

ASX & SGX-ST Release



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Australian Taxation Office (ATO) Dispute – Intellectual Property

The Full Court of the Federal Court of Australia has delivered judgments in relation to the ATO's appeal of the March 2014 decisions of the Federal Court relating to intellectual property deductions claimed by AusNet Services (and its predecessors) in the 1998 to 2011 years. AusNet Services had initially been successful in the Federal Court in relation to this dispute.

The disputed items amount to \$93.5 million as at 31 March 2015, as illustrated below:

	Pre-consolidation Years	Post-consolidation Years	Total
Primary Tax	18.7	8.7	27.4
Interest	21.4	2.3	23.7
Future Deductions		40.1	40.1
Penalties	2.3	Nil	2.3
Gross exposure	42.4	51.1	93.5*

*Deductible interest component and penalty remission results in an after tax exposure of \$84.1m. Although the dispute relates to intellectual property deductions claimed over the 1998 to 2011 tax years, separate proceedings were required for tax years falling pre and post tax consolidation of AusNet Services (Transmission) Ltd, which occurred on 19 October 2005.

The Full Court has allowed the ATO appeal in respect of the pre tax consolidation years. The Federal Court's decision to remit the \$2.3 million penalty imposed in respect of this period was not overturned. In relation to the post tax consolidation years, the Full Court ordered that the matter be remitted back to the primary judge of the Federal Court for further hearing and determination.

Of the total \$93.5 million exposure, \$17.1 million was paid to the ATO in October 2011 as part of a '50/50' payment arrangement and \$40.1 million represents deductions that have not yet been claimed and which are presently carried as a deferred tax asset, leaving a net cash tax exposure of \$26.9 million, net of deductible interest.

AusNet Services is seeking legal advice about the Full Court's decision and will decide whether to seek special leave to appeal to the High Court of Australia, in relation to the pre tax consolidation years, after fully considering that advice. AusNet Services has 28 days to file any such application.

In light of decisions handed down, AusNet Services is currently reviewing the accounting recognition of the gross exposure in its financial statements for the year ended 31 March 2015. Further details will be provided at the release of AusNet Services' results on 14 May 2015.

About AusNet Services

AusNet Services is the largest diversified energy network business in Victoria, owning and operating around \$12 billion of electricity and gas distribution assets, including the state-wide electricity transmission network. The company also has a non-regulated division, Select Solutions, providing utility services.

Headquartered in Melbourne, Australia, AusNet Services employs more than 2600 people to service 1.3 million consumers and is listed on the Australian Securities Exchange (ASX: AST) and the Singapore Stock Exchange (SGX-ST: X04).

For more information visit AusNet Services' website, www.ausnetservices.com.au

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