



QUARTERLY REPORT

**1 October 2008
to
31 December 2008**

FOR PUBLIC RELEASE

PERFORMANCE OVERVIEW

FINANCIAL RESULT

Synergy has had another quarter of success, meeting or exceeding key financial and customer service targets, as well as exceeding market share forecasts in the contestable market, notwithstanding electricity sales did not meet target due to the market growing at a slower rate than was forecast. Synergy continues to enjoy growth in its gas business, compared to the same time last year.

Synergy's normalised EBIT is \$34.3 million, \$11.2 million above the normalised budget, mainly due to miscellaneous revenue exceeding budget. One off wholesale market benefits subsequently increased Synergy's EBIT for the period ending 31 December 2008 to \$69.4 million, \$40.7 million above the Strategic Development Plan (SDP) of \$28.7 million.

Synergy is anticipating electricity and gas sales during the second half of the year may be impacted by the global financial crisis, particularly in the contestable market. In addition, the global financial crisis may impact on Synergy's bad debt level, and therefore, greater focus will be placed on credit management during this period.

CARBON POLLUTION REDUCTION SCHEME

During the quarter, Synergy entered into a deal with the Forest Products Commission to plant 6.5 million trees in Western Australia as a strategic investment to mitigate the impacts of the Carbon Pollution Reduction Scheme (CPRS) and to position Synergy to take advantage of the opportunities a CPRS will bring.

MOU WITH NEW WORLD ENERGY

Synergy has signed a memorandum of understanding with New World Energy for the supply of electricity from its proposed geothermal power stations located in the SWIS. Currently, New World Energy have a 5 - 10 MW demonstration plant planned for operation by 2012, with commercial production scheduled to begin in 2014; ramping up to 100MW of supply. The agreement signals Synergy's commitment to partnering with new, innovative developments, particularly in the area of renewable energy, which encourages research and development in these projects and offer Synergy early involvement in the procurement of the energy generated.

CUSTOMER SERVICE

Synergy's strong results in its customer service key performance indicators illustrate Synergy's continued attention to being responsive to customers, exceeding targets in each customer service category.

KEY PERFORMANCE INDICATORS

	Actual	Actual	2008/09 Year to Date		
	2006/07	2007/08	Actual	Budget	Variance
Contact Centre Effectiveness					
Total Number of Calls Received	1,285,629	1,164,062	567,281	NA	NA
% of calls not answered within 30 seconds from when a customer is connected to an inquiry line	29.64%	15.76%	13.32%	20.00%	✓ -6.68%
Average wait time before a call is answered (seconds)	32.2	13.6	12.1	30	✓ -17.9
Number of overload events	0	0	0	0	✓ 0
% of calls abandoned	4.2%	1.7%	1.6%	5.0%	✓ -3.4%
Business Development and Innovation					
Accredited renewable energy customers (NaturalPower, EasyGreen, Earth Friendly, REBS)	6,729	10,700	12,087	NA	NA
SmartPower customers	14,847	16,180	16,816	NA	NA
Number of dual-fuel customers	118	219	251	NA	NA
Customer Service					
Number of disputes involving the Ombudsman	483	300	226	672	NA



**Electricity Retail Corporation
Trading as Synergy**

(ABN 71 743 446 839)

Financial Statements for the Quarter Ended 31 December 2008

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Income Statement

For the Quarter Ended 31 December 2008

	NOTES	31/12/08 \$'000	31/12/07 \$'000
Revenue	2	842,418	780,040
Other Income	3	9,432	5,347
Cost of Sales	4	(732,431)	(703,151)
Employee Benefits Expense	5	(17,464)	(17,094)
Materials & Services	5	(29,222)	(26,469)
Depreciation & Amortisation	5	(1,023)	(1,119)
Other expenses	5	(2,309)	(3,507)
		69,401	34,047
Profit Before Income Tax Equivalent Expense			
Income Tax Equivalent Expense	6	(20,834)	(10,184)
		48,567	23,863
Profit After Income Tax Equivalent Expense		48,567	23,863

