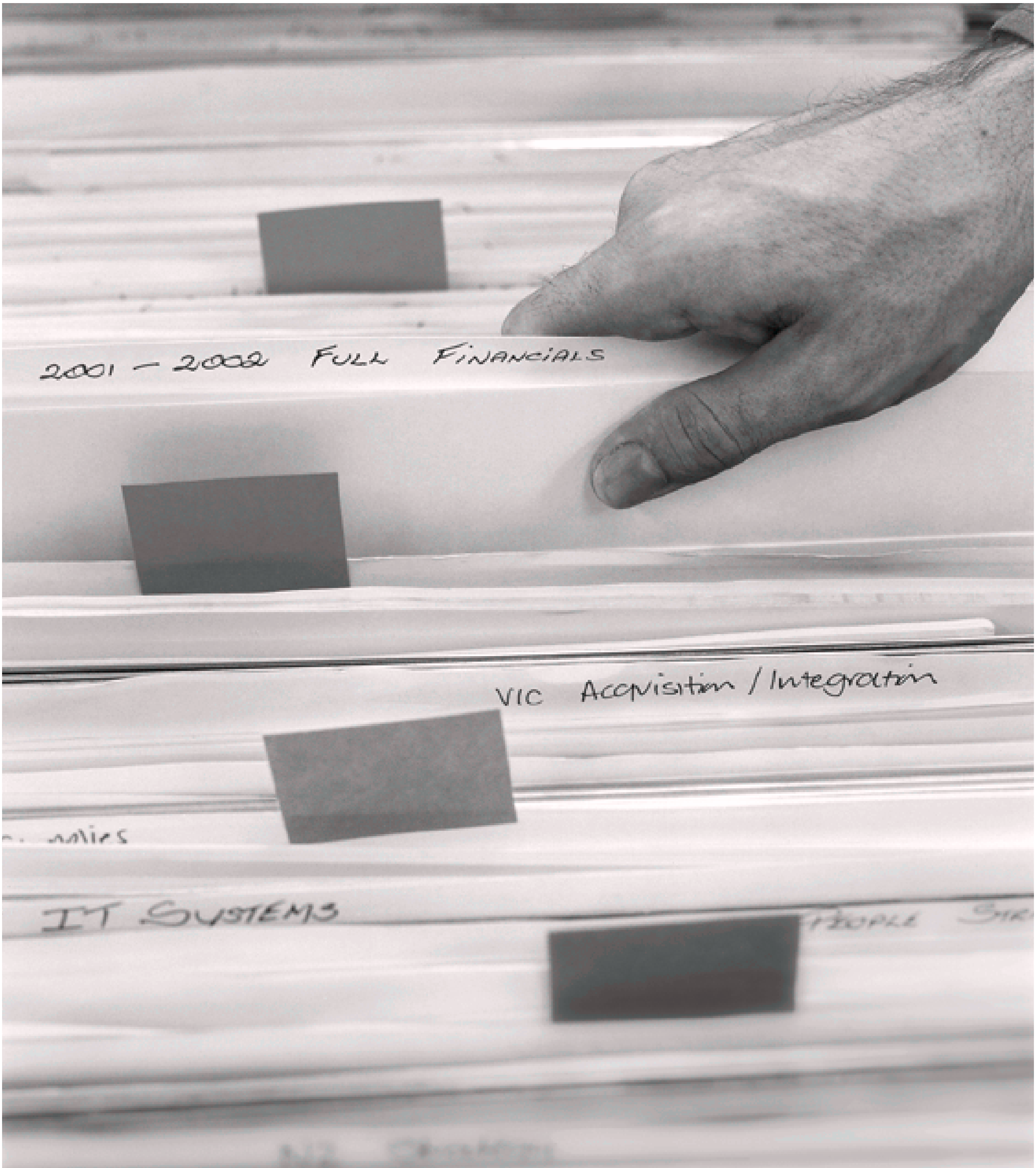

THE AUSTRALIAN GAS LIGHT COMPANY

FULL FINANCIAL REPORT 2002

FULL FINANCIAL REPORT 2001/2002

CONTENTS

The Australian Gas Light Company and Controlled Entities

FULL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2002

The Australian Gas Light Company ABN 95 052 167 405
Formed in New South Wales with limited liability

Statements of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2002

		CONSOLIDATED		PARENT ENTITY	
		2002	2001	2002	2001
	NOTE	$M	$M	$M	$M
Revenue from ordinary activities	4	3,148.4	3,498.9	605.5	501.4
Equity accounted share of profits of associates and joint venture entities		70.6	41.4	0.0	0.0
Expenses from ordinary activities	5	(2,522.6)	(3,046.8)	(382.4)	(339.1)
Profit from ordinary activities before borrowing costs, depreciation and amortisation		696.4	493.5	223.1	162.3
Depreciation and amortisation	6(B)	(219.8)	(198.2)	(1.7)	(1.9)
Profit from ordinary activities before borrowing costs		476.6	295.3	221.4	160.4
Borrowing costs	6(B)	(172.2)	(181.9)	(104.7)	(109.3)
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX	6	304.4	113.4	116.7	51.1
Income tax attributable to ordinary activities	7	(102.2)	(76.9)	(10.6)	(1.0)
PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX		202.2	36.5	106.1	50.1
Outside equity interests in profit after income tax		(10.1)	78.9	0.0	0.0
PROFIT AFTER INCOME TAX ATTRIBUTABLE TO PROPRIETORS OF THE PARENT ENTITY	35	192.1	115.4	106.1	50.1
Increase in foreign currency translation reserve arising on translation of financial reports of foreign controlled operations	34	7.7	12.3	0.0	0.0
Total revenue, expense and valuation adjustments attributable to Proprietors of the Parent Entity recognised directly in equity		7.7	12.3	0.0	0.0
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH PROPRIETORS AS OWNERS		199.8	127.7	106.1	50.1
EARNINGS PER SHARE					
Basic (cents)		51.6	32.7		
Diluted (cents)		51.6	32.7		
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share (millions)		372.3	353.0		

Statements of Financial Position

AS AT 30 JUNE 2002

		CONSOLIDATED		PARENT ENTITY	
		2002	2001	2002	2001
	NOTE	$M	$M	$M	$M
CURRENT ASSETS					
Cash		13.1	100.9	1.3	85.0
Receivables	9	702.0	690.6	15.7	48.9
Inventories	10	21.5	20.6	0.0	0.0
Property, plant and equipment	11	10.6	81.7	7.9	0.0
Intangibles	12	0.0	111.1	0.0	0.0
Other	13	87.9	48.6	2.9	2.3
TOTAL CURRENT ASSETS		835.1	1,053.5	27.8	136.2
NON-CURRENT ASSETS					
Receivables	14	33.9	75.6	3,223.7	3,132.0
Inventories	15	0.0	3.1	0.0	0.0
Equity accounted investments	16	446.6	576.1	135.3	140.5
Other financial assets	17	243.2	66.8	378.6	378.6
Property, plant and equipment	18	3,041.7	2,753.9	44.8	49.2
Intangibles	19	888.9	910.9	0.0	0.0
Deferred expenditure	20	339.7	322.7	7.3	7.9
Tax assets	21	96.3	102.4	18.4	15.8
Other	22	91.1	138.2	0.0	0.0
TOTAL NON-CURRENT ASSETS		5,181.4	4,949.7	3,808.1	3,724.0
TOTAL ASSETS		6,016.5	6,003.2	3,835.9	3,860.2
CURRENT LIABILITIES					
Payables	23	494.7	539.2	70.0	53.6
Interest bearing liabilities	24	518.4	1,104.2	361.3	400.2
Provisions	25	178.5	179.3	108.5	102.0
Tax liabilities	26	35.4	31.3	9.1	4.9
Unearned revenue	27	10.6	17.4	0.7	14.7
TOTAL CURRENT LIABILITIES		1,237.6	1,871.4	549.6	575.4
NON-CURRENT LIABILITIES					
Payables	28	0.0	0.0	62.7	42.3
Interest bearing liabilities	29	1,991.7	1,577.9	1,352.1	1,474.2
Provisions	30	63.8	93.8	10.1	5.8
Tax liabilities	31	390.2	348.2	7.8	9.5
Unearned revenue	32	4.8	3.6	0.6	1.4
TOTAL NON-CURRENT LIABILITIES		2,450.5	2,023.5	1,433.3	1,533.2
TOTAL LIABILITIES		3,688.1	3,894.9	1,982.9	2,108.6
NET ASSETS		2,328.4	2,108.3	1,853.0	1,751.6
EQUITY					
Contributed equity	33	382.1	359.7	382.1	359.7
Reserves	34	1,158.3	981.6	1,165.6	996.6
Retained profits	35	560.6	564.6	305.3	395.3
EQUITY ATTRIBUTABLE TO PROPRIETORS OF THE PARENT ENTITY		2,101.0	1,905.9	1,853.0	1,751.6
Outside equity interests in controlled entities	36	227.4	202.4	0.0	0.0
TOTAL EQUITY		2,328.4	2,108.3	1,853.0	1,751.6

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2002

		CONSOLIDATED INFLOWS (OUTFLOWS)		PARENT ENTITY INFLOWS (OUTFLOWS)	
		2002	2001	2002	2001
	NOTE	$M	$M	$M	$M
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		3,679.7	3,783.9	344.9	299.9
Payments to suppliers and employees		(3,198.9)	(3,305.2)	(350.1)	(319.6)
Dividends received		72.5	28.6	158.7	64.9
Interest received		13.6	13.7	130.1	119.4
Borrowing costs paid		(180.0)	(178.5)	(99.1)	(104.5)
Income taxes paid		(42.6)	(45.1)	(11.2)	(10.2)
Net cash provided by operating activities	49(D)	344.3	297.4	173.3	49.9
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(415.4)	(376.5)	(5.9)	(9.0)
Payments for investments		(43.3)	(220.5)	0.0	0.0
Payments for acquisition of controlled entities	49(E)	0.0	(55.6)	0.0	0.0
Payments for additional investments in controlled entities		(8.6)	(122.4)	0.0	0.0
Loans advanced		(3.5)	(9.5)	(0.8)	(9.3)
Proceeds from sale of property, plant and equipment		248.9	18.3	30.3	4.6
Proceeds from disposal of investments		5.7	18.3	5.1	14.2
Proceeds from loan repayments		4.8	4.7	4.1	3.6
Net cash (used in) provided by investing activities		(211.4)	(743.2)	32.8	4.1
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		191.4	268.5	191.4	178.5
Proceeds from borrowings and hedge receipts on foreign currency borrowings		1,078.0	1,245.2	501.0	428.9
Repayment of borrowings and hedge payments on foreign currency borrowings		(1,299.3)	(719.3)	(660.0)	(132.8)
Loans repaid by controlled entities		0.0	0.0	435.6	167.2
Loans advanced to controlled entities		0.0	0.0	(567.8)	(348.8)
Dividends and other distributions paid		(198.4)	(272.5)	(190.1)	(260.0)
Net cash (used in) provided by financing activities		(228.3)	521.9	(289.9)	33.0
NET (DECREASE) INCREASE IN CASH HELD		(95.4)	76.1	(83.8)	87.0
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		100.7	22.6	84.8	(2.2)
Effect of exchange rate changes on the balance of cash held in foreign currencies		0.5	2.0	0.0	0.0
CASH AT THE END OF THE FINANCIAL YEAR	49(A)	5.8	100.7	1.0	84.8

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 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 profit from ordinary activities.

