Quarterly Performance Report

For the period July - September 2013

This report has had matters deleted from it under section 109 of the Electricity Corporations Act 2005 (WA)

Performance Overview

This performance report covers the three month period ending 30 September 2013. For statistics prepared on a rolling 12-month basis, data prior to 1 July 2013 is used.

Financial Performance

- Horizon Power reported a year to date Net Profit After Tax of $15.7M, compared to budget (Strategic Development Plan) of $8.1M. Income recorded a net shortfall of (-$4.6M) driven mainly by lower electricity sales associated with reduced consumption by large enterprise customers. The shortfall in overall income was offset by savings in energy purchases (+$6.0M – due to lower volume) and overheads (+$2.9M) resulting in a positive variance of $4.3M in Earnings Before Interest Tax Depreciation and Amortisation.
- Capital expenditure to date is $49.2M in line with the approved investment programme, with customer-driven projects comprising of $11.0M.
- Total debt of $1.0Bn (including finance leases) contributed to a gearing ratio of 74%, slightly lower compared to June 2013 (76%).

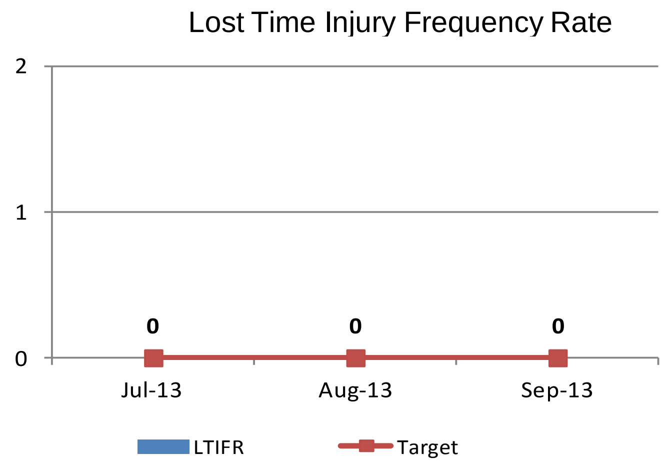
Business Highlights

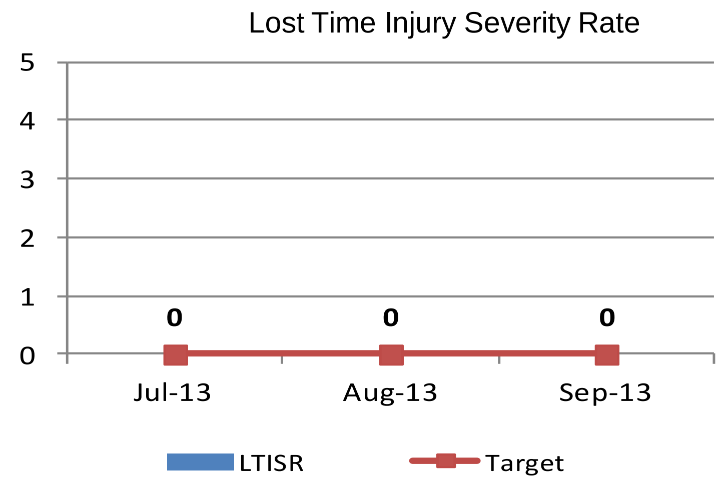
- Overall strong performance across all key measures for first quarter (safety, customer services, financial, reliability)
- Town Reserves Regularisation Phase 3 site works complete
- No Horizon Power employee Lost Time Injuries for 21 months.
- Zero reportable spills

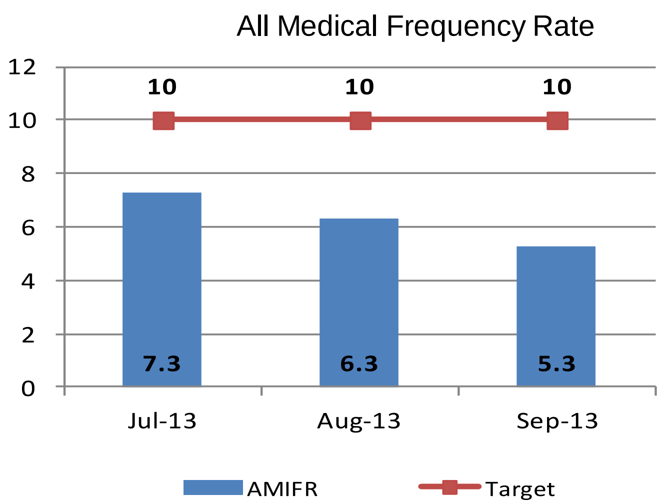
Stakeholder Service

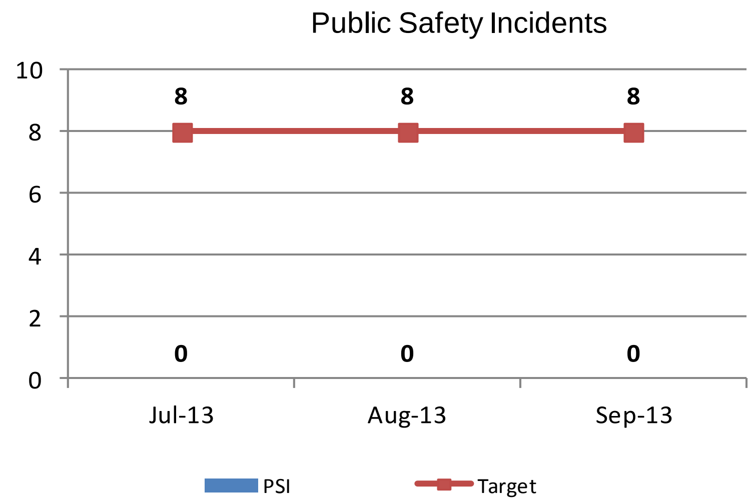
- Horizon Power provided responses to nine Ministerials or requests for information from the Minister for Energy or the Public Utilities Office.