The above Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet

As At 31 December 2008

	NOTES	31/12/08 \$'000	30/06/08 \$'000
CURRENT ASSETS			
Cash and Cash Equivalents	7	142,746	106,552
Trade and Other Receivables	8	243,119	255,953
Intangible Assets	9	25,810	17,380
Inventories (at cost)		12,042	11,700
Financial Assets	10	3,500	8,583
Other Assets	11	299	291
Total Current Assets		427,516	400,459
NON-CURRENT ASSETS			
Property, Plant and Equipment	12	9,629	9,981
Intangible Assets	13	13,037	4,269
Financial Assets	10	53,769	53,766
Deferred Tax Assets	14	5,258	6,442
Total Non-Current Assets		81,693	74,458
<u>Total Assets</u>		509,209	474,917
CURRENT LIABILITIES			
Trade and Other Payables	15	249,829	258,297
Tax Liabilities	14	13,808	110
Provisions	16	5,332	5,617
Total Current Liabilities		268,969	264,024
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities	14	170	256
Provisions	16	5,671	5,001
Total Non-Current Liabilities		5,841	5,257
<u>Total Liabilities</u>		274,810	269,281
<u>NET ASSETS</u>		234,399	205,636
EQUITY			
Contributed Equity	17	136,560	136,560
Retained Earnings	17	97,839	69,076
<u>TOTAL EQUITY</u>		234,399	205,636

The above Balance Sheet should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the Quarter Ended 31 December 2008

	NOTES	31/12/08 \$'000	31/12/07 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		908,396	835,304
Interest Received		6,681	4,235
Other operating receipts		17,866	21,049
Energy Purchases and Network Access Costs		(726,262)	(693,373)
Payments to Employees and Suppliers		(136,753)	(145,255)
Interest and other costs of financing		-	(7)
Lease Expenses		(929)	(1,216)
Income Tax Equivalent Payments		(2,998)	(22,585)
Goods and Services Tax Received (Paid)		(7,054)	(8,654)
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	18	<u>58,947</u>	<u>(10,502)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from (Payments for) Investments		5,035	(49,854)
Payment for Plant and Equipment		(128)	(192)
Payment for Leasehold Improvements		(83)	-
Payment for Intangible Assets		(9,228)	(1,130)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(4,404)</u>	<u>(51,176)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends Paid		(19,804)	-
Customer and Contractor Deposits		1,455	(45)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		<u>(18,349)</u>	<u>(45)</u>
NET INCREASE (DECREASE) IN CASH AND AND CASH EQUIVALENTS		36,194	(61,723)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>106,552</u>	<u>132,943</u>
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	18	<u>142,746</u>	<u>71,220</u>

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the Quarter Ended 31 December 2008

	NOTES	31/12/08 \$'000	31/12/07 \$'000
Retained Earnings:-			
Retained Earnings at beginning of the year	17	69,076	52,079
Profit after Income Tax Equivalent Expense	17	48,567	23,863
Dividends Provided for or Paid		<u>(19,804)</u>	<u>(22,612)</u>
Retained Earnings at end of the quarter		<u>97,839</u>	<u>53,330</u>
Contributed Equity:-			
Contributed Equity at beginning of the year	17	<u>136,560</u>	<u>136,560</u>
Contributed Equity at end of the quarter		<u>136,560</u>	<u>136,560</u>
<u>EQUITY AT END OF THE QUARTER</u>		<u><u>234,399</u></u>	<u><u>189,890</u></u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Summary of Significant Accounting Policies

For the Quarter Ended 31 December 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

Synergy came into operation on 1 April 2006 as a result of legislation passed in September 2005 allowing for the disaggregation of Western Power Corporation into four separate entities.

The principal function of Synergy is to supply electricity to consumers in the South West Interconnected System (SWIS), which, extends between Kalbarri, Albany and Kalgoorlie.

(a) Basis of Preparation

The financial statements have been prepared as a general purpose financial report in accordance with the Australian Accounting Standards, the Framework and other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the disclosure requirements of Schedule 4 of the Electricity Corporations Act 2005.

The financial statements have been prepared on an accrual basis and are based on historical cost basis except for financial instruments, which are measured at fair value.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(b) Statement of Compliance

The financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

(c) Comparative Information

Comparative information is for the period 1 July 2007 to 31 December 2007. Balance Sheet comparatives are for 30 June 2008.

