Monday, 24 August 2015

The Manager
Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

HALF YEAR RESULTS FOR SIX MONTHS ENDED 30 JUNE 2015

I enclose Spark Infrastructure Group's Consolidated Financial Report and Appendix 4D for the six months ended 30 June 2015. A media release, results presentation and Fact Book are also attached.

Yours faithfully,

Alexandra Finley
Company Secretary

Spark Infrastructure RE Limited ABN 36 114 940 984
as Responsible Entity of Spark Infrastructure Trust (ARSN 116 670 725)
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Spark Infrastructure

Appendix 4D

Results for Announcement to the Market for the Half Year Ended 30 June 2015

1. Company Details

Name of entity
SPARK INFRASTRUCTURE comprises • Spark Infrastructure Trust (Spark Trust) and its Controlled Entities.

Half year ended (Current Period): 30 June 2015

Half year ended (Prior Period): 30 June 2014

2. Results for Announcement to the Market

Commentary on the operations and results for the half year is provided in the Directors' Report.

	Percentage Change	30 June 2015 A$'000	30 June 2014 A$'000
Income and Profit Summary			
Total Income from Investments in Associates	Down 6.9%	**141,524**	**152,020**
Total Income	Down 21.9%	**136,900**	**175,341**
Profit before Loan Note Interest and Income Tax	Down 21.5%	**130,333**	**166,078**
Net Profit Attributable to the Stapled Security Holders	Down 56.0%	**39,176**	**88,988**
Operating Cash Flow	Up 16.7%	**101,162**	**86,677**
Earnings per Stapled Security before Loan Note Interest and Income Tax	Down 27.8%	**8.89¢**	**12.31¢**
Earnings per Stapled Security	Down 59.5%	**2.67¢**	**6.60¢**
Operating Cash Flow per Stapled Security	Up 7.3%	**6.90¢**	**6.43¢**
Underlying Income and Profit Summary*			
Underlying Income from Investments in Associates	Up 24.9%	**151,525**	**121,278**
Underlying Total Income	Up 1.6%	**146,901**	**144,599**
Underlying Profit before Loan Note Interest and Income Tax	Up 3.7%	**140,334**	**135,336**
Underlying Net Profit Attributable to the Stapled Security Holders	Up 5.0%	**70,832**	**67,469**

*Explanation of Underlying Adjustments provided below

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Results for Announcement to the Market for the Half Year Ended 30 June 2015

Explanation of Underlying Adjustments for the Current Period

The underlying income and profit summary reports the operating results of Spark Infrastructure after excluding certain non-cash and non-operating items which do not relate to the respective year's underlying performance (Underlying Adjustments). The Underlying Adjustments have been presented in accordance with the Australian Securities and Investment Commission (ASIC) Regulatory Guide 230 *Disclosing non-IFRS financial information* issued in December 2011. The Directors consider that the underlying results provide users of these reports with a clearer explanation of Spark Infrastructure's operating performance for the half year.

In the second half of 2014, Spark Infrastructure changed its basis of estimating the fair value of customer contributions and gifted assets reported by its Asset Companies, with effect from 1 January 2014, from 'depreciated replacement cost' to estimating the net present value of the future cashflows expected to be derived from the specific extension or modification to the network, in accordance with AASB 13 *Fair Value Measurement*. Had this change been made in the first half of 2014, the impact of this change in estimate would have been a reduction in share of equity profits of $30,742,000.

In June 2015, Spark Infrastructure, Victoria Power Networks and other relevant parties signed a Heads of Agreement with the ATO to finalise all outstanding matters in respect of the interest deductibility on subordinated loans to both Asset Companies. In respect of prior tax years, Victoria Power Networks has cancelled deductions and losses amounting to $132,222,000 and Spark Infrastructure has cancelled $82,189,000 of net losses in respect of its interest in SA Power Networks. As a result, Spark Infrastructure has recorded a one-off, non-cash post tax expense item of $31,656,000 in the Current Period.

Underlying Adjustments:	Impact on Share of Equity Accounted Profit		Impact on Net Profit after Tax Attributable to Securityholders	
	30 June 2015 $'000	30 June 2014 $'000	**30 June 2015 $'000**	30 June 2014 $'000
Underlying Result	**111,409**	81,162	**70,832**	67,469
ATO settlement regarding deductibility of interest on subordinated loans:				
- Reflected in Asset Company results	**(10,001)**	-	**(7,001)**	-
- Net losses cancelled with respect to SA Power Networks	**-**	-	**(24,655)**	-
Prior Period impact due to the FY2014 changes made to the basis of estimating fair value of customer contributions and gifted assets	**-**	30,742	**-**	21,519
Total adjustments	**(10,001)**	30,742	**(31,656)**	21,519
Statutory Result	**101,408**	111,904	**39,176**	88,988

3. Net Tangible Assets per Security

	30 June 2015 $'000	31 December 2014 $'000
Net Assets	**1,889,452**	1,845,568
Loan Notes attributable to Security Holders	**925,851**	925,841
Net Assets and Loan Notes attributable to Security Holders	**2,815,303**	2,771,409
No. of Securities ('000)	**1,466,360**	1,466,360
Net Tangible Assets per Security ($)	**$1.92**	$1.89

4. Details of Associates

Associate	Ownership Interest		Contribution to Net Profit	
	30 June 2015 (%)	30 June 2014 (%)	**30 June 2015 $'000**	30 June 2014 $'000
Equity accounted income:				
Victoria Power Networks Pty Ltd	**49%**	49%	**1,693**	9,376
SA Power Networks Partnership	**49%**	49%	**99,715**	102,528
Sub-total			**101,408**	111,904
Interest income:				
Victoria Power Networks Pty Ltd			**40,116**	40,116
Total			**141,524**	152,020

5. Entities Gained/Lost Control during the Period

- Nil

6. Distributions

	30 June 2015		30 June 2014	
	Cents per Security	**Total $'000**	Cents per Security	Total $'000
Distribution Paid:				
Final distribution paid in respect of year ended 31 December 2014, paid on 13 March 2015 (2014: In respect of year ended 31 December 2013, paid on 14 March 2014):				
Interest on Loan Notes	**3.55**	**52,056**	3.55	47,099
Capital Distribution	**2.20**	**32,260**	1.95	25,871
	5.75	**84,316**	5.50	72,970
Distribution Payable/Proposed:				
Interim distribution in respect of half year ended 30 June 2015 payable 15 September 2015 (2014: In respect of half year ended 30 June 2014, paid on 12 September 2014):				
Interest on Loan Notes	**3.50**	**51,323**	3.50	51,323
Capital Distribution	**2.50**	**36,659**	2.25	32,993
	6.00	**87,982**	5.75	84,316

The above distributions are unfranked.

The record date for determining entitlements to the distribution is 4 September 2015.

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Results for Announcement to the Market for the Half Year Ended 30 June 2015

7. Details of Distribution Reinvestment Plan

The DRP will not be in operation for the September 2015 distribution.

8. Foreign Entities

Not Applicable

Compliance Statement

Information on Audit or Review

(a) The Half Year Report is based on accounts to which one of the following applies.

☐	The accounts have been audited.	X	The accounts have been subject to review.
☐	The accounts are in the process of being audited or subject to review.	☐	The accounts have not yet been audited or reviewed.

(b) Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

- N/A -

(c) Description of dispute or qualification if the accounts have been audited or subjected to review.

- N/A -

(d) The entity has a formally constituted audit committee.

Signed on behalf of the Board:

B Scullin
Chair

R Francis
Managing Director

21 August 2015

sparkinfrastructure

Interim Financial Report
30 June 2015

Spark Infrastructure represents Spark Infrastructure Trust and its Consolidated Entities. Spark Infrastructure RE Limited (ABN 36 114 940 984) is the responsible entity of Spark Infrastructure Trust.

Each unit in Spark Infrastructure Trust is stapled to one Loan Note issued by Spark Infrastructure Trust. The stapled securities trade on the Australian Securities Exchange.

