9	1,524.3	1,392.7	897.5
Operating cash flow (\$m)	297.4	373.3	297.2	264.4	256.7
Capital expenditure (\$m)	384.7	289.3	433.7	252.9	191.7
Number of employees	3,218	2,979	2,115	2,096	1,794
Issued shares (m)	359.8	342.0	328.8	322.7	291.0
Number of Proprietors	95,666	83,694	57,600	41,738	34,419
Market capitalisation (\$m)	3,051.1	3,402.9	3,021.7	3,258.8	2,269.7
Performance Indicators					
Net tangible assets attributable to Proprietors/share (\$)	2.46	1.83	2.81	2.44	3.07
Net assets attributable to Proprietors/share (\$)	5.30	5.22	4.64	4.31	3.08
Earnings/share ⁽¹⁾					
- before significant items (cents)	63.6	73.6	63.5	59.2	50.6
- after significant items (cents)	32.8	133.1	67.6	65.3	50.6
Dividends/share (cents)	52.0	74.0	45.0	41.0	36.0
Operating cash flow/share (cents) ⁽²⁾	84.4	111.0	91.3	88.6	88.4
Profit before borrowing costs and tax and significant items/revenue (excluding significant items) (%)	15.8	21.1	20.8	22.9	21.8
Profit before borrowing costs and tax and significant items/average funds employed (%)	11.7	14.7	13.6	16.4	17.7
Earnings on Proprietors' equity ⁽³⁾					
- before significant items (%)	12.1	15.0	14.3	15.5	16.9
- after significant items (%)	6.3	27.2	15.2	17.2	16.9
Debt: debt plus equity (%) ⁽⁴⁾	54.9	49.2	46.3	38.7	27.7
Net borrowing costs cover (times) ⁽⁵⁾	2.9	3.7	4.5	7.0	7.8
Current ratio ⁽⁶⁾	0.56	0.73	0.79	0.86	0.81
Revenue (excluding significant items)/employee (\$000)	1,057.7	957.5	795.9	649.6	548.5
Profit before borrowing costs and tax and significant items/employee (\$000)	167.6	202.3	165.7	148.4	119.7

1 Profit after tax and outside equity interests; shares weighted for issues and adjusted for bonus elements.

2 Net cash provided by operating activities; shares weighted for issues and adjusted for bonus elements.

3 Profit after tax and outside equity interests; Proprietors' equity averaged for movements during the year.

4 Net borrowings as a percentage of net borrowings plus equity.

5 Net borrowing costs related to profit before borrowing costs, tax and significant items.

6 Liquidity was supported by \$984 million of unused credit facilities at 30 June 2001 (refer Note 49(b) to the financial statements).