(d) Reporting Period

The reporting period is for the quarter ended 31 December 2008.

Summary of Significant Accounting Policies

For the Quarter Ended 31 December 2008

(e) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Synergy and the revenue can be reliably measured. It is valued at the fair value of the consideration received, or to be received net of the amount of goods and services tax.

i. Sales of Energy

Sales of energy comprise revenue earned from the provision of electricity, gas and products and services to entities outside the economic entity and is recognised when the energy is provided.

Revenue recognised represents the sum of invoices raised and the movement in the estimated unread energy consumption. Unread energy consumption represents the estimated value of metered electricity and gas provided to customers but not invoiced. This assessment is based on historical data.

ii. Other Income

Other income comprises revenue earned from the provision of activities incidental to the core activities of Synergy. Other income may include:

- Gain on Sale of Non-Current Assets, and
- Interest

(f) Community Service Obligations

Community Service Obligations (CSOs) are obligations to perform functions, on behalf of the State Government, that are not in the commercial interests of Synergy to perform. Where the Government agrees to reimburse Synergy for the cost of CSOs, the entitlement to reimbursement is recognised in the income statement on a basis consistent with the associated CSO expenses. Synergy is reimbursed for the following CSO's:

- Supply charge rebates
- Caravan park rebates, and
- Air conditioning subsidy for seniors.

(g) Cost of Sales

Cost of sales are those costs directly attributable to the acquisition for sale of energy.

(h) Current Assets and Current Liabilities

Current assets and current liabilities are recognised on the basis of assets expected to be realised or consumed, and liabilities expected to be settled within twelve months from the reporting date.

(i) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank, deposits held at call with financial institutions and other short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as mentioned above.

(j) Trade and Other Receivables

Trade receivables, which generally have 20-30 day terms, are recognised at fair value and subsequently measured at amortised cost, less a provision for any irrecoverable amounts (impairment of receivables). This provision is raised when collection of the full amount is no longer probable. Collectability of trade and other receivables are reviewed on an ongoing basis. Bad debts are written off against the provision when identified.

Summary of Significant Accounting Policies

For the Quarter Ended 31 December 2008

(k) Intangible Assets

i. Software

Research and Development Costs

Research costs are recognised in the income statement when incurred. Development expenditure incurred is capitalised when its future recoverability can reasonably be regarded as assured.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting period indicating that the carrying value may not be recoverable.

Amortisation

Following the initial recognition of development expenditure the cost model is applied whereby the asset is stated at cost less accumulated amortisation.

The useful life of Synergy's software is calculated using the straight-line method as follows:

Software	2.5-10 years
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Work-In-Progress

Work-in-progress is not amortised until the expense is capitalised.

ii. Renewable Energy Certificates

The Renewable Energy (Electricity) Act that took effect on 1 April 2001 requires electricity wholesale purchasers to source specified amounts of electricity from Renewable Energy (RE) sources. The Act imposes an annual liability, on a calendar year basis, by applying the specified Renewable Power Percentage to relevant wholesale acquisitions.

The RE liability is extinguished by annual surrender of an equivalent number of Renewable Energy Certificates (RECs) with a penalty applying for any shortfall. Synergy's liability is recognised at the average market price of REC purchased for the period. The liability is expensed in the income statement.

Synergy extinguishes its REC liability by the surrender of RECs that are purchased in the open market. RECs purchased from external sources are recognised as current intangible asset at their purchase price.

Disposal of Assets

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the income statement when the asset is derecognised.

(l) Prepayments

Prepaid expenses are recognised in the income statement in the reporting period in which the associated benefit is consumed.

Summary of Significant Accounting Policies

For the Quarter Ended 31 December 2008

(m) Property, Plant and Equipment

Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses as at 30 June 2008.

i. Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the asset given at the date of acquisition plus costs incidental to the acquisition.

ii. Depreciation

Plant and equipment is depreciated using the straight-line method over their remaining useful lives.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives of Synergy's major plant and equipment classes are as follows:

Plant and Equipment	3.5 – 10 years
Leasehold Improvements	10 years

Depreciation rates are reviewed annually, and if necessary adjusted to reflect the most recent assessment of the useful lives of the assets.

iii. Disposal of Assets

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising from derecognition of an asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the income statement when the asset is derecognised.

iv. Work-In-Progress

Work-in-progress is not amortised until the expense is capitalised.