(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.

NOTE 2 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

(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 7.0% – 12.0% (2001 6.3% – 11.7%) depending on the nature and assessed risk of the assets.

(l) Revaluation of non-current assets

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 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.

NOTE 2 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(n) Interest bearing liabilities

Borrowings (bank borrowings, bank overdrafts, promissory notes, medium term notes, senior notes, capital notes, natural gas 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) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the taxation authority or for receivables and payables which are recognised inclusive of GST. Cash flows are included in the statement of cash flows on a gross basis. GST which is recoverable or payable to the taxation authority is classified as operating cash flows.

(p) Taxation

The liability method of tax effect accounting is applied. Under this method, income tax expense is based on profit from ordinary activities 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 profit from ordinary activities 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.

(q) Restoration and rehabilitation costs

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

(r) 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.

(s) 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 revenue in the periods in which the infrastructure is completed.

(t) 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.

NOTE 2 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

(u) Derivative financial instruments

Derivative financial instruments are entered into in order to manage financial risks, as outlined 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 derivative 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 is 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(t).

(v) 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.

NOTE 2 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

(x) 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.

NOTE 3 – SEGMENT INFORMATION

Business segments

3(a) Segment revenues

	EXTERNAL SALES REVENUE		OTHER EXTERNAL REVENUE		INTER-SEGMENT REVENUE		EQUITY ACCOUNTED SHARE OF NET PROFITS		TOTAL	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
ENERGY NETWORKS										
Gas networks	33.6	44.4	1.3	221.6	286.1	303.8	0.0	0.0	321.0	569.8
Electricity networks	48.2	50.0	3.7	0.4	111.6	118.3	0.0	0.0	163.5	168.7
	81.8	94.4	5.0	222.0	397.7	422.1	0.0	0.0	484.5	738.5
AGILITY	125.5	119.8	0.6	3.6	144.0	124.4	2.5	0.0	272.6	247.8
ENERGY SALES & MARKETING	1,997.3	1,879.5	3.0	29.3	22.3	32.2	(0.2)	0.0	2,022.4	1,941.0
ENERGY INVESTMENTS	3.3	2.9	5.1	5.9	0.0	0.0	59.5	36.8	67.9	45.6
POWER GENERATION	9.0	7.8	0.3	0.4	0.6	0.0	0.0	0.0	9.9	8.2
LPG	15.7	23.4	2.1	2.6	0.0	0.0	9.1	2.2	26.9	28.2
NEW ZEALAND BUSINESS	597.1	981.3	209.7	19.4	0.0	0.0	(0.3)	2.4	806.5	1,003.1
PROPERTY	3.3	4.2	1.0	36.2	0.1	0.1	0.0	0.0	4.4	40.5
TELECOMMUNICATIONS	41.2	29.1	0.4	0.0	0.0	0.0	0.0	0.0	41.6	29.1
OTHER	31.5	28.7	0.6	3.7	0.0	0.0	0.0	0.0	32.1	32.4
Segment totals	2,905.7	3,171.1	227.8	323.1	564.7	578.8	70.6	41.4	3,768.8	4,114.4
Unallocated items	0.5	0.2	14.4	4.5	1.4	0.0	0.0	0.0	16.3	4.7
	2,906.2	3,171.3	242.2	327.6	566.1	578.8	70.6	41.4	3,785.1	4,119.1
Less: eliminations	0.0	0.0	0.0	0.0	(566.1)	(578.8)	0.0	0.0	(566.1)	(578.8)
	2,906.2	3,171.3	242.2	327.6	0.0	0.0	70.6	41.4	3,219.0	3,540.3

Revenue is principally derived from:

(i) **ENERGY NETWORKS** – distribution of gas and electricity.
AGILITY – provision of infrastructure management and maintenance services.
ENERGY SALES & MARKETING – sale of natural gas and electricity.
ENERGY INVESTMENTS – investments in pipeline and energy utility entities.
POWER GENERATION – generation and sale of electricity.
LPG – extraction and sale of LPG and investment in a joint venture entity involved in the LPG industry.
NEW ZEALAND BUSINESS – investments in New Zealand entities involved in the gas and electricity industries.
PROPERTY – sale and rental of properties.
TELECOMMUNICATIONS – investment in entities involved in the telecommunications industry.
OTHER – business development activities and Chilean gas business.

(ii) Inter-segment pricing is made on an 'arms-length', commercial basis.

NOTE 3 – SEGMENT INFORMATION CONTINUED

3(b) Segment results – profits/(losses)

	SEGMENT RESULTS – PROFITS/(LOSSES)		DEPRECIATION AND AMORTISATION		OTHER NON-CASH EXPENSES	
	2002	2001	2002	2001	2002	2001
	$M	$M	$M	$M	$M	$M
ENERGY NETWORKS						
Gas networks	151.3	222.0	41.8	40.5	1.7	3.1
Electricity networks	60.8	70.7	28.3	27.5	1.4	2.0
	212.1	292.7	70.1	68.0	3.1	5.1
AGILITY	43.3	28.4	1.3	1.1	17.1	14.5
ENERGY SALES & MARKETING	100.1	115.4	11.2	11.4	13.3	17.8
ENERGY INVESTMENTS	62.7	39.7	0.0	0.0	0.0	0.0
POWER GENERATION	3.0	(0.3)	1.8	1.5	0.1	3.0
LPG	15.1	13.6	0.2	0.1	1.5	0.6
NEW ZEALAND BUSINESS	104.4	(164.7)	113.6	96.4	0.6	219.2
PROPERTY	(2.8)	20.5	1.0	1.1	1.1	0.4
TELECOMMUNICATIONS	(55.6)	(33.4)	1.9	2.1	47.3	23.9
OTHER	(5.9)	(4.6)	5.2	5.7	7.2	2.1
Segment totals	476.4	307.3	206.3	187.4	91.3	286.6
Unallocated items	0.2	(12.0)	13.5	10.8	9.3	6.8
	476.6	295.3	219.8	198.2	100.6	293.4
Less: borrowing costs	(172.2)	(181.9)				
PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX	304.4	113.4				
Income tax attributable to ordinary activities	(102.2)	(76.9)				
PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX	202.2	36.5				

Profit from ordinary activities before borrowing costs includes the significant items detailed in Note 6(C), as allocated to relevant segments.

(i)	**ENERGY NETWORKS**	
	Gas networks	$nil (2001 $49.3 million)
(ii)	**AGILITY**	$(3.2) million (2001 $nil)
(iii)	**ENERGY SALES & MARKETING**	$(2.1) million (2001 $5.0 million)
(iv)	**NEW ZEALAND BUSINESS**	$(33.2) million (2001 $(267.6) million)
(v)	**PROPERTY**	$(0.4) million (2001 $20.8 million)
(vi)	**TELECOMMUNICATIONS**	$(42.1) million (2001 $(22.2) million)
(vii)	**OTHER**	$(0.4) million (2001 $nil)
(viii)	**UNALLOCATED**	$5.9 million (2001 $(9.4) million)

NOTE 3 – SEGMENT INFORMATION CONTINUED

3(c) Segment assets and liabilities

	ASSETS		LIABILITIES		EQUITY ACCOUNTED INVESTMENTS*		ACQUISITION OF NON-CURRENT ASSETS*	
	2002	2001	2002	2001	2002	2001	2002	2001
	$M	$M	$M	$M	$M	$M	$M	$M
ENERGY NETWORKS								
Gas networks	1,173.9	1,170.4	187.3	203.3	0.0	0.0	55.5	212.3
Electricity networks	1,110.6	1,098.1	67.8	69.4	0.0	0.0	33.8	37.2
	2,284.5	2,268.5	255.1	272.7	0.0	0.0	89.3	249.5
AGILITY	54.4	58.4	70.2	65.2	0.0	0.0	8.1	5.4
ENERGY SALES & MARKETING	785.9	694.4	419.8	409.9	0.0	0.3	12.0	13.2
ENERGY INVESTMENTS	372.1	386.9	23.8	19.7	368.1	380.6	0.0	0.0
POWER GENERATION	271.2	72.3	29.8	9.0	0.0	0.0	189.3	23.8
LPG	112.0	102.9	2.3	4.4	76.5	67.3	2.5	0.1
NEW ZEALAND BUSINESS	1,691.0	1,868.3	932.4	1,013.6	2.0	127.9	62.6	79.3
PROPERTY	72.2	98.8	10.6	16.7	0.0	0.0	2.8	13.1
TELECOMMUNICATIONS	105.5	101.4	6.9	20.3	0.0	0.0	3.4	43.8
OTHER	163.0	183.6	71.2	75.6	0.0	0.0	10.4	36.5
Segment totals	5,911.8	5,835.5	1,822.1	1,907.1	446.6	576.1	380.4	464.7
Unallocated items	104.7	167.7	1,866.0	1,987.8	0.0	0.0	38.8	24.0
Consolidated total	6,016.5	6,003.2	3,688.1	3,894.9	446.6	576.1	419.2	488.7

* Included in Assets total.

NOTE 3 – SEGMENT INFORMATION CONTINUED

3(d) Funds employed

	GAS NETWORKS 2002 $M	ELECTRICITY NETWORKS 2002 $M	AGILITY 2002 $M	ENERGY SALES & MARKETING 2002 $M	ENERGY INVEST-MENTS 2002 $M	POWER GENERATION 2002 $M	LPG 2002 $M	NEW ZEALAND BUSINESS 2002 $M	PROPERTY 2002 $M	TELECOMM-UNICATIONS 2002 $M	OTHER 2002 $M
Current assets											
Cash	0.0	0.0	0.4	5.5	0.0	0.0	0.0	0.6	0.0	0.4	5.0
Receivables	2.8	9.9	22.6	479.1	0.0	3.3	32.5	131.4	6.0	0.0	6.5
Inventories	0.0	0.0	4.9	6.7	0.0	0.3	0.0	8.0	0.0	0.0	1.8
Property, plant and equipment	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.5	0.0	0.0
Intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.1	0.1	26.9	0.0	0.8	0.0	54.7	0.9	0.0	0.0
Non-current assets											
Receivables	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.3	14.3	0.0	2.5
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity accounted investments	0.0	0.0	0.0	0.0	368.1	0.0	76.5	2.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	0.0	0.0	0.0	11.9	0.0	133.3	0.0	98.0	0.0
Property, plant and equipment	944.1	489.0	10.8	30.2	0.0	247.9	3.0	1,140.6	40.8	0.0	121.4
Intangibles	0.0	577.6	0.0	196.5	0.0	0.0	0.0	94.5	0.0	0.0	20.3
Deferred expenditure	220.8	29.9	0.0	13.3	0.0	2.9	0.0	11.4	0.0	0.0	0.8
Tax assets	2.2	1.3	10.4	27.1	4.0	4.1	0.0	32.5	1.7	7.1	4.7
Other	1.8	2.8	5.2	0.0	0.0	0.0	0.0	81.7	0.0	0.0	0.0
Total assets	1,173.9	1,110.6	54.4	785.9	372.1	271.2	112.0	1,691.0	72.2	105.5	163.0
Current liabilities											
Payables	3.5	9.9	21.2	280.6	0.0	20.7	0.2	105.5	1.9	2.4	8.4
Provisions	6.5	1.2	14.9	30.1	0.0	0.1	0.0	8.8	1.2	4.5	0.9
Tax liabilities	0.0	1.0	15.4	6.4	16.6	0.5	1.9	8.1	2.6	0.0	0.0
Unearned revenue	0.0	0.2	0.0	8.4	0.0	0.1	0.0	0.4	0.7	0.0	0.0
Non-current liabilities											
Payables	0.0	0.0	0.0	12.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.2	0.0	18.5	32.6	0.0	0.0	0.0	0.0	0.5	0.0	0.3
Tax liabilities	177.1	55.5	0.0	49.5	7.2	8.4	0.2	83.1	2.7	0.0	1.9
Unearned revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4	1.0	0.0	0.0
Funds employed	986.6	1,042.8	(15.6)	366.1	348.3	241.4	109.7	1,482.7	61.6	98.6	151.5
Guarantee support	0.0	0.0	12.7	247.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