Directors' Report
for the Half Year Ended 30 June 2015

The Directors of Spark Infrastructure RE Limited ("Spark RE" or the "Company") as responsible entity of Spark Infrastructure Trust (the "Trust") provide this financial report for the half year ended 30 June 2015 (Current Period) of the Trust and its Consolidated Entities ("Spark Infrastructure" or the "Group"). In order to comply with the requirements of the *Corporations Act 2001*, the Directors report as follows:

Directors

The following persons were Directors at any time during the period and as at the date of this report:

Mr Brian Scullin (Chair)
Mr Rick Francis (Managing Director and Chief Executive Officer)
Mr Andrew Fay
Ms Anne McDonald
Ms Christine McLoughlin
Ms Karen Penrose
Dr Keith Turner

Retired during Current Period

Ms Cheryl Bart, AO (retired 22 May 2015)

Principal activity

The principal activity of Spark Infrastructure during the Current Period was investment in regulated electricity distribution businesses in Australia (Victoria Power Networks Pty Ltd and SA Power Networks Partnership – the "Asset Companies"). There has been no change in the principal activity during the Current Period.

Stapled securities

Spark Infrastructure is a stapled structure, wherein:

- one unit in the Trust; and
- one Loan Note issued by the Responsible Entity of the Trust

are "stapled" and are quoted on the Australian Securities Exchange (ASX) as if they were a single security.

Directors' Report
for the Half Year Ended 30 June 2015

Review of Performance

The following table provides a summary of key financial performance data:

	Half Year Ended 30 June		Change Compared to underlying 2014	
	Underlying 2015	Underlying 2014		
	$'000	$'000	$'000	%
Share of equity accounted profits	**111,409**	81,162	30,247	37.3
Interest income from associates	**40,116**	40,116	-	-
	151,525	121,278	30,247	24.9
(Loss)/gain on derivative contracts	**(6,486)**	22,759	(29,245)	(128.5)
Other income - interest	**1,862**	562	1,300	231.3
Total Income	**146,901**	144,599	2,302	1.6
Interest expense - other	**(1,095)**	(941)	(154)	(16.4)
General and administrative expenses	**(5,472)**	(5,026)	(446)	(8.9)
Transaction fees – derivative contracts	**-**	(3,296)	3,296	nm
Profit before Loan Note Interest	**140,334**	135,336	4,998	3.7
Loan Note Interest (LNI)	**(51,323)**	(51,323)	-	-
Profit before tax	**89,011**	84,013	4,998	5.9
Income tax expense	**(18,179)**	(16,544)	(1,635)	(9.9)
Profit Attributable to Stapled Securityholders	**70,832**	67,469	3,363	5.0
Profit before LNI per security (cents)[1]	**9.57¢**	10.03¢	(0.46)¢	(4.6)
Operating Cash Flow	**101,162**	86,677	14,485	16.7
Net Capital Expenditure – Asset Companies	**356,200**	383,500	(27,300)	(7.1)

[1] Based on weighted average number of securities.

Directors' Report
for the Half Year Ended 30 June 2015

Underlying Profit

The Underlying Profit before Loan Note Interest for the Current Period increased by 3.7% to $140,334,000 compared to the Prior Period. The improved performance was a result of higher equity accounted share of profits from the Asset Companies and interest income partially offset by an unrealised loss on derivative contracts associated with the interest in DUET Group (DUET).

The following adjustments have been made to the reported results in order to calculate the underlying results:

Underlying Adjustments	Impact on Share of Equity Accounted Profit 30 June 2015 $'000	30 June 2014 $'000	Impact on Net Profit after Tax Attributable to Securityholders 30 June 2015 $'000	30 June 2014 $'000
Underlying Result	**111,409**	81,162	**70,832**	67,469
ATO settlement regarding deductibility of interest on subordinated loans:				
- Reflected in Asset Company results	**(10,001)**	-	**(7,001)**	-
- Net losses cancelled with respect to SA Power Networks	**-**	-	**(24,655)**	-
Prior Period impact due to the FY2014 changes made to the basis of estimating fair value of customer contributions and gifted assets	**-**	30,742	**-**	21,519
Total Adjustments	**(10,001)**	30,742	**(31,656)**	21,519
Statutory Result	**101,408**	111,904	**39,176**	88,988

Underlying Results

The underlying income and profit summary reports the operating results of Spark Infrastructure after excluding certain non-cash and non-operating items which do not relate to the respective period's underlying performance (Underlying Adjustments). The Underlying Adjustments have been presented in accordance with the Australian Securities and Investment Commission (ASIC) Regulatory Guide 230 *Disclosing non-IFRS financial information* issued in December 2011. The Directors consider that the underlying results provide users of these reports with a clearer explanation of Spark Infrastructure's operating performance for the half year.

In the second half of 2014, Spark Infrastructure changed its basis of estimating the fair value of customer contributions and gifted assets reported by its Asset Companies, with effect from 1 January 2014, from 'depreciated replacement cost' to estimating the net present value of the future cashflows expected to be derived from the specific extension or modification to the network, in accordance with AASB 13 *Fair Value Measurement*. Had this change in estimate been made in the first half of 2014, the impact would have been a reduction in share of equity profits of $30,742,000.

ATO Tax Matters

Both Asset Companies have been subject to large business audits by the Australian Tax Office (ATO). The tax matters being reviewed as part of the audits date back a number of years. Details of these tax matters have been previously disclosed in the Spark Infrastructure Financial Statements.

In June 2015, Spark Infrastructure, Victoria Power Networks and other relevant parties signed a Heads of Agreement with the ATO to finalise all outstanding matters in respect of the interest deductibility on subordinated loans to both Asset Companies. In respect of prior tax years, Victoria Power Networks has cancelled deductions and losses amounting to $132,222,000 and Spark Infrastructure has cancelled $82,189,000 of net losses in respect of its investment in SA Power Networks. As a result, Spark Infrastructure has recorded a one-off, non-cash post tax expense item of $31,656,000 in the Current Period.

The ATO will refund to Victoria Power Networks $38,994,000 following the execution of a final Deed of Settlement which will incorporate the Heads of Agreement.

As previously reported both Victoria Power Networks and the SA Power Networks Partnership have obtained legal advice with regard to the ongoing matters and will continue to vigorously defend their positions.

Further details on the ATO matters are provided in Note 4 to the Financial Statements.

Directors' Report
for the Half Year Ended 30 June 2015

Operating Cash Flow

Operating cash flow for the Current Period increased by $14,485,000 or 16.7% on the Prior Period, primarily due to increased distributions from the Asset Companies and distribution equivalents received under the DUET related derivative contracts, partially offset by finance costs paid on those derivative contracts.

Performance of the Asset Companies (100% basis)

SA Power Networks (100% basis)	30 June 2015 $'000	30 June 2014 $'000	Variance $'000	Variance %
Distribution Revenue	**475,023**	439,466	35,557	8.1
Customer Contributions and Gifted Assets	**41,352**	41,264	88	0.2
Other Revenue	**116,938**	80,614	36,324	45.1
Total Revenue	**633,313**	561,344	71,969	12.8
Operating Costs	**(194,342)**	(160,049)	(34,293)	(21.4)
EBITDA	**438,971**	401,295	37,676	9.4
EBITDA (excl Customer Contributions and Gifted Assets)	**397,619**	360,031	37,588	10.4
Capital Expenditure	**158,300**	151,900	6,400	4.2
Total Volume (GWh)	**5,136**	5,380	(244)	(4.5)

*In the table above, customer contributions and gifted assets revenue is recorded by the Asset Company using the replacement cost approach to determine fair value. Spark Infrastructure makes an adjustment to its share of equity accounted profits in relation to these customer contributions and gifted assets such that the fair value of these revenue items is effectively nil.

In SA Power Networks Partnership (SA Power Networks), during the Current Period, Distribution Use of System (DUoS) revenue increased by 8.1% to $475,023,000. This increase was principally due to higher tariffs, which increased on commencement of the new regulatory year on 1 July 2014 and recovery of vegetation management costs incurred in earlier periods, partly offset by lower volumes. The total volume delivered decreased by 4.5% to 5,136 GWh in the Current Period, reflecting more favourable weather conditions in the Prior Period. Current Period revenue also included $6,600,000 of service target performance incentive scheme (STPIS) recovery relating to the 2012/13 regulatory year. No STPIS outcomes in respect of either the 2013/14 or 2014/15 regulatory years have yet been recognised in revenue.