(n) Impairment of Assets

At each reporting date Synergy assesses whether there is any indication that an asset may be impaired, that is events or changes in circumstances indicate the carrying value may not be recoverable. Where an indicator of impairment exists, Synergy makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

Reversals of Impairment

Impairment losses in respect of receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses in respect of other assets other than those assets held for trading are reversed if there has been a change in the estimates used to determine the recoverable amount.

(o) Trade and Other Payables

These amounts represent liabilities for goods and services provided to Synergy prior to the end of the reporting period that are unpaid. The amounts are unsecured and the carrying amount is equivalent to fair value, as they are settled within prescribed periods.

Summary of Significant Accounting Policies

For the Quarter Ended 31 December 2008

(p) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Synergy's operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are recognised in the income statement in the reporting periods in which they are incurred.

Leases where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased plant and equipment and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance cost. The plant and equipment acquired under the finance lease is depreciated over the shorter of the asset's useful life and the lease term.

(q) National Taxation Equivalent Regime

Synergy operates under the National Taxation Equivalent Regime (NTER) environment. Under this regime, tax equivalent payments are remitted to the State Treasury, however Synergy's tax is subject to Australian Taxation Office (ATO) administration. The calculation of the liability in respect of these taxes is governed by the Income Tax Administration Acts and the NTER guidelines as agreed by the State Government

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

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets or liabilities are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets or liabilities are reduced to the extent that it is no longer probable that the related tax effects will be realised.

(r) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable or payable to the ATO is included as part of receivables or payables in the balance sheet.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

Summary of Significant Accounting Policies

For the Quarter Ended 31 December 2008

(s) Provisions

Provisions are liabilities of uncertain timing and amount. They are recognised when Synergy:

- has a present obligation (legal or constructive) as a result of a past event,
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

i. Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are recommended by the Board to the Minister and that the Minister in concurrence with the Treasurer accepts the recommendation as per the Electricity Corporations Act 2005.

ii. Employee Benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government securities, which have terms to maturity approximating the terms of the related liability.

iii. Retirement Benefit Obligations

All employees of Synergy are entitled to benefits upon retirement, disablement or death from one of many superannuation plans, which may include a defined contribution section, a defined benefit section, or both. The defined benefit Scheme is closed to new members.

Defined Contribution Superannuation Plans

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

Defined Benefit Superannuation Plans

A provision in respect of the defined benefit superannuation plans is recognised in the balance sheet and is measured at the present value of the defined benefit obligations. This is based on services provided up to the reporting date, plus/less unrecognised actuarial gains/losses less the fair value of the superannuation plans' assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligations is based upon expected future payments and is calculated using discounted cash flows consistent with the Projected Unit Credit method. Consideration is given to the expected future wages and salaries level, experience of employee departures and periods of service.

Expected future payments are discounted using the market yield, as at the reporting date, on selected Commonwealth government securities with terms to maturity approximating the terms of the related liability.

The defined benefits of the Pension Scheme and Gold State Scheme are wholly unfunded. Synergy meets the costs of these benefits when the employee leaves the service of Synergy.

Summary of Significant Accounting Policies

For the Quarter Ended 31 December 2008

Actuarial gains and losses arising from experience adjustments and changes in actuarial adjustments are recognised immediately in the income statement.

Future taxes are not met by Synergy (the benefit paid is an untaxed amount to the employee) and so no allowance has been made for future taxes in measuring the net liability.

(t) Held to Maturity Investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Synergy's management has the positive intention and ability to hold to maturity. Held to Maturity investments are initially recognised at fair value plus transaction costs. After initial recognition they are carried at amortised cost using the effective interest method.

(u) Inventories

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

(v) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

(w) Financial Instruments

Synergy has five categories of financial instruments disaggregated into the following classes:

Financial Assets

- Cash and Cash equivalents
- Trade and Other Receivables
- Held to Maturity Investments
- Security Deposit

Financial Liabilities

- Trade and Other Payables

The measurement bases used for each category of financial instruments are disclosed in these notes.