NOTE 3 – SEGMENT INFORMATION CONTINUED

3(e) Profit from ordinary activities before borrowing costs and significant items

	GAS NETWORKS	ELECTRICITY NETWORKS	AGILITY	ENERGY SALES & MARKETING	ENERGY INVEST-MENTS	POWER GENERATION	LPG	NEW ZEALAND BUSINESS	PROPERTY	TELECOMM-UNICATIONS	OTHER
	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002	2002
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Before income tax	151.3	60.8	46.5	102.2	62.7	3.0	15.1	137.6	(2.4)	(13.5)	(5.5)
After income tax	112.7	41.7	35.9	68.5	46.3	2.1	13.3	81.0	3.2	(9.7)	(7.8)

3(f) Profit from ordinary activities before borrowing costs and significant items/funds employed* (%)

	GAS NETWORKS	ELECTRICITY NETWORKS	AGILITY	ENERGY SALES & MARKETING	ENERGY INVEST-MENTS	POWER GENERATION	LPG	NEW ZEALAND BUSINESS	PROPERTY	TELECOMM-UNICATIONS	OTHER
Before income tax	15.5	5.9	n/a	31.4	17.5	1.9	14.5	9.1	n/a	n/a	n/a
After income tax	11.5	4.0	n/a	21.1	12.9	1.4	12.8	5.4	4.5	n/a	n/a

* Weighted where appropriate.

3(g) Profit from ordinary activities before borrowing costs and significant items/funds employed including guarantee support* (%)

	GAS NETWORKS	ELECTRICITY NETWORKS	AGILITY	ENERGY SALES & MARKETING	ENERGY INVEST-MENTS	POWER GENERATION	LPG	NEW ZEALAND BUSINESS	PROPERTY	TELECOMM-UNICATIONS	OTHER
Before income tax	15.5	5.9	n/a	16.1	17.5	1.9	14.5	8.7	n/a	n/a	n/a
After income tax	11.5	4.0	n/a	10.8	12.9	1.4	12.8	5.1	4.5	n/a	n/a

* Weighted where appropriate.

3(h) Geographical segments

	EXTERNAL REVENUES		ASSETS		ACQUISITION OF NON-CURRENT ASSETS	
	2002	2001	2002	2001	2002	2001
	$M	$M	$M	$M	$M	$M
Australia	2,309.5	2,465.8	4,162.5	3,951.3	346.2	372.9
New Zealand	806.8	1,000.7	1,691.0	1,868.3	62.6	79.3
Other	32.1	32.4	163.0	183.6	10.4	36.5
	3,148.4	3,498.9	6,016.5	6,003.2	419.2	488.7

There was no material inter-segment revenue.

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
NOTE 4 – REVENUE FROM ORDINARY ACTIVITIES				
Sales of goods				
Operating activities	2,524.3	2,808.9	285.3	274.1
Other activities	3.2	4.2	0.4	0.0
Provision of services				
Construction contracts	58.6	61.7	0.0	0.0
Other operating activities	320.1	296.5	0.7	1.2
Interest				
Wholly-owned controlled entities	0.0	0.0	139.9	115.2
Associates and joint venture entities	3.7	5.2	0.0	0.0
Other operating activities	10.6	9.3	4.6	3.1
Dividends				
Wholly-owned controlled entities	0.0	0.0	148.5	59.1
Associates and joint venture entities	0.0	0.0	10.2	5.8
Share of partnership profits	0.3	0.4	0.0	0.0
Disposals of assets				
Operating activities	211.1	267.0	5.3	6.4
Other activities	0.0	35.4	0.0	35.4
Rents				
Other activities	0.9	0.1	0.1	0.1
Write-back of provisions no longer required				
Environmental rehabilitation	1.1	0.0	0.0	0.0
Business restructuring	0.0	6.4	0.0	0.0
Doubtful debts	0.8	0.0	0.0	0.0
Employee entitlements	1.4	0.8	0.0	0.0
Surplus lease	1.4	0.0	0.0	0.0
Settlement of contract agreement	0.0	2.0	0.0	0.0
Other	0.4	0.0	0.0	0.0
Equity performance agreements	10.5	1.0	10.5	1.0
	3,148.4	3,498.9	605.5	501.4

All revenue relates to operating activities unless otherwise stated.

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
NOTE 5 – EXPENSES FROM ORDINARY ACTIVITIES				
Cost of goods sold	1,714.5	1,983.7	285.3	274.1
Administrative costs	134.2	141.3	7.4	17.8
Employee entitlements	325.7	308.1	29.2	26.2
Losses and write downs relating to controlled entities	87.0	289.8	60.5	21.0
Carrying value of assets/businesses sold	197.1	173.5	0.0	0.0
Other expenses	64.1	150.4	0.0	0.0
	2,522.6	3,046.8	382.4	339.1

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
NOTE 6 – PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE				
Operating profit from ordinary activities includes:				
(A) NET (LOSS)/GAIN ON DISPOSAL OF ASSETS (EXCLUDING SIGNIFICANT ITEMS – REFER TO NOTE 6(C))				
Investments	0.0	1.7	0.0	0.0
Property, plant and equipment	(2.6)	11.3	0.2	2.6
(B) ITEMS OF EXPENSE				
Borrowing costs				
Interest expense				
Wholly-owned controlled entities	0.0	0.0	2.0	0.9
Other entities	168.9	178.2	96.0	104.7
Other borrowing costs	10.7	3.7	6.7	3.7
	179.6	181.9	104.7	109.3
Less amounts capitalised as part of the carrying values of assets*	7.4	0.0	0.0	0.0
	172.2	181.9	104.7	109.3
* Capitalisation rate applicable to funds borrowed generally 6.0%				
Amounts provided for:				
Directors' retiring allowances	0.2	0.3	0.2	0.3
Doubtful debts (net of bad debts recovered)	6.2	14.2	60.5	21.0
Employee entitlements	27.0	23.9	7.8	5.4
Property rental guarantees	0.4	0.2	0.0	0.0
Amounts written off in respect of:				
Intangibles	24.5	215.0	0.0	0.0
Plant and equipment scrapped	1.9	2.6	0.0	0.0
Deferred expenditure	19.4	20.7	0.0	0.0
Amortisation of:				
Deferred expenditure	26.1	22.2	0.2	0.2
Gas entitlements	52.6	26.6	0.0	0.0
Intangibles	15.7	32.2	0.0	0.0
Depreciation of:				
Buildings				
Freehold	0.5	0.5	0.0	0.0
Leasehold	1.4	2.2	0.7	1.1
Plant and equipment				
Purchased assets	123.5	114.5	0.8	0.6
Leased assets	0.0	0.0	0.0	0.0
Net decrements arising on write down of:				
Inventories	0.0	0.1	0.0	0.0
Receivables	1.9	0.0	0.0	0.0
Property, plant and equipment	0.0	0.6	0.0	0.0
Rental expense on operating leases				
Goldline rehabilitation programme	0.0	10.8	0.0	0.0
Other	15.1	17.6	0.5	3.1
Net foreign currency exchange loss from non-speculative dealing	0.4	1.4	10.1	0.7
Research and development costs	0.1	0.2	0.0	0.0

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
NOTE 6 – PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE CONTINUED				
(C) SIGNIFICANT ITEMS				
Losses and write downs relating to NGC	(33.2)	(267.6)	0.0	0.0
(Income tax benefit applicable $14.4 million (2001 $21.8 million))				
Losses and write downs relating to Dingo Blue	(42.1)	(22.2)	(60.5)	(21.0)
(Income tax (expense)/benefit applicable $(0.3) million (2001 $2.6 million))				
(Parent Entity income tax benefit $nil (2001 $nil))				
Realised gain on equity performance agreements	10.5	0.0	10.5	0.0
(Income tax expense applicable $3.1 million (Parent Entity $3.1 million))				
Redundancy costs incurred to restructure AGL's business	(10.7)	0.0	(5.3)	0.0
(Income tax benefit applicable $3.2 million (Parent Entity $1.6 million))				
Profit on sale of surplus property held for sale	0.0	20.8	0.0	20.8
(Income tax expense applicable $7.2 million				
(Parent Entity $7.2 million))				
Profit on sale of businesses	0.0	54.3	0.0	0.0
(Income tax benefit applicable $11.4 million)				
Costs relating to review ownership structure of AGL's network assets	0.0	(9.4)	0.0	(9.4)
(Income tax benefit applicable $3.2 million (Parent Entity $3.2 million))				
NOTE 7 – INCOME TAX EXPENSE				
Prima facie income tax expense on profit from ordinary activities at 30% (2001 34%)	(91.3)	(38.6)	(35.0)	(17.4)
Tax effect of permanent differences				
Non-allowable expenditure	(20.7)	(87.0)	(18.6)	(7.7)
Non-assessable revenue	8.1	12.8	0.0	0.0
Rebateable/non-assessable dividends	0.0	0.0	44.5	21.0
Non rebateable/assessable dividends	(7.8)	(4.6)	0.0	0.0
Equity accounted profits of associates and joint venture entities	8.1	5.6	0.0	0.0
Development allowance	1.3	1.8	0.0	0.0
Profits/losses on disposals of assets	0.2	31.7	0.0	0.6
Other	(3.2)	(2.9)	0.0	0.6
Recognition of tax losses not previously brought to account	4.2	2.8	0.0	2.8
Reversal of tax losses previously recognised now written off	(1.2)	(5.9)	0.0	0.0
Income tax rate change	0.0	6.6	0.0	(1.7)
Income tax over/(under) provided in prior years	0.1	0.8	(1.5)	0.8
Income tax attributable to ordinary activities	(102.2)	(76.9)	(10.6)	(1.0)

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
NOTE 8 – DIVIDENDS				
Interim dividend paid 11 April 2002 (2001 – 12 April 2001)				
Franked amount (19 cents per share (2001 – 7 cents per share))	70.6	24.9	70.6	24.9
Unfranked amount (6 cents per share (2001 – 18 cents per share))	22.3	64.1	22.3	64.1
Total amount (25 cents per share (2001 – 25 cents per share))	92.9	89.0	92.9	89.0
Final dividend proposed for 16 October 2002 (2001 – 16 October 2001)*				
Franked amount (16 cents per share (2001 – 16 cents per share))	61.2	57.6	61.2	57.6
Unfranked amount (11 cents per share (2001 – 11 cents per share))	42.0	39.5	42.0	39.5
Total amount (27 cents per share (2001 – 27 cents per share))	103.2	97.1	103.2	97.1
	196.1	186.1	196.1	186.1
The franking rate applicable to all franked dividends paid and proposed is 30%				
Franking credits available for franking dividends in the subsequent financial year (after allowing for tax payable and franking credits attached to dividends provided in respect of the current financial year)	0.0	10.8	0.0	0.0
Foreign dividend account credits attached to dividends for the year	19.1	0.0	0.0	0.0

* Shares issued subsequent to 30 June 2002, as outlined in Note 52, have been issued 'cum' dividend. No dividend has been provided at 30 June 2002 in relation to these shares.

