



Quarterly Performance Report

For the period July - September 2012

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 2012. For statistics prepared on a rolling 12-month basis, data prior to 1 July 2012 is used.

Financial Performance

- Horizon Power reported a Quarter 1 NPAT of \$9.7M, compared to budget of \$5.5M. There were unplanned revenue windfalls of \$0.9M in interest earnings, \$1.7M in unrealised hedge gains and \$1.4M in gifted assets. Continued fiscal restraint resulted in savings in labour, overheads and consultants of \$1.5M however offset by lower CSO reimbursements of \$1.7M. Underlying sales were \$4.4M under budget however were offset by a corresponding lower cost-of-sales.
- Capital expenditure to date is \$55.5M with customer-driven projects comprising of \$25.6M.
- Total debt of \$988.2M (including finance leases) contributed to a gearing ratio of 73%.

Business Highlights

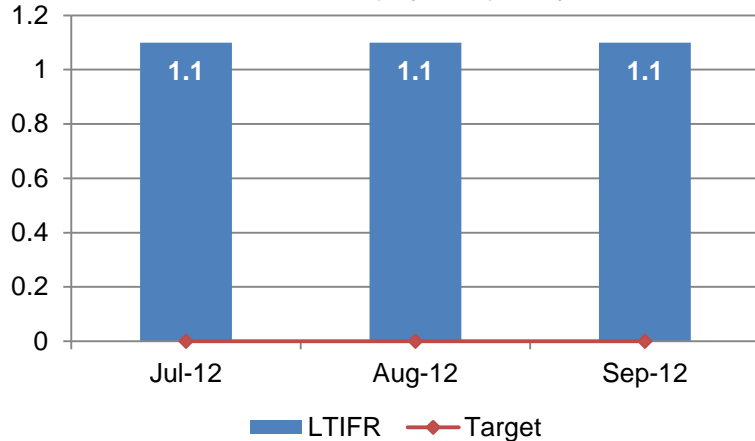
- Solid above target financial performance for first quarter.
- No lost time injuries reported in this quarter.
- Performance against target for unassisted pole failure and systems reliability improving.
- Aboriginal Employment increased by 5% during this quarter and well exceeds target, with 44 employees against projected 26.
- Establishment and launch of Aboriginal Community Advisory Committee.
- Minister's visit to Esperance for Horizon Discovery Zone launch and to commend work on Rural Network Upgrade Program.

Stakeholder Service

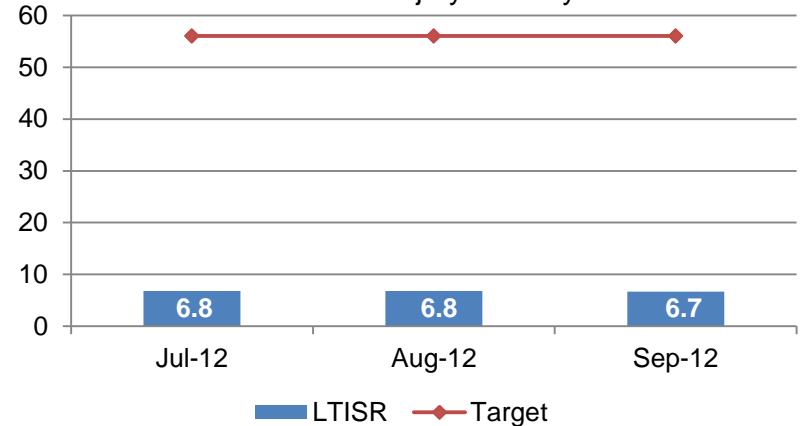
- Horizon Power received nine negative ministerials in this quarter: two ministerials regarding the carbon tax; two ministerials regarding energy buyback; one ministerial regarding compensation for outages; three ministerials regarding power supply/power bill; and one ministerial regarding costs to install underground power.