(x) Critical accounting judgements, estimates and assumptions

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

Notes to the Financial Statements

For the Quarter Ended 31 December 2008

	31/12/08 \$'000	31/12/07 \$'000
2 REVENUE		
Sales of Energy	831,666	769,446
Account Fees	6,540	6,285
Product & Services	4,212	4,309
	<u>842,418</u>	<u>780,040</u>
3 OTHER INCOME		
Interest	6,601	4,208
Other	2,831	1,139
	<u>9,432</u>	<u>5,347</u>
4 COST OF SALES		
Energy Purchases	433,113	445,580
Network Access Costs	287,314	250,668
Renewable Energy Certificates	12,004	6,903
	<u>732,431</u>	<u>703,151</u>

Notes to the Financial Statements

For the Quarter Ended 31 December 2008

	31/12/08 \$'000	31/12/07 \$'000
5 EXPENSES		
Profit before Income Tax Equivalent Expense includes the following specific items:		
Employee Benefits Expense		
- Wages and Salaries and Other Related Benefits	15,827	15,488
- Superannuation Costs	1,637	1,606
	17,464	17,094
Materials & Services		
- Metering	2,640	2,582
- Administration	13,925	12,190
- Communications	1,688	1,628
- Support Services	3,725	3,746
- Other	7,244	6,323
	29,222	26,469
Depreciation & Amortisation		
- Intangible Assets	460	729
- Plant and Equipment	360	342
- Leasehold Improvements	203	48
	1,023	1,119
Other Expenses		
Provision for Impairment of receivables	1,200	1,202
Derivative Loss	-	1,116
Operating Lease Rentals	559	817
Audit Services		
- Audit Services Office of Auditor General	68	70
Other	482	302
	2,309	3,507

Notes to the Financial Statements

For the Quarter Ended 31 December 2008

	31/12/08 \$'000	31/12/07 \$'000
6 INCOME TAX EQUIVALENT EXPENSE		
Income Statement		
<u>The Prima Facie Tax on Profit is Reconciled to Income Tax Provided in the Financial Statements as follows:</u>		
Profit Before Income Tax Equivalent Expense	69,401	34,047
Income Tax Calculated at 30%	20,820	10,214
Tax Effect of Non Assessable Differences	14	4
Under/(Over) Income Tax Provided in Prior Years	-	(34)
Income Tax Equivalent Expense	20,834	10,184
Income Statement		
Current Income Tax		
- Current Income Tax Expense	19,811	8,556
- Under/(Over) Income Tax Provided in Prior Years	-	(34)
Deferred Income Tax		
- Relating to Origination & Reversal of Temporary Differences	1,023	1,662
	20,834	10,184
Deferred Income Tax Relating to Origination & Reversal of Temporary Differences is as follows:		
- Decrease/(Increase) in Deferred Tax Assets	1,109	2,005
- Increase/(Decrease) in Deferred Tax Liabilities	(86)	(343)
	1,023	1,662
Decrease/(Increase) in Deferred Tax Assets relate to the following:		
- Intangibles	154	-
- Provisions	(118)	(109)
- CSO Rebates	788	1,814
- Other	285	300
	1,109	2,005
Increase/(Decrease) in Deferred Tax Liabilities relate to the following:		
- Embedded Derivative	-	(335)
- Interest Receivable	(86)	(8)
	(86)	(343)

Notes to the Financial Statements

For the Quarter Ended 31 December 2008

	31/12/08	30/06/08
	\$'000	\$'000
CURRENT ASSETS		
7 CASH AND CASH EQUIVALENTS		
Cash at Bank	846	6,093
Fixed Rate Short Term Investments	134,900	90,300
Held-to-Maturity Investments	7,000	10,159
	142,746	106,552
8 TRADE AND OTHER RECEIVABLES		
Trade Receivables	96,287	100,537
Estimated Value of Unbilled Energy	146,554	137,949
Provision for Impairment of Receivables	(2,763)	(2,752)
	240,078	235,734
Other Receivables	3,041	20,219
	243,119	255,953