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
NOTE 9 – RECEIVABLES (CURRENT)				
Debtors	396.3	461.8	12.4	47.7
Less provision for doubtful debts	20.6	25.0	0.0	0.0
	375.7	436.8	12.4	47.7
Unbilled revenue	236.9	203.6	0.0	0.0
Loans receivable (secured)	13.9	10.6	2.8	0.5
Loans to directors engaged in full time employment within the consolidated entity (secured)	0.5+	0.7*	0.5+	0.7*
Amounts owing by:				
Associates and joint venture entities	75.0	38.9	0.0	0.0
	702.0	690.6	15.7	48.9

+ to nearest thousand dollars, $525,000

* to nearest thousand dollars, $689,000

NOTE 9 – RECEIVABLES (CURRENT)

CONTINUED

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 2 July 2002, while the share plan loans are non-interest bearing and the current portions of the loans are repayable no later than 30 June 2003.

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 2003.

Amounts owing by associates and joint venture entities consist of non-interest bearing debts which are required to be paid within 30 days of the date of recognition, and an unsecured interest bearing loan of $32.5 million due for repayment by 30 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 wholly-owned subsidiary of Auscom Holdings Pty Limited) which is due for repayment by 30 June 2003.

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
NOTE 10 – INVENTORIES (CURRENT)				
STOCKS AND MATERIALS				
Raw materials and stores – at cost	9.9	12.1	0.0	0.0
Work in progress – at cost	4.5	3.9	0.0	0.0
Finished goods – at cost	7.4	4.6	0.0	0.0
Less provision to reduce carrying values to net realisable values	0.3	0.0	0.0	0.0
	7.1	4.6	0.0	0.0
	21.5	20.6	0.0	0.0
Aggregate carrying amount of inventories, including non-current inventories (Note 15)	21.5	23.7	0.0	0.0
NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (CURRENT)				
Plant and equipment – at cost	0.0	79.5	0.0	0.0
Surplus properties held for sale – freehold at cost	10.6	2.2	7.9	0.0
	10.6	81.7	7.9	0.0

VALUATIONS

Surplus properties held for sale were valued at $10.8 million at 30 June 2002 (Parent Entity $7.9 million). The 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 properties were not restated at 30 June 2002.

	CONSOLIDATED 2002 $M	CONSOLIDATED 2001 $M	PARENT ENTITY 2002 $M	PARENT ENTITY 2001 $M
NOTE 12 – INTANGIBLES (CURRENT)				
Goodwill				
At cost	0.0	338.7	0.0	0.0
Less provision for amortisation	0.0	227.6	0.0	0.0
	0.0	111.1	0.0	0.0
NOTE 13 – OTHER CURRENT ASSETS				
Prepayments	37.2	27.0	2.9	2.3
Gas entitlements	50.7	21.6	0.0	0.0
	87.9	48.6	2.9	2.3
NOTE 14 – RECEIVABLES (NON-CURRENT)				
Debtors	12.8	17.2	7.0	11.9
Loans receivable (unsecured)	0.9	0.8	0.0	0.0
Loans receivable (secured)				
At recoverable amount (1)	4.1	3.5	0.0	0.0
At cost	9.2	11.5	9.2	11.5
	13.3	15.0	9.2	11.5
Loans to directors engaged in full time employment within the consolidated entity (secured)	6.9+	10.1*	6.9+	10.1*
Amounts owing by:				
Wholly-owned controlled entities	0.0	0.0	3,277.5	3,119.3
Partly-owned controlled entities	0.0	0.0	4.6	0.2
Associates and joint venture entities	0.0	32.5	0.0	0.0
	0.0	32.5	3,282.1	3,119.5
Less provision to reduce carrying value to net realisable value	0.0	0.0	81.5	21.0
	0.0	32.5	3,200.6	3,098.5
	33.9	75.6	3,223.7	3,132.0

+ to nearest thousand dollars, $6,918,000

* to nearest thousand dollars, $10,149,000

(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 bank guarantee 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.

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 debtor operating in the same industry.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
NOTE 15 – INVENTORIES (NON-CURRENT)				
Properties held for development and sale				
Acquisition costs	0.0	2.1	0.0	0.0
Development costs	0.0	1.8	0.0	0.0
Other costs capitalised	0.0	0.9	0.0	0.0
	0.0	4.8	0.0	0.0
Less provision to reduce carrying value to net realisable value	0.0	1.7	0.0	0.0
	0.0	3.1	0.0	0.0
NOTE 16 – EQUITY ACCOUNTED INVESTMENTS				
Associates – quoted on stock exchange				
At equity accounted carrying amount (Parent Entity at cost)	36.3	161.7	135.3	140.5
Associates – not quoted on stock exchange				
At equity accounted carrying amounts	2.0	1.6	0.0	0.0
Joint venture entities – not quoted on stock exchange				
At equity accounted carrying amounts	408.3	412.8	0.0	0.0
	446.6	576.1	135.3	140.5
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				
Quoted on stock exchange – at cost	133.3	0.0	0.0	0.0
Not quoted on stock exchange – at cost	98.0	54.9	0.0	0.0
	231.3	54.9	0.0	0.0
Interest in partnership – at cost plus share of undistributed profits	11.9	11.9	0.0	0.0
	243.2	66.8	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 accounting standard AASB 1041.

INTEREST IN PARTNERSHIP

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)

	Consolidated 2002 $M	Consolidated 2001 $M	Parent Entity 2002 $M	Parent Entity 2001 $M
(A) LAND AND BUILDINGS				
Freehold				
At cost	40.4	39.2	1.5	1.5
Less provision for depreciation	3.0	2.7	0.0	0.0
	37.4	36.5	1.5	1.5
Leasehold				
At cost	9.9	9.6	4.6	4.3
Less provision for depreciation	5.3	3.9	2.0	1.3
	4.6	5.7	2.6	3.0
	42.0	42.2	4.1	4.5

VALUATIONS

Freehold land and buildings were valued at $46.6 million at 30 June 2002 (Parent Entity $2.0 million). 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 2002.

	Consolidated 2002 $M	Consolidated 2001 $M	Parent Entity 2002 $M	Parent Entity 2001 $M
(B) SURPLUS PROPERTIES HELD FOR SALE				
Freehold				
At cost	39.5	44.8	35.5	40.8
Less provision for depreciation	0.3	0.2	0.0	0.0
	39.2	44.6	35.5	40.8

VALUATIONS

The properties were valued at $91.7 million at 30 June 2002 (Parent Entity $88.0 million). 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 2002.

Capital gains tax payable if the properties had been sold at 30 June 2002 for amounts equivalent to their carrying values at that date would be $20.4 million (2001 $23.1 million). At 30 June 2002 no allowance has been made for this capital gains tax.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
NOTE 18 – PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT) CONTINUED				
(C) PLANT AND EQUIPMENT				
At recoverable amount (1)	5.4	5.4	0.0	0.0
Less provision for depreciation	0.2	0.0	0.0	0.0
	5.2	5.4	0.0	0.0
At cost (2)	3,732.3	3,319.4	9.3	7.3
Less provision for depreciation	777.0	657.7	4.1	3.4
	2,955.3	2,661.7	5.2	3.9
	2,960.5	2,667.1	5.2	3.9
(1) Certain power generation plant and equipment was written down to recoverable amount by directors on 30 June 2001, being the present value of expected net cash flows. The discount rate used to determine the present value of the expected net cash flows was 7.5%.				
(2) Certain items of plant and equipment, previously revalued to fair value ($123.1 million) by directors pursuant to the restructuring of the NSW gas industry in 1986, have been deemed to be carried forward at cost as from 1 July 2000 under accounting standard AASB 1041.				
	3,041.7	2,753.9	44.8	49.2

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% – 33⅓% pa.
Capitalised leased assets: 2% – 20% pa.

NOTE 18 – PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT) CONTINUED

RECONCILIATIONS

Reconciliations of the carrying amounts of each class of non-current property, plant and equipment at the beginning and end of the reporting period:

	FREEHOLD LAND & BUILDINGS	LEASEHOLD LAND & BUILDINGS	SURPLUS PROPERTY HELD FOR SALE	PLANT & EQUIPMENT	TOTAL
	$M	$M	$M	$M	$M
CONSOLIDATED – 2002					
BALANCE AT BEGINNING OF YEAR	36.5	5.7	44.6	2,667.1	2,753.9
Additions	2.0	0.3	2.6	370.3	375.2
Disposals	(1.3)			(11.6)	(12.9)
Depreciation	(0.4)	(1.4)	(0.1)	(123.5)	(125.4)
Foreign currency exchange differences	0.6			58.2	58.8
Reclassification to current assets			(7.9)		(7.9)
BALANCE AT THE END OF YEAR	37.4	4.6	39.2	2,960.5	3,041.7
PARENT ENTITY – 2002					
BALANCE AT BEGINNING OF YEAR	1.5	3.0	40.8	3.9	49.2
Additions		0.3	2.6	2.1	5.0
Depreciation		(0.7)		(0.8)	(1.5)
Reclassification to current assets			(7.9)		(7.9)
BALANCE AT THE END OF YEAR	1.5	2.6	35.5	5.2	44.8

	CONSOLIDATED		PARENT ENTITY	
	2002	**2001**	**2002**	**2001**
	$M	$M	$M	$M
NOTE 19 – INTANGIBLES (NON-CURRENT)				
Goodwill				
At cost	202.0	208.6	0.0	0.0
Less provision for amortisation	30.6	21.1	0.0	0.0
	171.4	187.5	0.0	0.0
Licences				
At cost	730.1	730.8	0.0	0.0
Less provision for amortisation	12.6	7.4	0.0	0.0
	717.5	723.4	0.0	0.0
	888.9	910.9	0.0	0.0

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
NOTE 20 – DEFERRED EXPENDITURE				
Gas industry expenses – at cost				
Customer connections	257.1	257.2	0.0	0.0
Natural gas conversion	71.6	71.6	0.0	0.0
Other	16.7	16.9	0.0	0.0
	345.4	345.7	0.0	0.0
Less provision for amortisation	125.9	117.3	0.0	0.0
	219.5	228.4	0.0	0.0
Other expenses – at cost				
Borrowings	12.9	12.0	12.9	12.0
Computer software	157.6	123.5	1.2	1.5
Other	15.9	10.5	0.4	0.3
	186.4	146.0	14.5	13.8
Less provision for amortisation	66.2	51.7	7.2	5.9
	120.2	94.3	7.3	7.9
	339.7	322.7	7.3	7.9
NOTE 21 – TAX ASSETS				
Future income tax benefits*	96.3	102.4	18.4	15.8
* Includes future income tax benefits attributable to tax losses carried forward as an asset	29.1	16.7	2.3	7.6
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	73.6	42.6	0.0	0.0
NOTE 22 – OTHER NON-CURRENT ASSETS				
Gas entitlements – at cost	170.8	168.4	0.0	0.0
Less provision for amortisation	89.1	36.5	0.0	0.0
	81.7	131.9	0.0	0.0
Sundry gas and electricity assets	9.4	6.3	0.0	0.0
	91.1	138.2	0.0	0.0
NOTE 23 – PAYABLES (CURRENT)				
Creditors	491.5	535.8	70.0	53.6
Amounts owing to:				
Associates and joint venture entities	3.2	3.4	0.0	0.0
	494.7	539.2	70.0	53.6

SIGNIFICANT TERMS AND CONDITIONS

Creditors and amounts owing to associates and joint venture entities are generally settled within 30 days of recognition and are unsecured.