Safety, Health & Environment





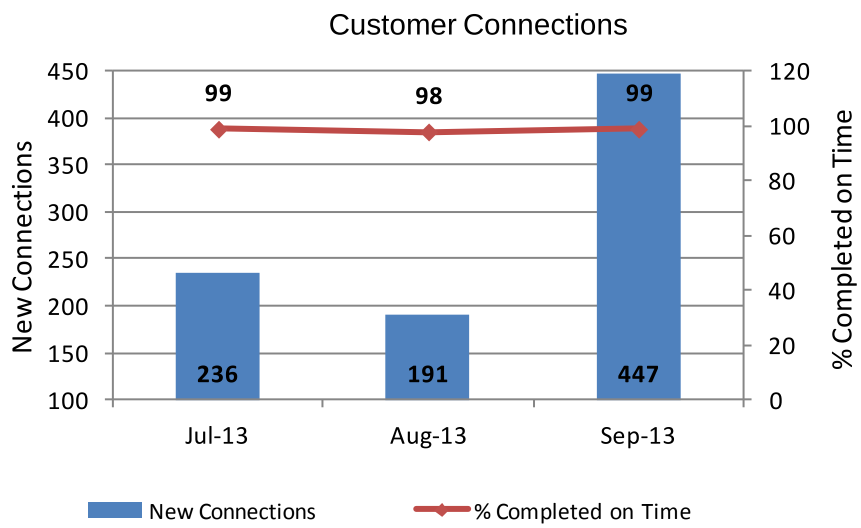


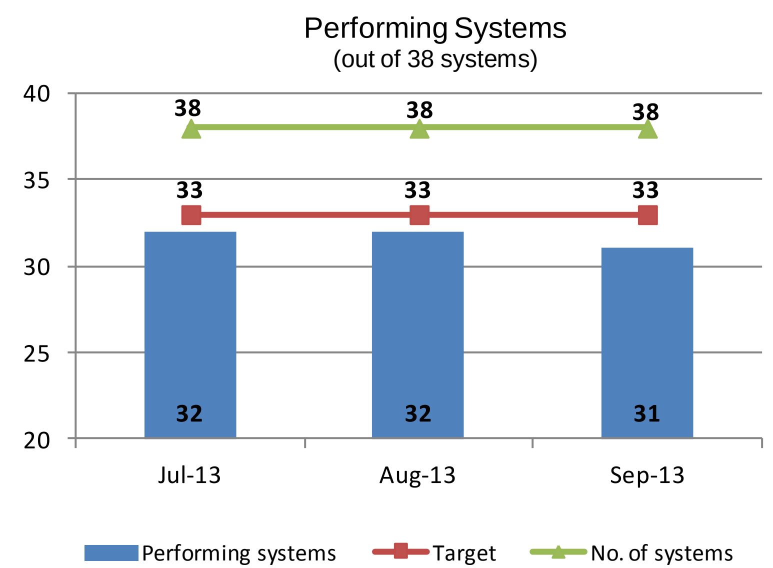


- There were no lost time injuries and no notifiable public safety incident recorded for the period.
- There have been no reportable spills for the quarter and the Greenhouse Gas Intensity has improved during the quarter with a 7% decrease. It is currently 0.54 CO_2e/kWh against a target of 0.65.

Customer Service & Electricity Delivery

- Customer connections completed on time has remained stable over the period.





Financial Performance – Actual v/s SDP

Profit & Loss Summary (in $M)

	YTD September 2013		
	ACTUAL	SDP	VAR
Income	126.5	131.0	-4.6
Fuel and Electricity Purchases	34.8	40.8	6.0
Operating Labour, Overheads & Materials	35.8	38.7	2.9
EBITDA	**55.9**	**51.6**	**4.3**
Depreciation & Amortisation	15.1	18.8	3.7
EBIT	**40.8**	**32.8**	**8.1**
Interest	18.5	21.3	2.8
Income Tax	6.7	3.5	-3.3
Net Profit After Tax	**15.7**	**8.1**	**7.6**

The EBITDA for year to date September 2013 shows a positive variance of +$7.6M broken down as follows:-

1. Income
A negative variance of (-$4.6M) in income primarily due to the following:

(I) Electricity sales recorded a shortfall of (-$8.3M) (actual $55.0M v budget $63.3M) mainly due to lower economic activity associated with large enterprise customers.

(II) Developer and Customer Contributions reported a positive variance of $1.5M mainly due to unbudgeted gifted assets from Esperance Port Corridor Harbour Road, Broome North Residential and Lombadina Djarindjin Street.

(III) Unfavourable variance of (-$0.7M) arising from lower CSO revenue related to Tariff Migration (-$1.4M), partially offset by higher CSO revenue from Glide Path Tariff (+$0.3M) and Pensioner Concessions (+$0.3M).

(IV) Miscellaneous Revenue recorded a favourable variance of $2.8M mainly relating to non energy and connection fees.

2. Operating Labour, Overheads and Materials.
The net positive variance of $2.9M is the result of fiscal restraint in the areas of labour, consultants and general overheads.

3. Depreciation and Amortisation.
The positive variance of $3.7M is mainly due to timing variances in capitalisation to the budget profile.

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