Notes to the Financial Statements

For the Quarter Ended 31 December 2008

	31/12/08 \$'000	30/06/08 \$'000
9 INTANGIBLE ASSETS		
Renewable Energy Certificates	25,738	17,358
Emission Reduction Units	72	22
	25,810	17,380

Reconciliation

Reconciliations of the carrying amounts for each class of current intangible assets are set out below:

Renewable Energy Certificates

Opening Balance	17,358	11,671
Purchased	8,380	20,050
Surrendered	-	(14,363)
	25,738	17,358

Emission Reduction Units

Opening Balance	22	28
Purchased	82	45
Applied	(32)	(51)
	72	22

10 FINANCIAL ASSETS

Current

Held-to-Maturity Investments	3,500	8,583
	3,500	8,583

Non Current

Held-to-Maturity Investments	51,397	51,394
Security Deposit #	2,372	2,372
	53,769	53,766

The security deposit represents the cash deposit held with the IMO and is recognised at cost with interest earned at prevailing interest rates.

11 OTHER ASSETS

Prepayments	299	291
	299	291

Notes to the Financial Statements

For the Quarter Ended 31 December 2008

	31/12/08 \$'000	30/06/08 \$'000
NON CURRENT ASSETS		
12 PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment		
Plant and Equipment - at Cost	7,243	7,118
Accumulated Depreciation	(1,132)	(775)
	6,111	6,343
Reconciliation		
Reconciliations of the carrying amounts for plant and equipment are set out below:		
Plant and Equipment		
Opening Balance	6,343	3,314
Additions	128	568
Reclassified from Leasehold Improvements	-	3,158
Disposals	-	(10)
Depreciation	(360)	(687)
	6,111	6,343
Leasehold Improvements		
Leasehold Improvements - at Cost	4,123	4,040
Accumulated Depreciation	(605)	(402)
	3,518	3,638
Reconciliation		
Reconciliations of the carrying amounts for leasehold improvements are set out below:		
Leasehold Improvements		
Opening Balance	3,638	7,905
Reclassified to Plant & Equipment	-	(3,158)
Additions	83	-
Adjustment	-	(725)
Depreciation	(203)	(384)
	3,518	3,638
TOTAL PROPERTY, PLANT AND EQUIPMENT		
	9,629	9,981
13 INTANGIBLE ASSETS		
Computer Software	18,729	9,502
Accumulated Amortisation	(3,474)	(3,015)
Accumulated Impairment	(2,218)	(2,218)
	13,037	4,269
Reconciliation		
Reconciliations of the carrying amount for non-current intangible assets is set out below:		
Computer Software		
Opening Balance	3,148	808
Additions	112	3,130
Adjustment	-	(13)
Amortisation	(460)	(777)
	2,800	3,148
Work-in-Progress	10,237	1,121
	13,037	4,269

Notes to the Financial Statements

For the Quarter Ended 31 December 2008

	31/12/08 \$'000	30/06/08 \$'000
TAXATION		
14 TAX LIABILITIES / ASSETS		
Current		
Income Tax Payable	13,698	-
Other	110	110
	<u>13,808</u>	<u>110</u>
Non-Current		
Deferred Tax Assets	5,258	6,442
Deferred Tax Liabilities	(170)	(256)
Net Deferred Tax Assets	<u>5,088</u>	<u>6,186</u>
Deferred Tax Liabilities		
Deferred Tax Liabilities relate to the following:		
Interest Receivable	(170)	(256)
	<u>(170)</u>	<u>(256)</u>
Deferred Tax Assets		
Deferred Tax Assets relate to the following:		
Intangibles	79	233
Provisions	3,301	3,185
Provision for Impairment of Receivables	829	826
CSO Rebates	377	1,165
Other	672	1,033
	<u>5,258</u>	<u>6,442</u>