Customer contributions and gifted assets revenue, which is either non-cash or the recovery of capital expenditure, increased by 0.2% to $41,352,000. Other unregulated and semi-regulated revenues increased by 45.1% to $116,938,000, largely reflecting a step up of National Broadband Network (NBN) contracted revenues by $31,000,000 over the Prior Period.

SA Power Networks operating expenses increased by 21.4% in the Current Period to $194,342,000, including an increase in NBN related costs and an increase in vegetation management expenditure of $4,400,000, partially offset by lower emergency response related costs compared to the Prior Period.

Directors' Report
for the Half Year Ended 30 June 2015

Victoria Power Networks (100% basis)	30 June 2015 $'000	30 June 2014 $'000	Variance $'000	Variance %
Distribution Revenue	**467,275**	415,574	51,701	12.4
Advanced Metering Infrastructure (AMI) Revenue	**56,486**	59,927	(3,441)	(5.7)
Customer Contributions and Gifted Assets	**49,885**	30,678	19,207	62.6
Other Revenue	**65,604**	71,865	(6,261)	(8.7)
Total Revenue	**639,250**	578,044	61,206	10.6
Operating Costs	**(178,626)**	(189,777)	11,151	5.9
EBITDA	**460,624**	388,267	72,357	18.6
EBITDA (excl Customer Contributions and Gifted Assets)	**410,739**	357,589	53,150	14.9
Capital Expenditure	**197,900**	231,600	(33,700)	(14.6)
Volume – CitiPower (GWh)	**2,926**	2,873	53	1.8
Volume – Powercor (GWh)	**5,254**	5,090	164	3.2

*In the table above, customer contributions and gifted assets revenue is recorded by the Asset Company using the replacement cost approach to determine fair value. Spark Infrastructure makes an adjustment to its share of equity accounted profits in relation to these customer contributions and gifted assets such that the fair value of these revenue items is effectively nil.

In Victoria Power Networks Pty Ltd (Victoria Power Networks), during the Current Period, DUoS revenue increased by 12.4% to $467,275,000. On average, tariffs increased by 10% for both Powercor and CitiPower from 1 January 2015 in accordance with the regulatory determinations. Total volume delivered increased by 2.7% to 8,180 GWh in the Current Period. Powercor volumes increased by 3.2% from 5,090 GWh to 5,254 GWh, largely due to increases in the domestic and large business segments. CitiPower volumes increased by 1.8% from 2,873 GWh to 2,926 GWh, largely due to increases in the domestic segment, as a result of more favourable weather conditions. AMI related revenue decreased by 5.7% to $56,486,000 in the Current Period, reflecting the depreciating AMI RAB and lower operating costs.

Customer contributions and gifted assets revenue increased by 62.6% to $49,885,000. Other unregulated and semi-regulated revenue decreased by 8.7% to $65,604,000 largely due to lower activity in the provision of network services to third parties.

Victoria Power Networks operating expenses decreased by 5.9% to $178,626,000, reflecting net savings realised from business improvement projects, lower third party network services related costs and lower maintenance expenditure, particularly vegetation management costs.

Aggregated Asset Company depreciation and amortisation increased by 7.6% from $228,938,000 to $246,372,000, reflecting the increase in the depreciable asset base. Net interest expense (excluding subordinated debt) was $230,864,000, 2.2% higher than the Prior Period, reflecting additional external debt to part finance the ongoing capital investment in the RAB, as well as the pricing impact of refinancing maturing facilities. Aggregated Asset Company income tax expense increased by $56,866,000 to $75,498,000, principally due to Victoria Power Networks cancelling tax losses following settlement with the ATO regarding interest deductibility on subordinated loans.

Capital Expenditure and Regulatory Asset Base (RAB)

The Asset Companies continue to invest in the augmentation and renewal of their networks, maintaining asset performance and reliability. During the Current Period, total capital expenditure of $356,200,000 was invested on a net basis i.e. net of customer contributions, a decrease of 7.1% from $383,500,000 in the Prior Period. Net capital expenditure is added to the RAB of the Asset Companies, which generates prescribed (regulated) revenue in future periods.

The estimated RAB for Victoria Power Networks as at 30 June 2015 was $5,315,000,000 (100% basis), reflecting total capital expenditure of $251,700,000 (net of customer contributions), net regulatory depreciation of $100,800,000 and a 'true-up' of the 31 December 2014 reported RAB of $2,900,000, for a net increase of $148,000,000 or 2.9% over December 2014. The estimated RAB for SA Power Networks as at 30 June 2015 was $3,856,000,000 (100% basis), reflecting total capital expenditure of $104,500,000 (net of customer contributions) and net regulatory depreciation of $110,400,000 for a decrease of $5,900,000 or 0.2% over December 2014. Spark Infrastructure's aggregate 49% share of the Asset Companies' RAB balances was $4,494,000,000 an increase of $69,629,000 or 1.6% over December 2014.

Directors' Report
for the Half Year Ended 30 June 2015

Corporate Expenses, Loan Note Interest and Tax Expense

General, administrative and employee expenses decreased in the Current Period to $5,472,000 from $8,322,000. The Prior Period included $3,296,000 of costs relating to the DUET transaction. Excluding this item, corporate costs have increased $446,000 over the Prior Period.

Interest expense and borrowing costs increased in the Current Period from $941,000 to $1,095,000. The increase reflects a full six month period of commitment fees on the senior debt facilities, which were available from March 2014.

Loan Note interest payable to Securityholders remained flat for the Current Period at $51,323,000. Underlying income tax expense, which is non-cash, increased by $1,635,000 to $18,179,000 for the Current Period.

Debt, Gearing and Hedging

Spark Infrastructure has bank debt facilities of $275,000,000, with $150,000,000 maturing in March 2016 and $125,000,000 maturing in March 2017. All facilities remained undrawn throughout the Current Period. Spark Infrastructure had cash on hand at 30 June 2015 of $131,250,000 (excluding $10,000,000 of cash held for Australian Financial Services Licensing purposes). Spark Infrastructure's look-through net gearing, including its proportionate share of the net debt of Victoria Power Networks and SA Power Networks, was 53.6% as at 30 June 2015 (31 December 2014: 54.1%).

Net debt to RAB at the Asset Company level was 76.2%, down 1.0% from 31 December 2014. SA Power Networks' net debt to RAB was 74.5%, up from 74.2% as at December 2014, and down from 75.5% as at June 2014. Victoria Power Networks' net debt to RAB was 77.5%, down from 79.5% as at December 2014, and 79.6% as at June 2014. A further modest de-gearing towards 75% net debt to RAB at the aggregate Asset Company level by the end of 2015 remains an objective.

There is currently no interest rate hedging at the Spark Infrastructure level. On a proportionate basis, 93.4% of Asset Company gross debt was hedged as at 30 June 2015 (31 December 2014: 96.7%). This substantially limits the impact of volatility in the movement of interest rates on the financial results of Spark Infrastructure and the Asset Companies. In addition, Victoria Power Networks had $190,000,000 of forward starting swaps in place as at 30 June 2015. Subsequent to 30 June 2015, SA Power Networks reset its interest rate hedges, following the start of its new 5 year regulatory period on 1 July 2015.

Cashflow

Spark Infrastructure's cashflow from operating activities for the Current Period was $101,162,000, 16.7% higher than the Prior Period. Spark Infrastructure received $94,485,000 in distributions from the Asset Companies, up 2.0% from $92,656,000 in the Prior Period.

Distributions received from SA Power Networks were $53,451,000, up $1,225,000 or 2.3%. Shareholder interest received from Victoria Power Networks was $41,034,000, up $604,000 or 1.5%. Distribution equivalents of $16,267,000 were also received in relation to the economic interest in DUET. Cash inflows from interest received were $1,908,000 for the Current Period, $1,419,000 higher than the Prior Period, reflecting a higher level of cash funds, albeit at lower deposit interest rates.