NOTE 24 – INTEREST BEARING LIABILITIES (CURRENT)

	CONSOLIDATED 2002 $M	CONSOLIDATED 2001 $M	PARENT ENTITY 2002 $M	PARENT ENTITY 2001 $M
Secured				
Bank borrowings	3.0	3.3	0.0	0.0
Subject to negative pledge				
Bank borrowings	100.0	722.0	100.0	240.0
Medium term notes	50.0	0.0	50.0	0.0
Unsecured				
Bank overdrafts	7.3	0.2	0.3	0.2
Bank borrowings	3.2	11.9	0.0	0.0
Capital convertible notes	35.2	43.6	0.0	0.0
Natural gas notes	0.0	60.7	0.0	0.0
Promissory notes	319.3	262.0	211.0	160.0
Consumer deposits and interest	0.4	0.5	0.0	0.0
	518.4	1,104.2	361.3	400.2

SIGNIFICANT TERMS AND CONDITIONS

Bank 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 2003.

Bank borrowings (subject to negative pledge) consist of various committed bank cash advance facilities which are repayable on the expiration of the facilities in January 2003.

Medium term notes are repayable on maturity in July 2002.

Bank overdrafts may be utilised at any time and are repayable on demand.

Convertible notes consist of 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 or cash on the maturity date of 2 July 2002. The holder of the security has notified that they wish to have the notes settled for cash on maturity.

Promissory notes are payable on maturity. The maturity dates are between July and October 2002.

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).

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
NOTE 25 – PROVISIONS (CURRENT)				
Dividends	103.2	97.1	103.2	97.1
Employee entitlements	36.8	34.0	5.3	4.8
Contract restructuring	18.3	10.9	0.0	0.0
Property rental guarantees	1.1	1.2	0.0	0.0
Environmental rehabilitation	0.0	1.1	0.0	0.1
Business restructuring	0.0	15.7	0.0	0.0
Retail contestability initiatives	4.9	4.7	0.0	0.0
Other	14.2	14.6	0.0	0.0
	178.5	179.3	108.5	102.0
NOTE 26 – TAX LIABILITIES (CURRENT)				
Current tax payable	35.4	31.3	9.1	4.9
NOTE 27 – UNEARNED REVENUE (CURRENT)				
Balance of amount transferred from former gas customers' reserve account to offset reductions in network transportation charges	0.0	12.6	0.0	0.0
Other unearned revenue	10.6	4.8	0.7	14.7
	10.6	17.4	0.7	14.7
NOTE 28 – PAYABLES (NON-CURRENT)				
Amounts owing to wholly-owned controlled entities	0.0	0.0	62.7	42.3
NOTE 29 – INTEREST BEARING LIABILITIES (NON-CURRENT)				
Secured				
Bank borrowings	39.2	64.0	0.0	0.0
Subject to negative pledge				
Bank borrowings	531.2	400.0	0.0	400.0
Medium term notes	600.0	300.0	600.0	300.0
Senior notes	752.1	772.2	752.1	772.2
Other unsecured				
Bank borrowings	56.7	29.5	0.0	0.0
Amounts owing to wholly-owned controlled entities	0.0	0.0	0.0	2.0
Consumer deposits and interest	12.5	12.2	0.0	0.0
	1,991.7	1,577.9	1,352.1	1,474.2

NOTE 29 – INTEREST BEARING LIABILITIES (NON-CURRENT) CONTINUED

SIGNIFICANT TERMS AND CONDITIONS

Bank borrowings (secured) are secured by a floating charge over the assets of a joint venture operation and are repayable in quarterly 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 December 2003 and December 2004.

Medium term notes are repayable on maturity in July 2004 and October 2007.

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 January 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.

ASSETS PLEDGED AS SECURITY

The carrying value of non-current assets pledged as security are:

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
Floating charge				
Property, plant and equipment	54.5	215.1	0.0	0.0

NOTE 30 – PROVISIONS (NON-CURRENT)

	CONSOLIDATED 2002 $M	CONSOLIDATED 2001 $M	PARENT ENTITY 2002 $M	PARENT ENTITY 2001 $M
Directors' retiring allowances	1.8	1.6	1.8	1.6
Employee entitlements	37.5	35.3	8.2	4.1
Contract restructuring	22.4	48.7	0.0	0.0
Property rental guarantees	0.1	0.8	0.0	0.0
Environmental rehabilitation	0.1	0.1	0.1	0.1
Retail contestability initiatives	0.0	4.8	0.0	0.0
Other	1.9	2.5	0.0	0.0
	63.8	93.8	10.1	5.8

NOTE 31 – TAX LIABILITIES (NON-CURRENT)

	CONSOLIDATED 2002 $M	CONSOLIDATED 2001 $M	PARENT ENTITY 2002 $M	PARENT ENTITY 2001 $M
Deferred income tax	390.2	348.2	7.8	9.5

NOTE 32 – UNEARNED REVENUE (NON-CURRENT)

	CONSOLIDATED 2002 $M	CONSOLIDATED 2001 $M	PARENT ENTITY 2002 $M	PARENT ENTITY 2001 $M
Other unearned revenue	4.8	3.6	0.6	1.4

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
NOTE 33 – CONTRIBUTED EQUITY				
382,155,310 (2001 359,758,945) fully paid ordinary shares	382.1	359.7	382.1	359.7

During the year the Parent Entity issued:

(i) 4,152,017 $1 shares at a premium of $7.21 per share and 4,547,126 $1 shares at a premium of $7.86 per share pursuant to The Australian Gas Light Company Dividend Reinvestment Plan.

(ii) 7,668,374 $1 shares at a premium of $7.21 per share and 5,933,848 $1 shares at a premium of $7.95 per share pursuant to underwriting agreements in respect of The Australian Gas Light Company Dividend Reinvestment Plan.

(iii) 35,000 $1 shares at a premium of $8.13 per share, 45,000 $1 shares at a premium of $7.67 per share and 15,000 $1 shares at a premium of $7.50 per share pursuant to the AGL Share Loan Plan.

Ordinary shares entitle each Proprietor to the capital and profits of the Company including dividend payments in proportion to the number of shares 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.

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
NOTE 34 – RESERVES				
Asset revaluation	0.0	0.0	1.7	1.7
Foreign currency translation	(6.0)	(13.7)	0.0	0.0
Share premium	1,163.9	994.9	1,163.9	994.9
Capital redemption	0.4	0.4	0.0	0.0
	1,158.3	981.6	1,165.6	996.6
MOVEMENTS IN RESERVES				
ASSET REVALUATION				
Balance at beginning of year	0.0	0.0	1.7	1.7
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.				
FOREIGN CURRENCY TRANSLATION				
Balance at beginning of year	(13.7)	(26.0)	0.0	0.0
Net exchange gain arising on translation of foreign currency net assets	1.8	8.0	0.0	0.0
Net gain arising on hedging of foreign currency investments	5.9	4.3	0.0	0.0
Balance at end of year	(6.0)	(13.7)	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(t). The movement in the reserve during the year has arisen primarily as a result of the strengthening of the New Zealand currency.

	CONSOLIDATED		PARENT ENTITY	
	2002	**2001**	**2002**	**2001**
	$M	$M	$M	$M
NOTE 34 – RESERVES CONTINUED				
SHARE PREMIUM				
Balance at beginning of year	994.9	834.0	994.9	834.0
Premium arising on the issue of ordinary shares	169.0	160.9	169.0	160.9
Balance at end of year	1,163.9	994.9	1,163.9	994.9
CAPITAL REDEMPTION				
Balance at beginning of year	0.4	0.4	0.0	0.0
Balance at end of year	0.4	0.4	0.0	0.0
NOTE 35 – RETAINED PROFITS				
Balance at beginning of year	564.6	635.3	395.3	531.3
Profit after income tax attributable to Proprietors of the Parent Entity	192.1	115.4	106.1	50.1
Dividends provided for or paid	(196.1)	(186.1)	(196.1)	(186.1)
Balance at the end of year	560.6	564.6	305.3	395.3
NOTE 36 – OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES				
Contributed equity	152.1	152.9	0.0	0.0
Reserves	23.8	7.0	0.0	0.0
Accumulated profits	51.5	42.5	0.0	0.0
	227.4	202.4	0.0	0.0
NOTE 37 – CONSTRUCTION CONTRACTS IN PROGRESS				
Aggregate of contract costs incurred and recognised profits (less recognised losses) to date	66.2	76.7	0.0	0.0
Less aggregate of consideration received and receivable as progress billings (including retentions) and advances received	(65.6)	(72.8)	0.0	0.0
	0.6	3.9	0.0	0.0
Amounts due from customers for contract work	2.5	13.1	0.0	0.0

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M

NOTE 38 – CAPITAL COMMITMENTS

	2002 $M	2001 $M	2002 $M	2001 $M
Expenditure contracted for at balance date not reflected in the financial statements				
Capital expenditure in respect of:				
Information technology projects	0.0	2.0	0.0	0.0
Property, plant and equipment	69.4	166.2	0.0	1.8
Construction projects	5.4	5.4	0.0	0.0
Capital commitments in respect of:				
Joint venture operations	0.0	0.1	0.0	0.0
Joint venture entities	3.7	10.5	0.0	0.0
Associates	0.0	15.2	0.0	0.0
	78.5	199.4	0.0	1.8
Payable				
Not later than one year	71.2	199.4	0.0	1.8
Later than one year but not later than five years	7.3	0.0	0.0	0.0
	78.5	199.4	0.0	1.8

NOTE 39 – LEASE COMMITMENTS

NON-CANCELLABLE OPERATING LEASES

	2002 $M	2001 $M	2002 $M	2001 $M
Aggregate amounts contracted for at balance date not reflected in the financial statements				
Other				
Due within 1 year	18.0	16.8	6.0	4.8
Due between 1 and 5 years	36.9	44.4	12.6	17.5
Due after 5 years	4.2	2.8	0.0	0.0
	59.1	64.0	18.6	22.3

Operating leases principally comprise leases of office space. 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.