Safety, Health & Environment

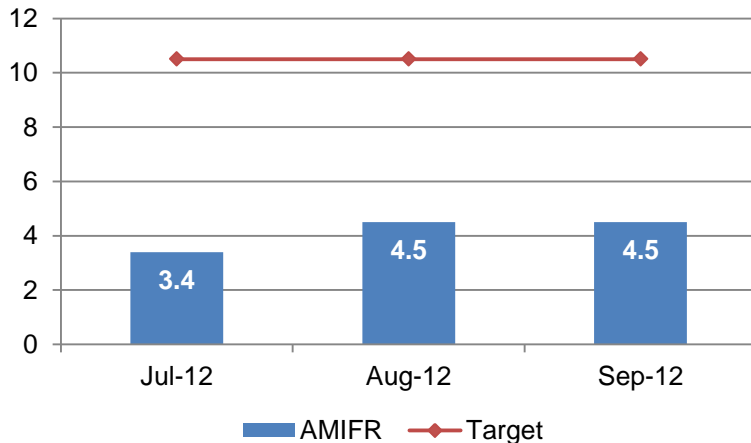
Lost Time Injury Frequency Rate



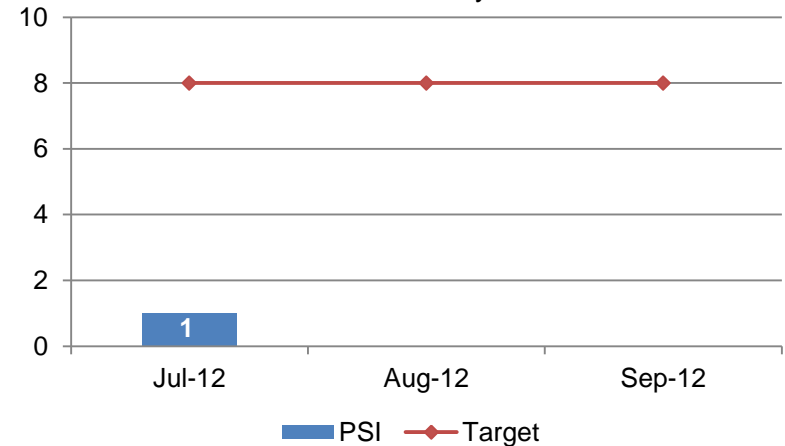
Lost Time Injury Severity Rate



All Medical Frequency Rate



Public Safety Incidents

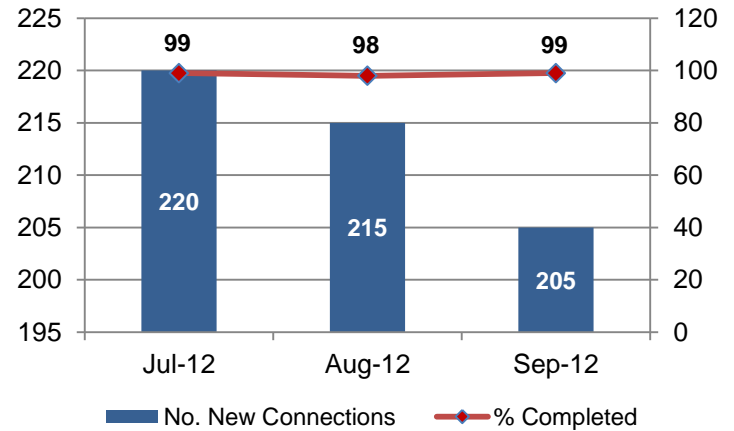


- There were no lost time injuries and one notifiable public safety incident recorded for the period.
- There have been no reportable spills for the quarter and the Greenhouse Gas Intensity has improved during the quarter with a 5% decrease. It is currently 0.60 CO₂e/kWh against a target of 0.65.

Customer Service & Electricity Delivery

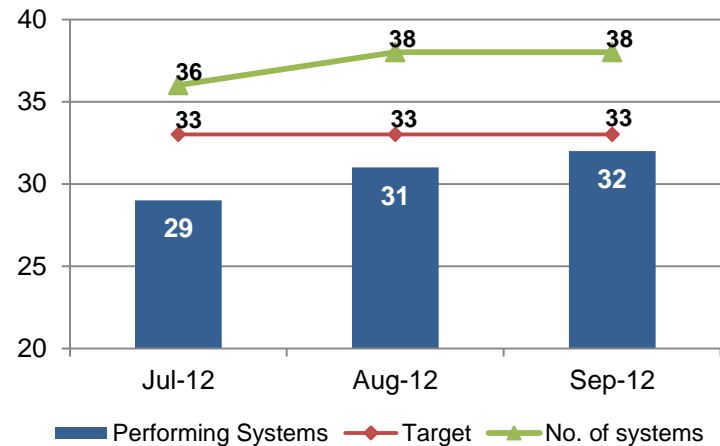
- Customer connections completed on time has remained stable over the period.

Customer Connections



- Performing Systems are expected to improve to meet Strategic Development Plan targets by the end of 2012.

Performing Systems
(out of 38 systems)



Financial Performance

Profit & Loss Summary (in \$M)

	YTD September 2012		
	ACT	SDP	VAR
Income	113.1	115.9	-2.8
Fuel and Electricity Purchases	32.8	37.6	4.8
Operating Labour, Overheads & Materials	32.7	37.5	4.8
EBITDA	47.6	40.8	6.8
Depreciation & Amortisation	16.4	7.7	-8.7
EBIT	31.2	33.1	-1.9
Interest	17.6	18.0	0.4
Income Tax	3.9	9.6	5.7
Net Profit After Tax	9.7	5.5	4.2

The EBITDA for year to date September 2012 shows a positive variance of **+\$6.8M** broken down as follows:-

1. Income

A negative variance of **-\$2.8M** in income mainly relating to:

(I) Electricity sales recorded a shortfall of **-\$4.4M** (actual \$53.3M v budget \$57.7M) mainly due to lower volume in the Non-Interconnected System (NIS) associated to warmer temperatures during the winter season resulting in lower needs for heating. This was offset by lower Fuel and Electricity Purchases (actual \$32.7M v budget \$37.6M).

(II) Unfavourable variance from the Tariff Adjustment Payment (TAP) CSO revenue which has been accrued conservatively pending a review of the underlying assumptions.

(III) A positive variance of **\$1.4M** was reported for Developer and Customer Contributions from gifted assets in Kununurra and Karratha.

(IV) Miscellaneous revenue recorded a favourable variance of **+\$1.9M** mainly relating to interest on funds invested in term deposits (**\$1.0M**).

2. Operating Labour, Overheads and Materials.

The net positive variance of **+\$4.8M** is the result of continued fiscal restraint in the areas of labour, consultants and general overheads. The unfavourable variance on Depreciation is the result of inadequate allowances for the capital program and is being addressed as part of the current Mid Year Review.