Cash outflows for interest paid on senior debt were $893,000, up $323,000 on the Prior Period, reflecting a full six month period of commitment fees on the senior debt facilities. Finance costs paid in respect of the DUET derivative contracts were $4,471,000, up $3,745,000 on the Prior Period.

Spark Infrastructure paid a final distribution for the year ended 31 December 2014 of $84,316,000 to Securityholders in March 2015, representing 5.75 cents per security (cps).

Equity and Reserves

Total Equity including Loan Notes attributable to Securityholders increased by $43,894,000 during the Current Period to $2,815,303,000 at 30 June 2015. Net profit after tax increased retained profits by $39,176,000, while other movements net of tax included: favourable mark-to-market movements in the value of interest rate derivatives held by the Asset Companies of $9,608,000; actuarial gains on defined benefit superannuation plans of the Asset Companies of $27,360,000; partly offset by a capital distribution paid during the Current Period to Securityholders of $32,260,000 (2.20 cps). The mark-to-market movements and actuarial gains are non-cash impacts and result from the application of Australian Accounting Standards.

Directors' Report
for the Half Year Ended 30 June 2015

Impairment Testing

The Directors have undertaken a detailed review of the carrying values of Spark Infrastructure's assets to determine whether any impairment has arisen and are satisfied that no impairment existed at 30 June 2015. The discounted cash flow analyses undertaken as part of this review take into account the current Corporate Plans for the Asset Companies.

On 30 April 2015, The Australian Energy Regulator (AER) published its Draft Determination on SA Power Networks' Regulatory Proposal for the 2015-20 regulatory period. Were the preliminary decisions outlined in the Draft Determination to impact the 2015-20 and subsequent regulatory periods and in the absence of any business responses, Spark Infrastructure's investment in SA Power Networks would be impaired. However, based on SA Power Networks Revised Regulatory Proposal and other relevant information, Spark Infrastructure has a reasonable basis to expect that the Draft Determination will not reflect the final outcome for SA Power Networks' 2015-20 regulatory period and no impairment has been recorded.

Economic Interest in DUET

During the Prior Period, Spark Infrastructure acquired a minimum economic interest equivalent to 185,913,000 securities in DUET by way of cash-settled equity swap contracts (swaps) and derivative arrangements with Deutsche Bank AG (Deutsche Bank), maturing across the period from January 2016 to July 2018.

Subsequent to 30 June 2015, DUET announced an accelerated non-renounceable entitlement offer at a price of $2.02. Spark Infrastructure amended its swap and derivative arrangements with Deutsche Bank to acquire an additional economic interest in a total of 69,113,000 securities under swaps maturing in January and February 2016 and derivatives maturing in January 2016. These acquisitions are to be funded through a combination of embedded funding and cash on hand.

Post completion of DUET's entitlement offer and associated placement, the economic interest held by Spark Infrastructure in DUET securities is expected to reduce from 12.4% to approximately 11.0%.

At the election of Deutsche Bank, Spark Infrastructure may also acquire a further 114,544,000 DUET securities in July 2018.

Regulatory Update

Growth in RAB

For the 5 year regulatory period just completed to 30 June 2015, the RAB of SA Power Networks grew by 6.2% compound per annum. Over the four and a half years to date since December 2010, the compound annual growth rate in RAB for the combined Asset Companies was 7.1%. This is in accordance with expectations of between 7-8% per annum compound growth reflecting the 2010 regulatory decisions after factoring in expected out-performance against regulatory allowances.

Regulatory Resets

The Asset Companies' new five year regulatory periods commenced on 1 July 2015 in the case of SA Power Networks, and will commence on 1 January 2016 in the case of CitiPower and Powercor. As a result of the delay caused by completion of the AER's "Better Regulation" program, the businesses will operate under the parameters set by the AER's Draft Determinations for the first year of the new five-year regulatory periods. Once the Final Determinations are published, a 'true-up' will be undertaken for years 2-5 of the new regulatory periods on a 'no disadvantage' basis.

The AER published its Draft Determination for SA Power Networks on 30 April 2015 and SA Power Networks lodged its Revised Regulatory Proposal with the AER on 2 July 2015. The Final Determination for SA Power Networks is expected to be published by the end of October 2015. This is the latest step in the process to determine the revenue required to manage the electricity distribution network through 2015-20.

CitiPower and Powercor lodged their Regulatory Proposals with the AER on 30 April 2015. The proposals outline end-user outcomes that would deliver average reductions in residential bills of $28 for CitiPower customers and $43 for Powercor customers in 2016.

Like the SA Power Networks submission, the CitiPower and Powercor submissions include a range of programs designed in partnership with consumers around bushfire mitigation, hardening the network against extreme weather events as well as those that enable connection of more renewable energy and provide greater ability to explore new and emerging technologies.

The AER is due to publish its Draft Determination for CitiPower and Powercor by the end of October 2015 with a Final Determination expected by the end of April 2016.

Directors' Report
for the Half Year Ended 30 June 2015

Distributions and Capital Management

As an investment proposition, Spark Infrastructure offers a sustainable distribution with the potential for capital growth through Spark Infrastructure's equity investment in the Asset Companies' RABs.

Spark Infrastructure only pays out distributions which are fully supported by operating cashflows. Operating cashflows are reviewed at both the Spark Infrastructure level as well as on a look-through proportionate basis. Operating cashflows are reviewed after deducting an allowance for maintaining the Asset Companies' RABs. Distribution coverage from operating cashflows is assessed annually, while also taking into account the relevant 5-year regulatory period under which the Asset Companies are operating.

Distributions paid to Securityholders comprise interest income on the Loan Notes and can also include a return of capital on Units and income distributions from the Trust. A final cash distribution of 5.75 cps was paid on 14 March 2015 in relation to the six months ended 31 December 2014 and comprised 3.55 cps of interest on the Loan Notes and 2.20 cps of capital distributions.

Subject to business conditions, the Directors have reaffirmed distribution guidance for full year 2015 of 12.00 cps, which is an increase of 4.3% on 2014. In line with that guidance the Board has declared an interim cash distribution of 6.00 cps for the six months ended 30 June 2015, representing a standalone payout ratio of 87.0% and a look through payout ratio of 52.9% for the Current Period. The interim distribution is payable on 15 September 2015, and consists of 3.50 cps interest on Loan Notes for the period and 2.50 cps return of capital. The interim distribution is unfranked and will be made by the Trust. The Directors have determined that the Distribution Reinvestment Plan (DRP) will remain suspended.

The Directors have provided distribution guidance for the first time for 2016 of 12.5 cps, representing growth of 4.2% on 2015, subject to business conditions. 2016 is the first full year for the Asset Companies under the new regulatory periods.

Outlook

The next 12 months will see the finalisation of the regulatory reset processes for SA Power Networks, CitiPower and Powercor. Spark Infrastructure anticipates that the new 5 year regulatory periods for the Asset Companies will be characterised by the maintenance of their sector leading safety performance, high levels of reliability and excellent customer engagement; as well as continuation of their proven efficiency, strong financial performance and consistent RAB growth.

Events Occurring after Reporting Date

The Directors of Spark Infrastructure are not aware of any other matter or circumstance not otherwise dealt with in this interim financial report that has significantly affected or may significantly affect the operations or the state of affairs in the period since 30 June 2015 up to the date of this report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 29.