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
NOTE 40 – CONTINGENT LIABILITIES				
Bank guarantees in respect of the consolidated entity	7.6	7.4	0.5	0.6
Other guarantees and warranties in respect of controlled entities	0.0	0.8	88.5	166.1
Guarantees in respect of associated companies	5.0	5.0	5.0	5.0
	12.6	13.2	94.0	171.7

OTHER CONTINGENT LIABILITIES

(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.

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$000	$000	$000	$000
NOTE 41 – REMUNERATION OF AUDITORS				
Remuneration of the auditor of the Parent Entity for:				
Auditing and reviewing the financial report	665	617	120	89
Other services:				
Due diligence for acquisitions and disposals	181	615	0	0
Tax consulting and compliance review	560	250	0	0
Other audit assurance reviews	82	50	0	0
Retail contestability implementation	234	0	0	0
Ownership structure consulting	0	1,188	0	0
Other	161	51	0	0
	1,218	2,154	0	0
Remuneration of related practices of the Parent Entity auditor for other services:				
IT consulting	50	424	0	0
Remuneration of other auditors of controlled entities for auditing and reviewing the financial report	298	207	0	0

NOTE 42 – REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
DIRECTORS' REMUNERATION	$000	$000	$000	$000
Aggregate income paid or payable, or otherwise made available, to directors of:				
The Parent Entity	1,815	13,727	1,815	13,727
Controlled entities*	2,100	5,426	0	0
	3,915	19,153	1,815	13,727

* 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	2002	2001
70 – 80	1	1
80 – 90	3	3
90 – 100	1	1
120 – 130	1	1
200 – 210	1	1
1,060 – 1,070	1	0
1,260 – 1,270	0	1
11,710 – 11,720	0	1

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
EXECUTIVE OFFICERS' REMUNERATION	$000	$000	$000	$000
Aggregate remuneration of Australian based executive officers whose remuneration is $100,000 or more:	23,130	33,672	11,446	21,679

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:

	CONSOLIDATED		PARENT ENTITY	
$000	2002	2001	2002	2001
110 – 120	1	0	0	0
140 – 150	0	1	0	0
150 – 160	0	4	0	1
160 – 170	5	3	1	0
170 – 180	9	8	1	1
180 – 190	5	9	1	2
190 – 200	7	6	4	4
200 – 210	4	7	2	1
210 – 220	9	7	4	3
220 – 230	4	2	0	2
230 – 240	6	8	3	2
240 – 250	4	2	0	0
250 – 260	3	1	0	0
260 – 270	3	2	2	0
270 – 280	2	7	0	4
280 – 290	2	2	0	0
290 – 300	3	1	2	0
310 – 320	3	0	2	0
320 – 330	1	1	1	0
330 – 340	1	1	1	0
340 – 350	1	0	0	0
350 – 360	1	0	1	0
370 – 380	0	2	0	2
380 – 390	1	0	1	0
390 – 400	0	1	0	0
400 – 410	0	1	0	1
420 – 430	2	2	1	2
440 – 450	0	1	0	0
460 – 470	1	1	1	1
470 – 480	1	0	1	0
500 – 510	1	0	1	0
540 – 550	1	1	0	1
570 – 580	1	0	1	0
640 – 650	0	1	0	1
680 – 690	0	1	0	1
690 – 700	1	0	1	0
790 – 800	1	0	1	0
1,060 – 1,070	1	0	1	0
1,260 – 1,270	0	1	0	1
11,710 – 11,720	0	1	0	1
	85	85	34	31

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.

NOTE 43 – CONTROLLED ENTITIES

ENTITY	COUNTRY OF INCORPORATION OR FORMATION	EQUITY INTEREST HELD IN SHARES/UNITS OF CONTROLLED ENTITY	
		2002	2001
		%	%
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	Australia	100	100
AGL (Cawse) Power Pty Limited	Australia	100	100
AGL Chile Operations SA (a)	Chile	100	100
AGL COMindico Pty Limited	Australia	100	100
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	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 (a)	New Zealand	100	100
AGL NZ Employment Services Limited (a) (c)	New Zealand	0	100
AGL NZ Energy Limited (a)	New Zealand	100	100
AGL NZ Holdings Limited (a)	New Zealand	100	100
AGL NZ Investments Pty Limited	Australia	100	100
AGL NZ Limited (a)	New Zealand	100	100
AGL NZ Management Limited (a)	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	Australia	100	100
AGL Power Generation (Victoria) 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

NOTE 43 – CONTROLLED ENTITIES CONTINUED

ENTITY	COUNTRY OF INCORPORATION OR FORMATION	EQUITY INTEREST HELD IN SHARES/UNITS OF CONTROLLED ENTITY	
		2002	2001
		%	%
AGL WA Gas Investment Pty Limited	Australia	100	100
AGL Wholesale Electricity Pty Limited	Australia	100	100
AGL Wholesale Gas Limited	Australia	100	100
Anloe Holdings Limited (a)	New Zealand	100	100
Aspen Properties Limited (a)	New Zealand	100	100
Central Gas Limited (a)	New Zealand	100	100
Central Park Ventures Pty Limited	Australia	100	100
Cobb Power Limited (a)	New Zealand	100	100
Crofton Investments Pty Ltd	Australia	100	100
Dingo Blue Pty Limited	Australia	100	100
Dingo Blue Services Pty Limited	Australia	100	100
Dual Fuel Systems Pty Limited	Australia	100	100
EAP Operations Pty Limited	Australia	100	100
Empresa de Gas de la V Region SA (a)	Chile	100	100
Energy Waikato Limited (a) (c)	New Zealand	0	100
Essential Energy Services Pty Ltd (b)	Australia	100	0
ETSA Power Corporation (Victoria) Pty Ltd	Australia	100	100
Gaslink Finance Limited (a) (c)	New Zealand	0	100
Gaztec Sp z O O	Poland	52	52
Goodacre Development Pty Limited	Australia	100	100
H C 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) (c)	New Zealand	0	100
Liquid Gas Limited (a) (c)	New Zealand	0	100
Liquid Petroleum Gas Leasing Limited (a) (c)	New Zealand	0	100
Liquigas Limited (a)	New Zealand	60	60
LPG Supplies Limited (a) (c)	New Zealand	0	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	66
Natural Gas Corporation Investments Limited (a) (c)	New Zealand	0	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 Proprietory Limited (a) (c)	New Zealand	0	100
Natural Gas Gisborne Limited (a) (c)	New Zealand	0	100
Natural Gas Limited (a) (c)	New Zealand	0	100

NOTE 43 – CONTROLLED ENTITIES CONTINUED

ENTITY	COUNTRY OF INCORPORATION OR FORMATION	EQUITY INTEREST HELD IN SHARES/UNITS OF CONTROLLED ENTITY	
		2002	2001
		%	%
Natural Gas Trading Limited (a)	New Zealand	100	100
Natural Gas Transmission Limited (a) (c)	New Zealand	0	100
Natural Gas Waikato Limited (a)	New Zealand	100	100
Navham Pty Limited	Australia	100	100
New Zealand Cogen Limited (a) (c)	New Zealand	0	100
NGC Gas Retail Limited (a)	New Zealand	100	100
NGC Generation Limited (a)	New Zealand	100	100
NGC Generation Operations Limited (a)	New Zealand	100	100
NGC Infrastructure Limited (a) (c)	New Zealand	0	100
NGC Operations Limited (a) (c)	New Zealand	0	100
NGC Projects Limited (a) (c)	New Zealand	0	100
NGC Retail Limited (a) (c)	New Zealand	0	100
NGC Specialist Services Limited (a) (c)	New Zealand	0	100
On Energy Limited (a)	New Zealand	100	100
On Gas Limited (formerly Propane Gas Limited) (a)	New Zealand	100	100
Porta-Gas Pty Limited	Australia	100	100
Power New Zealand Ltd (a) (c)	New Zealand	0	100
Radius Electricity Pty Limited (b)	Australia	100	0
Radius Gas Pty Limited (b)	Australia	100	0
Radius Investment Limited (b)	Australia	100	0
Radius Operations Pty Limited (b)	Australia	100	0
Southdown Cogen Power Limited (a)	New Zealand	100	100
Southpower Ltd (a) (c)	New Zealand	0	100
Stratford Power Ltd (a)	New Zealand	100	100
Tauranga Civic Holdings Limited (a)	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 (c)	Australia	0	100
Whangarei Gas Company Limited (a) (c)	New Zealand	0	100

(a) Not audited by Deloitte Touche Tohmatsu (Australia)

(b) Acquired during the 2001/2002 financial year.

(c) Deregistered/dissolved/liquidated/amalgamated during the 2001/2002 financial year.

NOTE 44 – MATERIAL INTERESTS IN UNINCORPORATED JOINT VENTURE OPERATIONS

JOINT VENTURE	JOINT VENTURE INTEREST		PRINCIPAL ACTIVITY
	2002	2001	
	%	%	
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	0	47	Electricity generation – New Zealand

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	
	2002	2001
	$M	$M
Current assets		
Cash	2.8	2.4
Receivables	8.0	8.6
Other	0.0	0.3
Total current assets	10.8	11.3
Non-current assets		
Property, plant and equipment	76.2	73.4
Total non-current assets	76.2	73.4
Total assets	87.0	84.7
Current liabilities		
Payables	10.3	10.8
Total current liabilities	10.3	10.8
Non-current liabilities		
Other	39.3	38.9
Total non-current liabilities	39.3	38.9
Total liabilities	49.6	49.7
Net investment in joint venture operations	37.4	35.0

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

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
		2002	2001	2002	2001	
		%	%	$M	$M	
Agility Clough Lucas	Construction of gas pipeline	50.0	50.0	0.0	0.0	30 June
ActewAGL	Provision of energy and water services	50.0	50.0	331.8	345.1	30 June
Auscom Holdings Pty Limited	Distribution and sale of LPG	50.0	50.0	76.5	67.3	31 December
Essential Energy Services Pty Limited	Maintenance and servicing of electrical appliances	(a)	50.0	0.0	0.4	30 June
				408.3	412.8	

(a) Became a wholly-owned controlled entity on 20 December 2001.