Notes to the Financial Statements

For the Quarter Ended 31 December 2008

	31/12/08 \$'000	30/06/08 \$'000
CURRENT LIABILITIES		
15 TRADE AND OTHER PAYABLES		
Trade Payables	245,105	252,627
Other Payables	4,724	5,670
	<u>249,829</u>	<u>258,297</u>
16 PROVISIONS		
Provision for:		
Employee Benefits	5,033	5,322
Other	299	295
	<u>5,332</u>	<u>5,617</u>
Reconciliation		
Reconciliations of the carrying amounts for each class of provision is set out below:		
<u>Employee Benefits</u>		
Opening Balance	5,322	5,457
Provisions	2,043	4,914
Payments	(2,332)	(5,049)
Closing Balance	<u>5,033</u>	<u>5,322</u>
<u>Other</u>		
Opening Balance	295	315
Provisions	4	(20)
Closing Balance	<u>299</u>	<u>295</u>

Notes to the Financial Statements

For the Quarter Ended 31 December 2008

	31/12/08 \$'000	30/06/08 \$'000
NON-CURRENT LIABILITIES		
16 PROVISIONS (continued)		
Provision for:		
Employee Benefits	1,683	1,217
Retirement Benefit Obligations	3,878	3,701
Other	110	83
	5,671	5,001
Reconciliation		
Reconciliations of the carrying amounts for each class of provision is set out below:		
<u>Employee Benefits</u>		
Opening Balance	1,217	979
Provisions	466	238
Transfers	-	-
Closing Balance	1,683	1,217
<u>Retirement Benefit Obligations</u>		
Present Value of Unfunded Obligations	3,878	3,701
	3,878	3,701
<u>Reconciliation of Movement in the Present Value of the Unfunded Obligations Recognised in the balance sheet</u>		
Opening Balance	3,701	3,350
Current Service Cost	397	125
Interest Cost	-	189
Actuarial (Gains) / Losses on Liabilities	-	329
Benefits paid	(220)	(292)
Closing Balance	3,878	3,701
<u>Other</u>		
Opening Balance	83	67
Provisions	27	16
Closing Balance	110	83

Notes to the Financial Statements

For the Quarter Ended 31 December 2008

	31/12/08 \$'000	30/06/08 \$'000
17 EQUITY		
<u>Contributed Equity</u>		
Contributions - Beginning of the Year	136,560	136,560
Contributed Equity-End of the Quarter	136,560	136,560
<u>Retained Earnings</u>		
Retained Earnings-Beginning of the Year	69,076	52,079
Profit After Income Tax Equivalent Expense	48,567	39,609
Dividends Paid	(19,804)	(22,612)
Retained Earnings-End of the Quarter	97,839	69,076
TOTAL EQUITY	234,399	205,636

Notes to the Financial Statements

For the Quarter Ended 31 December 2008

18 RECONCILIATION OF NET PROFIT AFTER INCOME TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	31/12/08 \$'000	31/12/07 \$'000
Net Profit	48,567	23,863
<i>Add/(less) non-cash items:</i>		
Depreciation	563	390
Amortisation - Intangible Assets	460	730
Written Down Value of Non Current Assets Sold	-	10
Fair Value Adjustment - Embedded Derivative	-	1,116
Unwinding of Discount - Held to Maturity Investments	44	-
<i>Change in assets and liabilities:</i>		
(Increase) / Decrease in Receivables	10,280	(3,303)
(Increase) / Decrease in Prepayments	(7)	1,030
Increase / (Decrease) in Trade Payables	(10,444)	(8,652)
Increase / (Decrease) in Employee Provisions	354	352
(Increase) / Decrease in Inventories	(342)	(6,777)
(Increase) / Decrease in Intangibles	(8,431)	(6,923)
Increase / (Decrease) in Other Provisions	31	36
(Increase) / Decrease in Accrued Interest Receivable	36	27
Increase / (Decrease) in Income Taxes Payable	17,836	(12,401)
Net Cash Provided by Operating Activities	<u>58,947</u>	<u>(10,502)</u>
 Reconciliation of Cash and Cash Equivalents at End of Quarter		
Cash at Bank	846	5,520
Fixed Rate Short Term Investments	134,900	65,700
Held-to-Maturity Investments	7,000	-
Cash and Cash Equivalents at End of Quarter	<u>142,746</u>	<u>71,220</u>

Credit Standby Facilities

Synergy also has a bank guarantee facility in place with the ANZ Banking Group Ltd. The facility provides Synergy with the ability to issue credit support to a counterparty / counterparties up to a limit of AUD\$50 million.