Rounding of Amounts

As permitted by ASIC Class Order 98/0100 dated 10 July 1998, amounts in the Directors' Report and the financial report have been rounded to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors:

B Scullin **Chair**	**R Francis** **Managing Director**

Sydney
21 August 2015

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half Year Ended 30 June 2015

	Note	30 June 2015 $'000	30 June 2014 $'000
Income from associates:			
- Share of equity profits	3	**101,408**	111,904
- Interest income	3	**40,116**	40,116
		141,524	152,020
(Loss)/gain on derivative contracts		**(6,486)**	22,759
Other income – interest		**1,862**	562
Total income		**136,900**	175,341
Interest expense		**(1,095)**	(941)
General and administrative expenses		**(5,472)**	(5,026)
Transaction fees – derivative contracts		**-**	(3,296)
Profit for the period before Loan Note interest and income tax		**130,333**	166,078
Loan Note interest		**(51,323)**	(51,323)
Profit for the period before income tax		**79,010**	114,755
Income tax expense		**(39,834)**	(25,767)
Net profit for the period attributable to Securityholders		**39,176**	88,988

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Half Year Ended 30 June 2015 (continued)

	30 June 2015 $'000	30 June 2014 $'000
Net profit for the period attributable to Securityholders	**39,176**	88,988
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Share of associates' other comprehensive income:		
- gain on hedges	**13,725**	1,394
- actuarial gain/(loss) on defined benefits plan	**39,086**	(23,667)
Income tax related to components of other comprehensive income	**(15,843)**	6,682
Other comprehensive income/(loss) for the period	**36,968**	(15,591)
Total comprehensive income for the period attributable to Securityholders	**76,144**	73,397
Earnings per Security		
Weighted average number of stapled securities on issue during the period (No '000)	**1,466,360**	1,348,852
Profit before Loan Note interest and income tax ($'000)	**130,333**	166,078
Basic earnings per security before Loan Note interest and income tax (cents)	**8.89¢**	12.31¢
Earnings used to calculate earnings per security ($'000)	**39,176**	88,988
Basic earnings per security based on net profit (cents)	**2.67¢**	6.60¢
(Diluted earnings per security is the same as basic earnings per security)		

Notes to the financial statements are included on pages 16 – 27.

Condensed Consolidated Statement of Financial Position as at 30 June 2015

	Note	30 June 2015 $'000	31 December 2014 $'000
Current Assets			
Cash and cash equivalents		**141,250**	124,435
Receivables from associates		**10,377**	11,294
Other financial assets	6	**13,221**	-
Other current assets		**1,160**	1,599
Total Current Assets		**166,008**	137,328
Non-Current Assets			
Property, plant and equipment		**194**	184
Investments in associates:			
- Investments accounted for using the equity method	4(d)	**1,999,747**	1,898,979
- Loans to associates	5	**745,601**	745,601
Other financial assets	6	**179,508**	237,758
Total Non-Current Assets		**2,925,050**	2,882,522
Total Assets		**3,091,058**	3,019,850
Current Liabilities			
Payables		**2,955**	3,363
Loan Note interest payable to Securityholders		**51,323**	52,056
Other financial liabilities	6	**-**	26,747
Total Current Liabilities		**54,278**	82,166
Non-Current Liabilities			
Payables		**1,820**	2,295
Loan Notes attributable to Securityholders	7	**925,851**	925,841
Deferred tax liabilities		**219,657**	163,980
Total Non-Current Liabilities		**1,147,328**	1,092,116
Total Liabilities		**1,201,606**	1,174,282
Net Assets		**1,889,452**	1,845,568

Condensed Consolidated Statement of Financial Position as at 30 June 2015 (continued)

	Note	30 June 2015 $'000	31 December 2014 $'000
Equity			
Equity attributable to the Parent Entity			
- Issued capital	8	**1,083,003**	1,115,263
- Reserves		**(19,014)**	(28,622)
- Retained earnings		**825,463**	758,927
Total Equity		**1,889,452**	1,845,568

Total Equity attributable to Securityholders is as follows:		
Total Equity	**1,889,452**	1,845,568
Loan Notes attributable to Securityholders	**925,851**	925,841
Total Equity and Loan Notes	**2,815,303**	2,771,409

Notes to the financial statements are included on pages 16 – 27.

Condensed Consolidated Statement of Changes in Equity for the Half Year Ended 30 June 2015

	Issued Capital $'000	Hedge Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2014	1,022,153	(46,916)	657,682	1,632,919
Net profit for the period	-	-	88,988	88,988
Share of associates' other comprehensive income:				
- gain on hedges	-	1,394	-	1,394
- actuarial loss on defined benefits plan	-	-	(23,667)	(23,667)
Related tax	-	(418)	7,100	6,682
Total comprehensive income for the period	-	976	72,421	73,397
Capital distributions	(25,871)	-	-	(25,871)
Contributions of equity (net of issue costs)	151,974	-	-	151,974
Balance at 30 June 2014	1,148,256	(45,940)	730,103	1,832,419
Balance at 1 January 2015	**1,115,263**	**(28,622)**	**758,927**	**1,845,568**
Net profit for the period	**-**	**-**	**39,176**	**39,176**
Share of associates' other comprehensive income:				
- gain on hedges	**-**	**13,725**	**-**	**13,725**
- actuarial loss on defined benefits plan	**-**	**-**	**39,086**	**39,086**
Related tax	**-**	**(4,117)**	**(11,726)**	**(15,843)**
Total comprehensive income for the period	**-**	**9,608**	**66,536**	**76,144**
Capital distributions	**(32,260)**	**-**	**-**	**(32,260)**
Balance at 30 June 2015	**1,083,003**	**(19,014)**	**825,463**	**1,889,452**

Notes to the financial statements are included on pages 16 – 27.

Condensed Consolidated Statement of Cash Flows for the Half Year Ended 30 June 2015

	Note	30 June 2015 $'000	30 June 2014 $'000
Cash Flows from Operating Activities			
Distributions from associates - preferred partnership capital		**34,341**	34,341
Dividends received - associates		**19,110**	17,885
Interest received - associates		**41,034**	40,430
Interest received - other		**1,908**	489
Interest paid - other		**(893)**	(570)
Distributions received from derivative contracts		**16,267**	-
Finance costs paid – derivative contracts		**(4,471)**	(726)
Other expenses		**(6,134)**	(5,172)
Net Cash Inflow Related to Operating Activities		**101,162**	86,677
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		**(31)**	-
Prepayment of forward contract		**-**	(195,800)
Transaction costs – derivative contracts		**-**	(2,739)
Net Cash Outflow Related to Investing Activities		**(31)**	(198,539)
Cash Flows from Financing Activities			
Proceeds from issue of stapled securities		**-**	245,742
Payment of issue costs		**-**	(3,750)
Payment of external borrowing costs		**-**	(686)
Distributions to Securityholders:			
- Loan Note interest	11	**(52,056)**	(47,099)
- Capital distributions	11	**(32,260)**	(25,871)
Net Cash (Outflow)/Inflow Related to Financing Activities		**(84,316)**	168,336
Net Increase in Cash and Cash Equivalents for the Period		**16,815**	56,474
Cash and cash equivalents at the beginning of the period		**124,435**	33,035
Cash and Cash Equivalents at the end of the Period [1]		**141,250**	89,509

[1] Includes $10,000,000 of cash which is required to be held by Spark Infrastructure RE Limited (Spark RE) at all times for Australian Financial Services Licence (AFSL) purposes (30 June 2014: $5,000,000).

Notes to the financial statements are included on pages 16 – 27.

Notes to the Financial Statements for the Half Year Ended 30 June 2015

1. Summary of Accounting Policies

Basis of Preparation and Statement of Compliance

The interim financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The interim financial report is for Spark Infrastructure consisting of Spark Infrastructure Trust (the "Trust") and its Controlled Entities ("Spark Infrastructure" or the "Group"). This interim financial report does not include all the notes of the type normally included in an annual report. Accordingly, it is recommended that this report be read in conjunction with the 31 December 2014 annual financial report of Spark Infrastructure, together with any public announcements made by Spark Infrastructure during the Current Period in accordance with any continuous disclosure obligation arising under the *Corporations Act 2001*. The report has been prepared on the basis of historical cost except for the revaluation of certain financial instruments. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of Spark Infrastructure's financial statements for the year ended 31 December 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Spark Infrastructure is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and interim financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

The interim financial report was authorised for issue by the Directors of Spark RE as the responsible entity for the Trust on 21 August 2015.

Adoption of new and revised Standards

The following amendments have been issued and are of relevance in the Current Period:

New and Revised Standard	Requirements and impact assessment
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality'	Part A makes various amendments to Australian Accounting Standards arising from the issuance of Annual Improvements to IFRS 2010- 2012 and 2011-2013 Cycles. Part B makes narrow scope amendments to AASB 119 *Employee Benefits* that apply to contributions from employees or third parties to defined benefit plans. Part C makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 *Materiality*. The application of the requirements of the amendments has not had a material effect on the Group's financial information.