		CONSOLIDATED 2002	CONSOLIDATED 2001
		$M	$M
CONSOLIDATED ENTITY'S SHARE OF ASSETS AND LIABILITIES:			
Current assets		139.6	154.8
Non-current assets		537.2	547.5
Current liabilities		(108.2)	(105.0)
Non-current liabilities		(116.1)	(138.7)
Net assets		452.5	458.6
CONSOLIDATED ENTITY'S SHARE OF JOINT VENTURE ENTITIES:			
Revenues from ordinary activities		518.7	461.3
Expenses from ordinary activities		(461.0)	(433.9)
Profits from ordinary activities before tax		57.7	27.4
Income tax expense attributable to ordinary activities		(4.9)	(0.4)
Profit after tax		52.8	27.0
The consolidated entity's share of capital expenditure commitments and contingent liabilities of joint venture entities are disclosed in Notes 38 and 40 respectively.			
RETAINED PROFITS AND RESERVES OF THE CONSOLIDATED ENTITY ATTRIBUTABLE TO JOINT VENTURE ENTITIES:			
At beginning of financial year:	Retained profits	10.3	(3.4)
	Reserves	0.0	0.1
At end of financial year:	Retained profits	6.2	10.3
	Reserves	0.0	0.0

NOTE 45 – MATERIAL INTERESTS IN JOINT VENTURE ENTITIES (JVE) CONTINUED

	CONSOLIDATED 2002 $M	CONSOLIDATED 2001 $M
MOVEMENTS IN THE CARRYING AMOUNT OF INVESTMENTS IN JOINT VENTURE ENTITIES:		
At beginning of financial year	412.8	105.6
Additional investments in joint venture entities	0.0	337.8
Adjustment on joint venture entity becoming a controlled entity	(0.2)	(37.1)
Disposal of investments in joint venture entities	0.0	(3.0)
Dividends received	(59.0)	(19.0)
Share of equity accounted profits	52.8	27.0
Unrealised profits recognised	1.9	1.5
At end of financial year	408.3	412.8

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.

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
		2002 %	2001 %	2002 $M	2001 $M	
Australian Pipeline Trust	Transmission of natural gas and management of gas pipelines	30.0	30.0	36.3	35.4	30 June
TrustPower Limited	Sale and generation of electricity	(a)	13.9*	0.0	126.2	31 March
Wanganui Gas Limited	Distribution of gas	25.1	25.1	2.0	1.7	30 June
				38.3	163.3	

(a) not equity accounted from 1 February 2002
* relevant interest is 20.5%

SUMMARISED ASSETS, LIABILITIES AND PROFITS OF ASSOCIATES

NAMES OF ASSOCIATES	ASSETS*		LIABILITIES*		PROFITS AFTER TAX*	
	2002 $M	2001 $M	2002 $M	2001 $M	2002 $M	2001 $M
Australian Pipeline Trust	1,445.9	1,383.6	978.1	917.0	38.2	24.6
TrustPower Limited	0.0	690.1	0.0	194.0	0.0	19.9
Other	18.3	15.6	7.6	6.4	2.1	0.7
	1,464.2	2,089.3	985.7	1,117.4	40.3	45.2

* estimated

NOTE 46 – MATERIAL INTERESTS IN ASSOCIATES CONTINUED

		CONSOLIDATED 2002 $M	CONSOLIDATED 2001 $M
CONSOLIDATED ENTITY'S SHARE OF ASSOCIATES:			
Profits from ordinary activities before tax		24.1	16.9
Income tax expense attributable to ordinary activities		(11.3)	(7.2)
Profits after tax		12.8	9.7
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	5.3	2.8
	Reserves	0.7	0.7
At end of financial year:	Retained profits	11.4	5.3
	Reserves	0.7	0.7
MOVEMENTS IN THE CARRYING AMOUNT OF INVESTMENTS IN ASSOCIATES:			
At beginning of financial year		163.3	163.8
Adjustment on associate no longer equity accounted		(133.3)	0.0
Return of capital received		(5.1)	(5.9)
Dividends received		(13.5)	(9.7)
Movements due to changes in foreign currency exchange rates		11.0	2.3
Share of equity accounted profits		12.8	9.7
Unrealised profits recognised		3.1	3.1
At end of financial year		38.3	163.3

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.

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)	ACCRUED BENEFITS	NET SURPLUS	VESTED BENEFITS
		$M	$M	$M	$M
AGL Superannuation and Benefits Fund (b)	30 June 1999	154.8	139.0	15.8	134.3
AGL Executive Superannuation Fund (c)	30 June 2000	2.7	2.4	0.3	2.2
Equipsuper Fund (d)	31 December 1999	42.7	35.7	7.0	35.7
Electricity Industry Superannuation Scheme (e)	29 February 2000	6.7	18.6	(11.9)	18.0
Natural Gas Corporation Retirement Plan	30 June 2001	6.6	6.4	0.2	5.7
		213.5	202.1	11.4	195.9

(a) At net market value.
(b) At 30 June 2001 the plan assets were $165.7 million and the vested benefits were $158.3 million.
(c) At 30 June 2001 the plan assets were $3.9 million and the vested benefits were $1.7 million.
(d) At 30 June 2001 the plan assets were $46.2 million and the vested benefits were $39.7 million.
(e) The unfunded balance of the scheme as at the date of the last actuarial assessment is being progressively funded over a five year period from January 2000 through additional company contributions. At 30 June 2002 a provision for $6.8 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. At 30 June 2001 the plan assets were $10.2 million and the vested benefits were $18.6 million.

Contributions by employer entities in the consolidated entity to defined benefit superannuation plans during the year amounted to $15.0 million (2001 $8.7 million).

Share ownership plans

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. 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 2002. No shares were issued during the 2001/02 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. 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.

NOTE 47 – EMPLOYEE ENTITLEMENTS CONTINUED

At 30 June 2002 there were 89 participants in the plan involving a total of 1,839,000 ordinary shares of the Parent Entity. A total of 2,018,500 ordinary shares of the Parent Entity has been acquired by employees pursuant to the plan between the date of its inception and 30 June 2002, including 95,000 shares acquired during the 2001/02 financial year. The total market value of these 95,000 shares at the issue dates was $864,650 and the total amount receivable from employees for these shares was $837,200. Outstanding loans to participants at 30 June 2002 amounted to $16,523,613 (2001 $17,892,000).

(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 2002, there were 137 participants in the plan involving a total of 344,140 ordinary shares of the Parent Entity. There is an ongoing invitation for directors and employees to acquire additional shares. A total of 374,799 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 2002, including 70,766 shares acquired during the 2001/02 financial year.
The total market value of these 70,766 shares at the acquisition dates was $617,220 and the total amount received from directors and employees for these shares was $617,220.

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 2002 there were 55 participants in the plan involving a total of 1,074,650 ordinary shares of the Parent Entity. Outstanding loans to participants at 30 June 2002 amounted to $2,971,589 (2001 $5,028,000).

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
Aggregate employee entitlement liability	75.0	70.1	13.4	8.9
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	2,639	3,218	155	159

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
	2002	2001	2002	2001	
	$000	$000	$000	$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					M Bailey, RA Casamento, RS Clare, LJ Fisk, JA Fletcher, M Fraser, M Harper, S Hattersley, P James, D Kaye, GJW Martin, LN Murphy and IC Woodward.
Aggregate loans advanced	130	5,032	130	5,032	
Aggregate loan repayments received	669	811	669	811	

(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	
	2002	2001
	000	000
Aggregate number acquired during the year (i)	60.8	373.2
Aggregate number disposed of during the year (i)	0.0	0.0
Aggregate number held as at the end of the year	829.9	769.2

(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".

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

D C K Allen	G J W Martin	Sir Ronald A Brierley	A B Daniels
C J Hewson	M R G Johnson	M J Phillips	G J Reaney

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 $1.1 million (2001 $1.0 million) to Natural Gas Corporation Limited, an entity controlled by Natural Gas Corporation Holdings Limited, on normal commercial terms and conditions.

NOTE 48 – ADDITIONAL RELATED PARTY DISCLOSURES CONTINUED

Transactions with other related entities

		2002 $M	2001 $M
Australian Pipeline Trust	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	29.8	26.7
	A controlled entity provided pipeline construction and project consulting services on normal commercial terms and conditions	51.2	40.7
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	0.0	227.8
	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	24.5	25.8
	Controlled entities supplied electricity and gas to the retail partnership on normal commercial terms and conditions	28.9	15.1
	A controlled entity provided pipeline construction and project consulting services on normal commercial terms and conditions	0.2	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	78.0	74.8
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	0.0	4.8
Wanganui Gas Limited	A controlled entity supplied natural gas to Wanganui Gas Limited on normal terms and conditions	2.1	2.7

NOTE 49 – CASH FLOW INFORMATION

	CONSOLIDATED		PARENT ENTITY	
	2002 $M	2001 $M	2002 $M	2001 $M
(A) RECONCILIATION OF CASH				
Cash	13.1	100.9	1.3	85.0
Bank overdrafts	(7.3)	(0.2)	(0.3)	(0.2)
	5.8	100.7	1.0	84.8

NOTE 49 – CASH FLOW INFORMATION CONTINUED

	CONSOLIDATED		PARENT ENTITY	
	2002	**2001**	**2002**	**2001**
	$M	**$M**	**$M**	**$M**
(B) FINANCING FACILITIES				
Credit standby arrangements				
Amounts used	631.4	1,072.0	100.0	590.0
Amounts unused	1,704.2	984.8	1,500.0	710.0
	2,335.6	2,056.8	1,600.0	1,300.0
Credit standby arrangements had the following maturity pattern and were able to be drawn down without restriction.				
Not later than 1 year	1,500.0	1,656.8	1,500.0	900.0
Later than 1 year, not later than 5 years	835.6	400.0	0.0	400.0
	2,335.6	2,056.8	1,500.0	1,300.0
Other financing arrangements – amounts used	1,866.0	1,597.5	1,720.1	1,282.2

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

There were no material non-cash financing or investing activities during the year ended 30 June 2002.

	CONSOLIDATED		PARENT ENTITY	
	2002	**2001**	**2002**	**2001**
	$M	**$M**	**$M**	**$M**
(D) RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX				
Profit from ordinary activities after income tax	202.2	36.5	106.1	50.1
Equity share of associates' profits	(15.9)	(12.9)	0.0	0.0
Equity share of joint venture entities' profits	(54.6)	(28.5)	0.0	0.0
Dividends received from associates	13.5	9.6	0.0	0.0
Dividends received from joint venture entities	59.0	19.0	0.0	0.0
Depreciation, amortisation and diminution in value of assets	241.1	201.4	1.5	1.9
(Decrease) increase in provisions	(32.5)	(21.9)	63.5	13.9
Profit on sale of property, plant and equipment	2.6	(32.1)	(0.2)	(22.6)
Profit on disposal of controlled entities and businesses	0.0	(56.0)	0.0	0.0
Changes in assets and liabilities				
(Increase) decrease in receivables	0.4	(1.7)	1.5	23.5
Decrease in inventories	2.2	0.1	0.0	0.0
(Increase) decrease in intangible assets	24.5	233.1	0.0	0.0
(Increase) decrease in other assets	(44.8)	(0.5)	(0.3)	(0.5)
Increase (decrease) in creditors	(106.0)	(87.5)	0.2	(11.0)
Increase (decrease) in other liabilities	(5.6)	6.7	(1.0)	5.1
(Increase) decrease in interest receivable accrued	(0.7)	(0.6)	0.2	(0.3)
Increase (decrease) in net interest payable accrued/prepaid	(0.7)	1.0	2.4	(1.0)
Increase (decrease) in income taxes payable	59.6	31.7	(0.6)	(9.2)
Net cash provided by operating activities	344.3	297.4	173.3	49.9