Notes to the Financial Statements for the Half Year Ended 30 June 2015

1. **Summary of Accounting Policies (continued)**

Standards and Interpretations on issue not yet adopted
At the date of authorisation of the financial report, the following Standards and Interpretations listed below were on issue but not yet effective.

Standard	Effective for the annual reporting period beginning on	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments, and the relevant amending standards	1 January 2018	31 December 2018
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	31 December 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	31 December 2016
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 January 2016	31 December 2016
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	31 December 2016

The Directors' anticipate that the above Standards will not have a material impact on the financial report of the Group in the year of initial application.

Principles of consolidation
The interim financial report of Spark Infrastructure incorporates the financial statements of the Trust and its Controlled Entities. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during the financial period, its results are included in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income from the effective date of control. Control is achieved where the Trust has the power to govern financial and operating policies of an entity so as to obtain benefits from its activities.

Critical Accounting Estimates and Judgements
The preparation of this report required the use of certain critical accounting estimates and exercise of judgement in the process of applying the accounting policies. The estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectation of future events. The Directors believe the estimates and judgements are reasonable. Actual results in the future may differ from those reported.

Impairment of Assets
At each reporting date, Spark Infrastructure tests whether there are any indicators of impairment. Each Associate, being SA Power Networks and Victoria Power Networks, is regarded as a separate cash generating unit for the purposes of such testing. If any indicators are identified, a discounted cashflow analysis is undertaken.

Changes to external market conditions over the past few years have the potential to impact asset values and Spark Infrastructure regards these as potential indicators of impairment. Accordingly, impairment testing was undertaken to confirm that the carrying value of assets do not exceed their respective recoverable values. The following key parameters were used in testing for impairment:

- Cashflow projections, based on financial forecasts approved by management containing assumptions about business conditions, growth in regulated asset base (RAB) and future regulatory returns, over a period of 10 years with an appropriate terminal value based on RAB multiples for regulated activities and EBITDA multiples for unregulated activities;
- Growth rates for volume of electricity delivered are based on observed historical values and studies undertaken by independent experts; and
- Appropriate discount rates specific to the individual assets.

Cashflow projections for a 10 year period are deemed appropriate as electricity distribution assets are long life assets.

Notes to the Financial Statements for the Half Year Ended 30 June 2015

1. Summary of Accounting Policies (continued)

Impairment of Assets (continued)

On 30 April 2015, The Australian Energy Regulator (AER) published its Draft Determination on SA Power Networks' Regulatory Proposal for the 2015-20 regulatory period. Were the preliminary decisions outlined in the Draft Determination to impact the 2015-20 and subsequent regulatory periods and in the absence of any business responses, Spark Infrastructure's investment in SA Power Networks would be impaired. However, based on SA Power Networks Revised Regulatory Proposal and other relevant information, Spark Infrastructure has a reasonable basis to expect that the Draft Determination will not reflect the final outcome for SA Power Networks' 2015-20 regulatory period and no impairment has been recorded.

Other Financial Assets/Liabilities

The derivative contracts associated with the interest in DUET are recorded at fair value through the profit and loss within 'other financial assets/liabilities'. Other financial assets/liabilities include put and call options, the fair value of which are determined using a 'Level 2' valuation method involving the use of generally accepted option valuation models: inputs are based on market observable data for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices), at the reporting date and compared with valuations provided by third parties. These calculations require the use of estimates and assumptions based on underlying securities. Any changes in assumptions in relation to security prices, volatilities and future distribution streams could have a material impact on the fair value attributable to the put and call options at each reporting date. When these assumptions change in the future the differences will impact the income statement in the period in which the change occurs.

Other financial assets/liabilities also include the fair value of the forward and swap contracts in respect of the economic interest in DUET Group. The fair value is determined with reference to the underlying security price at each reporting date and is therefore subject to change in value.

Deferred Tax Assets

Deferred tax assets are recognised to the extent that it is probable that there are sufficient taxable amounts available against which deductible temporary differences or unused tax losses and tax offsets can be utilised and they are expected to reverse in the foreseeable future. As at 30 June 2015 (30 June 2014: nil) there are no amounts unrecognised on the basis that the above criteria were not met.

Notes to the Financial Statements for the Half Year Ended 30 June 2015

2. Segment Information

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Three segments are reported, Victoria Power Networks – which represents the 49% interest in two electricity distribution businesses in Victoria (i.e. CitiPower and Powercor), SA Power Networks – which represents the 49% interest in the electricity distribution business in South Australia, and Other Interest – which represents the economic interest in DUET Group, an ASX listed entity head quartered in New South Wales.

The segments noted also fairly represent the Group's geographical segments determined by location within Australia.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments.

	Victoria Power Networks		SA Power Networks		Other Interest		Total	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Segment Cashflows								
Net cashflows	**41,034**	40,430	**53,451**	52,226	**11,796**	(726)	**106,281**	91,930
Net interest received/(paid)							**1,015**	(81)
Corporate costs							**(6,134)**	(5,172)
Total Operating Cashflows							**101,162**	86,677

	Victoria Power Networks		SA Power Networks		Other Interest		Total	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Segment Revenue								
Share of equity accounted profits	**1,693**	9,376	**99,715**	102,528	**-**	-	**101,408**	111,904
Interest income - associates	**40,116**	40,116	**-**	-	**-**	-	**40,116**	40,116
(Loss)/gain on derivative contracts	**-**	-	**-**	-	**(6,486)**	22,759	**(6,486)**	22,759
Segment revenue	**41,809**	49,492	**99,715**	102,528	**(6,486)**	22,759	**135,038**	174,779
Interest revenue							**1,862**	562
Total Revenue							**136,900**	175,341
Segment Results								
Segment contribution	**41,809**	49,492	**99,715**	102,528	**(6,486)**	22,759	**135,038**	174,779
Net interest benefit/(expense)							**767**	(379)
Corporate costs							**(5,472)**	(8,322)
Profit for the period before Loan Note interest and income tax							**130,333**	166,078
Interest on Loan Notes							**(51,323)**	(51,323)
Income tax expense							**(39,834)**	(25,767)
Net Profit for the Period							**39,176**	88,988

Notes to the Financial Statements for the Half Year Ended 30 June 2015

2. Segment Information (continued)

	Victoria Power Networks		SA Power Networks		Other Interest		Total	
	Jun 2015 $'000	Dec 2014 $'000	**Jun 2015 $'000**	Dec 2014 $'000	**Jun 2015 $'000**	Dec 2014 $'000	**Jun 2015 $'000**	Dec 2014 $'000
Segment Assets								
Investment accounted using equity method	**341,480**	318,719	**1,658,267**	1,580,260	**-**	-	**1,999,747**	1,898,979
Loan to associates	**745,601**	745,601	**-**	-	**-**	-	**745,601**	745,601
Receivables from associates	**10,377**	11,294	**-**	-	**-**	-	**10,377**	11,294
Other financial assets	**-**	-	**-**	-	**192,729**	237,758	**192,729**	237,758
Total Segment Assets	**1,097,458**	1,075,614	**1,658,267**	1,580,260	**192,729**	237,758	**2,948,454**	2,893,632
Unallocated Assets								
Cash and cash equivalents							**141,250**	124,435
Other assets							**1,160**	1,599
Property, plant & equipment							**194**	184
Total Assets							**3,091,058**	3,019,850
Segment Liabilities								
Other financial liabilities	**-**	-	**-**	-	**-**	26,747	**-**	26,747
Unallocated Liabilities								
Loan Notes attributable to Securityholders							**925,851**	925,841
Other liabilities							**56,098**	57,714
Deferred tax liabilities							**219,657**	163,980
Total Liabilities							**1,201,606**	1,174,282

3. Share of Equity Accounted Profits and Interest

	30 June 2015 $'000	30 June 2014 $'000
Equity Accounted Profits:		
Victoria Power Networks Pty Ltd	**1,693**	9,376
SA Power Networks Partnership	**99,715**	102,528
	101,408	111,904
Interest income – Associates:		
Victoria Power Networks Pty Ltd	**40,116**	40,116
	141,524	152,020

Notes to the Financial Statements for the Half Year Ended 30 June 2015

4. Investments Accounted for using the Equity Method

(a) Particulars of Investment in Associates:

Name of entity	Principal activity	Ownership interest % 2015	Ownership interest % 2014	Country of Incorporation/ Formation
Victoria Power Networks Pty Ltd	Ownership of electricity distribution businesses in Victoria	**49**	49	Australia
SA Power Networks	Ownership of an electricity distribution business in South Australia	**49**	49	Australia

(b) Summarised Financial Position of Associates (100% basis)

	30 June 2015 $'000 Victoria Power Networks	**30 June 2015 $'000 SA Power Networks**	31 December 2014 $'000 Victoria Power Networks	31 December 2014 $'000 SA Power Networks
Current assets	**427,584**	**788,205**	334,478	450,818
Non-current assets	**7,422,395**	**6,000,092**	7,240,324	5,846,022
Total assets	**7,849,979**	**6,788,297**	7,574,802	6,296,840
Current liabilities	**1,423,766**	**607,600**	844,154	662,411
Non-current liabilities	**5,385,764**	**3,862,949**	5,764,568	3,505,803
Total liabilities	**6,809,530**	**4,470,549**	6,608,722	4,168,214
Net assets	**1,040,449**	**2,317,748**	966,080	2,128,626

(c) Summarised Financial Performance of Associates (100% basis)

	30 June 2015 $'000 Victoria Power Networks	**30 June 2015 $'000 SA Power Networks**	30 June 2014 $'000 Victoria Power Networks	30 June 2014 $'000 SA Power Networks
Revenue – distribution and metering	**523,761**	**475,023**	475,501	439,466
Revenue – semi-regulated and unregulated	**65,604**	**116,938**	71,865	80,614
Customer contributions and gifted assets	**49,885**	**41,352**	30,678	41,264
Operating revenue	**639,250**	**633,313**	578,044	561,344
Revenue – transmission (pass-through)	**177,160**	**131,620**	128,917	121,518
	816,410	**764,933**	706,961	682,862
Expenses (including interest, depreciation and amortisation)	**(532,384)**	**(435,632)**	(535,295)	(387,246)
Expenses – transmission (pass-through)	**(177,160)**	**(131,620)**	(128,917)	(121,518)
Profit before income tax	**106,866**	**197,681**	42,749	174,098
Income tax (expense)/benefit	**(75,498)**	**-**	(18,658)	26
Net profit	**31,368**	**197,681**	24,091	174,124

Notes to the Financial Statements for the Half Year Ended 30 June 2015

4. Investments Accounted for using the Equity Method (continued)

(c) Summarised Financial Performance of Associates (100% basis, continued)

	30 June 2015 $'000 Victoria Power Networks	**30 June 2015 $'000 SA Power Networks**	30 June 2014 $'000 Victoria Power Networks	30 June 2014 $'000 SA Power Networks
Other comprehensive income:				
Gain/(loss) on hedges	**18,754**	**14,883**	5,603	(1,077)
Actuarial gain/(loss) on defined benefit plans	**42,667**	**49,900**	(23,783)	(31,654)
Income tax related to components of other comprehensive income	**(18,427)**	**-**	5,454	-
Other comprehensive income for the Current Period	**42,994**	**64,783**	(12,726)	(32,731)
Total comprehensive income for the Current Period	**74,362**	**262,464**	11,365	141,393

Reconciliation of the above summarised financial performance to the net profit attributable to Spark Infrastructure from SA Power Networks and Victoria Power Networks, recognised in the financial report:

	30 June 2015 $'000	30 June 2014 $'000
Victoria Power Networks net profit applicable to Spark Infrastructure	**15,370**	11,805
SA Power Networks net profit applicable to Spark Infrastructure	**96,864**	85,320
Additional share of profits from preferred partnership capital[a]	**17,611**	17,611
	129,845	114,736
Additional adjustments made to share of equity profits[b]	**(28,437)**	(2,832)
	101,408	111,904

[a] Under the partnership agreement, Spark Infrastructure is entitled to an additional share of profit in SA Power Networks, which ensures that Spark Infrastructure shares in 49% of the overall results of operations from SA Power Networks.

[b] A number of adjustments are made to share of equity profits at the Spark Infrastructure level, these include:

- Differences in the measurement of the fair value of customer contributions and gifted assets under AASB 13 *Fair Value Measurement* (AASB 13) in respect of the Asset Companies. In the second half of 2014 Spark Infrastructure changed its basis of estimating the fair value of customer contributions and gifted assets reported by its Asset Companies with effect from 1 January 2014 from 'depreciated replacement cost' to estimating the net present value of the future cashflows expected to be derived from the specific extension or modification to the network, in accordance with AASB 13 *Fair Value Measurement.* Had this change been made in the first half of 2014, the impact of this change in estimate would have been a reduction in share of equity profits of $30,742,000; and
- Additional depreciation/amortisation of fair value on uplift of assets on acquisition.

Notes to the Financial Statements for the Half Year Ended 30 June 2015

4. Investments Accounted for using the Equity Method (continued)

	6 months to 30 June 2015 $'000	Year Ended 31 December 2014 $'000
(d) Movement in Carrying Amounts		
Carrying amount at the beginning of the Current Period	**1,898,979**	1,855,458
Share of profits after income tax	**101,408**	180,802
Preferred partnership distribution received	**(34,341)**	(69,635)
Dividends received - associates	**(19,110)**	(55,370)
Share of associates' comprehensive gain/(loss) recognised directly in equity	**52,811**	(12,276)
Carrying amount at the end of the Current Period	**1,999,747**	1,898,979

(e) Tax Matters

In June 2015, Spark Infrastructure, Victoria Power Networks and other relevant parties signed a Heads of Agreement with the ATO to finalise all outstanding matters in respect of the interest deductibility on subordinated loans to both Asset Companies. In respect of prior tax years, Victoria Power Networks has cancelled deductions and losses amounting to $132,222,000 and Spark Infrastructure has cancelled $82,189,000 of net losses in respect of its investment in SA Power Networks. As a result of this agreement, Spark Infrastructure has recorded a one-off, non-cash post tax expense item of $31,656,000 in the Current Period.

The ATO will refund to Victoria Power Networks the $38,994,000 previously paid to it, following the execution of a final Deed of Settlement which will incorporate the Heads of Agreement.

A summary of the remaining items under ATO audit at the Asset Companies is provided below. Full details of prior year tax disclosures can be found in the annual financial report of Spark Infrastructure for the year ended 31 December 2014.

Victoria Power Networks Pty Ltd

(a) a denial of deductions for certain labour costs and motor vehicle running costs incurred during the years ended 31 December 2007 to 31 December 2010;
(b) the recognition of assessable income for assets transferred by customers to entities within the Victoria Power Networks consolidated group during the years ended 31 December 2007 to 31 December 2010;
(c) a denial of deductions for rebates paid to customers by entities within the Victoria Power Networks consolidated group during the years ended 31 December 2007 to 31 December 2010;
(d) a further consequential increase in the allowance of depreciation for the labour costs, motor vehicle running costs and transferred assets during the years ended 31 December 2007 to 31 December 2010; and
(e) a denial of deductions in respect of certain asset replacement projects during the years ended 31 December 2008 to 31 December 2010.

SA Power Networks Partnership

a) a denial of deductions for direct internal labour and motor vehicle costs incurred by SA Power Networks on self-constructed assets, after separate favourable adjustments for asset replacement, on the grounds that they are of a capital nature, and a corresponding allowance of tax depreciation deductions for those costs over the effective life of the assets.

The Asset Companies have lodged objections and obtained legal advice that supports their respective tax treatments of the remaining items noted above. Victoria Power Networks, SA Power Networks and the partners are of the opinion that no adjustments are required in relation to these items, and will vigorously defend their positions.

Notes to the Financial Statements
for the Half Year Ended 30 June 2015

5. Loans to Associates

	30 June 2015 $'000	31 December 2014 $'000
Loans to associates - interest bearing	**745,601**	745,601

100 year loan to Victoria Power Networks at a fixed interest rate of 10.85% per annum. The loan is repayable at the discretion of the borrower.