NOTE 49 – CASH FLOW INFORMATION CONTINUED

	CONSOLIDATED		PARENT ENTITY	
	2002	2001	2002	2001
	$M	$M	$M	$M
(E) BUSINESSES ACQUIRED BY THE CONSOLIDATED ENTITY				
Consideration				
Cash	0.0	57.4	0.0	0.0
Fair value of net assets of entities acquired				
Cash	0.0	1.8	0.0	0.0
Receivables	0.0	15.2	0.0	0.0
Other financial assets	0.0	0.0	0.0	0.0
Gas entitlements	0.0	0.0	0.0	0.0
Property, plant and equipment	0.0	132.1	0.0	0.0
Intangibles	0.0	3.8	0.0	0.0
Tax assets	0.0	0.0	0.0	0.0
Other assets	0.0	3.8	0.0	0.0
Payables	0.0	(30.5)	0.0	0.0
Unearned revenue	0.0	0.0	0.0	0.0
Interest bearing liabilities	0.0	(71.9)	0.0	0.0
Provisions	0.0	(18.3)	0.0	0.0
	0.0	36.0	0.0	0.0
Proportion of net assets acquired attributable to Proprietors of the Parent Entity	0.0	36.0	0.0	0.0
Adjustment relating to existing investment in controlled entity	0.0	(37.1)	0.0	0.0
Goodwill on acquisition	0.0	58.5	0.0	0.0
	0.0	57.4	0.0	0.0
Outflow of cash to acquire entities, net of cash balances acquired:				
Cash consideration	0.0	57.4	0.0	0.0
Less cash balances acquired	0.0	1.8	0.0	0.0
Outflow of cash	0.0	55.6	0.0	0.0

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	
	2002	2001	2002	2001
	%	%	$M	$M
Less than 1 year	6.4	6.5	526.6	100.0
1 to 5 years	5.9	6.5	1,851.5	1,512.0
Longer than 5 years	4.9	5.4	1,013.3	838.0
			3,391.4	2,450.0

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 ($3,391.4 million) exceeding the Australian dollar equivalent of the borrowings ($2,312.5 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 2002 include an aggregate $0.4 million (2001 $0.1 million) due in foreign currencies (principally US dollars) which have not been hedged.

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.

	2002 $M	2001 $M
Buy United States dollars		
Less than 6 months, at rates averaging US$0.5363 (2001 US$0.5195)	186.4	192.5
5 to 6 years, at rates averaging US$0.6605 (2001 US$0.6605)	575.3	575.3
	761.7	767.8

The net deferred loss on hedges of foreign currency borrowings at 30 June 2002 of $2.1 million (2001 loss of $0.5 million) 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.

	2002 $M	2001 $M
Sell New Zealand dollars		
Less than 6 months, at rates averaging NZ$1.1755 (2001 NZ$1.2397)	109.8	247.0
Sell United States dollars		
Less than 6 months, at rates averaging US$0.5503 (2001 US$0.5205)	18.3	19.7
	128.1	266.7

The net deferred loss on hedges of foreign currency investments at 30 June 2002 of $0.1 million (2001 loss of $0.4 million) will be recognised in the statement of financial performance within 6 months of the reporting date.

Loans receivable at 30 June 2002 include an aggregate $0.3 million (2001 $0.8 million) due in foreign currencies (NZ dollars and US dollars) which have not been hedged. There are no unsecured bank borrowings at 30 June 2002 (2001 $30.4 million) payable in foreign currencies (NZ dollars and US dollars) which have not been hedged.

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 South Australian vesting contracts for franchise load were terminated on 31 March 2002. These contracts have been replaced with new contracts which 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 (bought and sold swaps and options) 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.

	FACE VALUES	
	2002	**2001**
	$M	**$M**
Vesting contracts		
Less than 1 year	0.0	233.4
1 to 5 years	0.0	119.9
Other contracts		
Less than 1 year	807.3	849.5
1 to 5 years	2,035.8	2,075.1
Longer than 5 years	65.2	436.5
	2,908.3	3,714.4

The net unrecognised loss in respect of electricity hedging contracts at 30 June 2002 was $379.3 million (2001 $252.4 million gain). All contracts are due for settlement within 10 years of the reporting date. These contracts are for the purposes of hedging contracted commercial and industrial customer load and forecast mass-market customer sales and as such no ultimate net loss is anticipated. The net unrecognised loss, calculated in accordance with the relevant accounting standard, has been based on readily available market price estimates, which are usually quoted for small volume contracts. These market price estimates are not necessarily representative of independent market price valuations for the exotic and/or larger volume contracts in AGL's electricity hedge portfolio, for which relevant market price valuations are not readily available.

NOTE 51 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES CONTINUED

(D) CREDIT RISK

The consolidated entity is exposed to credit related losses in the event of non-performance by counterparties to derivative instruments.

At 30 June 2002, the consolidated entity had no significant concentration of credit risk with any single counterparty or group of counterparties in respect of derivative instruments. Amounts receivable by the consolidated entity at the reporting date are detailed in the following table.

	2002 $M	2001 $M
Amounts receivable in respect of:		
Interest rate contracts	78.4	15.2
Foreign exchange contracts	76.9	187.3
Electricity hedging contracts	254.8	374.1
	410.1	576.6

(E) 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.

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.

		CARRYING AMOUNTS		NET FAIR VALUES	
		2002	2001	2002	2001
	NOTE	$M	$M	$M	$M
FINANCIAL ASSETS					
Not readily traded on organised markets					
Cash (including deposits at call)	–	13.1	100.9	13.1	100.9
Debtors*	9 and 14	388.6	454.0	388.6	452.8
Unbilled revenue	9	236.9	203.6	236.9	203.6
Loans receivable	9 and 14	35.5	37.2	35.5	37.2
Other receivables	9 and 14	75.0	71.4	75.0	71.4
Other financial assets	17	243.2	66.8	243.2	149.4
Favourable foreign exchange contracts	–	0.0	0.0	76.9	179.5
Favourable interest rate contracts	–	0.0	0.0	78.4	15.2
Favourable electricity hedging contracts	–	12.6	16.8	254.8	374.1
Favourable equity performance agreements	–	0.0	0.0	0.0	12.6
		1,004.9	950.7	1,402.4	1,596.7
FINANCIAL LIABILITIES					
Not readily traded on organised markets					
Creditors	23	491.5	535.8	491.5	535.8
Other payables	23	3.2	3.4	3.2	3.4
Bank borrowings	24 and 29	733.3	1,189.3	733.3	1,189.3
Natural gas notes	24 and 29	0.0	60.7	0.0	60.9
Capital convertible notes	24 and 29	35.2	43.6	35.2	44.8
Bank overdrafts	24	7.3	0.2	7.3	0.2
Promissory notes	24	319.3	262.0	317.6	261.5
Medium term notes	24 and 29	650.0	300.0	676.9	313.3
Senior notes	29	752.1	772.2	885.6	912.9
Other interest bearing liabilities	24 and 29	12.9	54.1	12.9	54.1
Unfavourable interest rate contracts	–	0.0	0.0	22.3	36.2
Unfavourable electricity hedging contracts	–	0.0	0.0	621.5	121.7
		3,004.8	3,221.3	3,807.3	3,534.1
* Includes receivables in respect of favourable foreign exchange contracts		0.2	9.0	0.2	7.8

BASES FOR DETERMINING NET FAIR VALUES

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.

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.

			FIXED INTEREST RATE MATURITIES				
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	FLOATING INTEREST RATE	1 YEAR OR LESS	1 TO 5 YEARS	MORE THAN 5 YEARS	NON-INTEREST BEARING	TOTAL
2002	%	$M	$M	$M	$M	$M	$M
FINANCIAL ASSETS							
Cash (including deposits at call)	5.0	13.1					13.1
Debtors	–					388.6	388.6
Unbilled revenue	–					236.9	236.9
Loans receivable	6.9	11.1				24.4	35.5
Other receivables	6.6	32.5				42.5	75.0
Other financial assets	–					243.2	243.2
Interest rate contracts (a) (b)	4.9	537.5	(128.1)	(109.7)	(299.7)		0.0
		594.2	(128.1)	(109.7)	(299.7)	935.6	992.3
FINANCIAL LIABILITIES							
Creditors	–					491.5	491.5
Other payables	–					3.2	3.2
Bank borrowings	6.1	531.4	106.2	71.4	24.3		733.3
Bank overdrafts	5.7	7.3					7.3
Promissory notes	5.4	108.3	211.0				319.3
Medium term notes	7.0		50.0	300.0	300.0		650.0
Senior notes	6.5			176.8	575.3		752.1
Other interest bearing liabilities	5.9		0.4	12.5			12.9
Capital convertible notes	9.8		35.2				35.2
Interest rate contracts (a) (c)	6.6	(1,324.6)	405.0	881.6	38.0		0.0
		(677.6)	807.8	1,442.3	937.6	494.7	3,004.8

(a) Notional principal amounts.

(b) Comprises $1,302.2 million of fixed to floating swaps offset by $764.7 million of floating to fixed swaps.

(c) Comprises $1,324.6 million of floating to fixed swaps.

NOTE 51 – ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURES CONTINUED

Interest rate risk continued

2001	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	FLOATING INTEREST RATE $M	FIXED INTEREST RATE MATURITIES: 1 YEAR OR LESS $M	1 TO 5 YEARS $M	MORE THAN 5 YEARS $M	NON-INTEREST BEARING $M	TOTAL $M
FINANCIAL ASSETS							
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
FINANCIAL LIABILITIES							
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.

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 2 July 2002 the consolidated entity entered into an agreement to acquire the Victorian businesses Pulse Energy Pty Ltd, Utili-Mode Pty Ltd and EdgeCap Pty Limited for a total cost of $880 million (including working capital of $79 million). These purchases were settled on 31 July 2002.

(b) On 3 July 2002 AGL raised $380 million by way of placement of 41.1 million fully paid ordinary shares to various institutions at $9.25 per share.

AGL also announced that an offer by way of Share Purchase Plan (SPP) would be made to all Australian and New Zealand Proprietors to subscribe for up to $2,960 worth of fully paid ordinary shares in AGL at $9.25 per share. The SPP subsequently raised $95.2 million.

Shares issued under both the institutional placement and the SPP were issued 'cum' dividend and will participate in the final dividend payment in October 2002.

The funds raised from both these offers will be used to reduce debt associated with the acquisition of the Victorian businesses.

(c) On 3 July 2002 a Special General Meeting of the Proprietors of AGL approved the conversion of AGL into a body corporate (including the adoption of a new Constitution) and its registration under the Corporations Act 2001, subject to a number of conditions being satisfied. In the process of conversion the existing 5% limitation on holding shares in AGL and the scaled voting regime which currently applies to AGL shareholdings will be removed.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2002

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	G J W Martin Director

Sydney, 22 August 2002

Independent Audit Report

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 2002 as set out on pages 2 to 55. 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 and other mandatory professional reporting requirements issued in Australia 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 2002 and of their performance for the year ended on that date; and
   ii. complying with Accounting Standards and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G. Couttas

G Couttas
Partner

Chartered Accountants

Sydney, 22 August 2002

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

Design and pre-production: designworks asia pacific, Print: Lilyfield.