6. Other Financial Assets and Financial Liabilities

	30 June 2015 $'000	31 December 2014 $'000
Other financial assets/(liabilities) (Current)		
- derivative contracts at fair value	**13,221**	(26,747)
Other financial assets (Non-Current)		
- derivative contracts at fair value	**179,508**	237,758
	192,729	211,011

During the Prior Period, Spark RE, as Responsible Entity of the Trust, acquired an economic interest equivalent to 61,413,000 securities in DUET Group (DUET) by way of cash-settled equity swap contracts (swaps). The swaps do not provide any right to buy DUET securities but offer price protection should Spark RE wish to take a physical position in DUET at a future date.

Also during the Prior Period, Spark RE entered into derivative contracts with Deutsche Bank AG (Deutsche Bank) in relation to securities in DUET which gave Spark RE the ability to acquire and Deutsche Bank the obligation to deliver a minimum of 124,500,000 DUET securities at a price of $2.20 per stapled security. The first prepaid tranche of 89,000,000 DUET securities matures in May 2017 and the second tranche of 35,500,000 DUET securities matures in July 2018.

Subsequent to 30 June 2015, DUET announced an accelerated non-renounceable entitlement offer at a price of $2.02. Spark RE amended its swap and derivative arrangements with Deutsche Bank to acquire an additional economic interest in a total of 69,113,000 securities under swaps maturing in January and February 2016 and derivatives maturing in January 2016. These acquisitions are to be funded through a combination of embedded funding and cash on hand.

Post completion of DUET's entitlement offer and associated placement, the economic interest held by Spark Infrastructure in DUET securities has reduced from 12.4% to approximately 11.0%.

At the election of Deutsche Bank, Spark RE may also acquire a further 114,544,000 DUET securities in July 2018, at an adjusted price of $2.14 per stapled security.

At 21 August 2015, Spark RE has call options over 93,904,744 securities in DUET, exercisable by Deutsche Bank at an adjusted strike price of $2.23 per stapled security, which mature across 2015 and 2016.

Spark RE regularly reviews its interest in DUET and may vary the terms of the derivative contracts throughout their term as it considers appropriate.

Notes to the Financial Statements for the Half Year Ended 30 June 2015

7. Loan Notes Attributable to Securityholders

	30 June 2015 $'000	31 December 2014 $'000
Balance at beginning of the Current Period	**925,841**	836,827
Issue of Loan Notes under Institutional Placement[a]	-	73,864
Issue of Loan Notes under Security Purchase Plan[a]	-	16,893
Issue costs associated with Loan Notes	-	(1,763)
Write back of deferred discount[b]	**10**	20
Balance at end of the Current Period	**925,851**	925,841

[a] Under the Institutional Placement on 27 May 2014 and the Security Purchase Plan on 30 June 2014 additional securities were raised at a price of $1.76 per security of which $0.65 per security was allocated to Loan Notes.
[b] The deferred discount represents the difference between the Loan Note face value of $1.25 and the price of securities issued under the Distribution Reinvestment Plan in September 2009 of $1.0862. The deferred discount is written back over the remaining term of the Loan Notes.

8. Issued Capital

	30 June 2015 $'000	31 December 2014 $'000
Balance at beginning of the Current Period	**1,115,263**	1,022,153
Issue of securities under Institutional Placement[a]	-	126,137
Issue of securities under Security Purchase Plan[a]	-	28,848
Issue costs	-	(3,011)
Contributions of equity (net of issue costs)	-	151,974
Capital distribution[b]	**(32,260)**	(58,864)
Balance at end of the Current Period	**1,083,003**	1,115,263

[a] Under the Institutional Placement on 27 May 2014 and the Security Purchase Plan on 30 June 2014 additional securities were raised at a price of $1.76 per security of which $1.11 per security was allocated to Issued Capital.
[b] Capital distributions of 2.20 cps were paid to Securityholders on 13 March 2015 (2014: 1.95 cps).

Fully Paid Stapled Securities	No.'000	No.'000
Balance at the beginning of the Current Period	**1,466,360**	1,326,734
Issue of securities under Institutional Placement	-	113,636
Issue of securities under Security Purchase Plan	-	25,990
Balance at the end of the Current Period	**1,466,360**	1,466,360

9. Key Management Personnel (KMP)

KMP are those having the authority and responsibility for directing and controlling the activities of an entity. Remuneration arrangements of KMP are disclosed in the annual financial report.

Notes to the Financial Statements for the Half Year Ended 30 June 2015

10. Notes to the Statement of Cash Flows

(a) Cash transactions

As at 30 June 2015, and at all times during the period, the Responsible Entity of the Group held $10,000,000 of cash to meet its financial requirements as a holder of an AFSL (30 June 2014: $5,000,000).

(b) Committed Finance Facilities	30 June 2015 $'000	31 December 2014 $'000
Bank facilities:		
• Amount used	-	-
• Amount unused	275,000	275,000
	275,000	275,000

Committed Finance Facility maturities are:

- March 2016: $75,000,000 2-year revolving facility with National Australia Bank
- March 2016: $75,000,000 2-year revolving facility with Westpac Banking Corporation
- March 2017: $75,000,000 3-year revolving facility with Commonwealth Bank of Australia
- March 2017: $50,000,000 3-year revolving facility with Bank of Tokyo Mitsubishi UFJ

At 30 June 2015 there were no drawn balances.

(c) Bank Guarantee facility

A bank guarantee of $420,000 equivalent to 12 months' rent and share of outgoings plus GST has been provided to the landlord in respect of Spark Infrastructure's office lease.

	2015		2014	
	Cents Per Security	Total $'000	Cents Per Security	Total $'000
11. Details Relating to Distributions				
Distribution Paid:				
Final distribution paid in respect of year ended 31 December 2014, paid on 13 March 2015 (2014: In respect of year ended 31 December 2013, paid on 14 March 2014):				
Interest on Loan Notes	3.55	52,056	3.55	47,099
Capital distribution	2.20	32,260	1.95	25,871
	5.75	84,316	5.50	72,970
Distribution Payable:				
Interim distribution in respect of half year ended 30 June 2015 payable 15 September 2015 (2014: In respect of half year ended 30 June 2014, paid on 12 September 2014):				
Interest on Loan Notes	3.50	51,323	3.50	51,323
Capital distribution	2.50	36,659	2.25	32,993
	6.00	87,982	5.75	84,316

The distributions are unfranked.

Notes to the Financial Statements for the Half Year Ended 30 June 2015

12. Commitments, Contingent Liabilities and Contingent Assets

(a) There were no material contingent liabilities or contingent assets as at 30 June 2015 which have not already been disclosed.

(b) As at 30 June 2015, there were total expenditure commitments of $921,000 (2014: $1,371,000) comprising operating leases that relate to the office premises and information technology. Office premises are located at 259 George Street, Sydney 2000.

13. Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Directors' Declaration

The Directors declare that:

(a) in their opinion, there are reasonable grounds to believe that Spark Infrastructure Trust will be able to pay its debts as and when they become due and payable; and

(b) in their opinion, the financial statements and notes as set out on pages 16 – 27 are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and give a true and fair view of the financial position and performance of Spark Infrastructure Trust.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors:

B Scullin
Chair

R Francis
Managing Director

Sydney
21 August 2015

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Spark Infrastructure RE Limited
as responsible entity for Spark Infrastructure Trust
Level 25
259 George Street
SYDNEY NSW 2000

21 August 2015

Dear Board Members

Spark Infrastructure Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Spark Infrastructure RE Limited, as responsible entity for Spark Infrastructure Trust and its controlled entities.

As lead audit partner for the review of the financial statements of Spark Infrastructure Trust for the financial half-year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Review Report to the members of Spark Infrastructure Trust

We have reviewed the accompanying half-year financial report of Spark Infrastructure Trust, which comprises the condensed statement of financial position as at 30 June 2015, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 10 to 28.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Trust are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Spark Infrastructure Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Spark Infrastructure Trust, would be in the same terms if given to the directors as at the time of this auditor's review report

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Spark Infrastructure Trust is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jason Thorne
Partner
Chartered Accountants
Sydney, 21 August 2015