

ASX & SGX-ST Release



5 August 2015

TO: ASX Limited
Singapore Exchange Securities Trading Limited

Australian Taxation Office (ATO) Dispute – S.163AA

Enclosed is an announcement made by AusNet Services which is provided for the information of AusNet Services Holdings Pty Ltd noteholders.

Susan Taylor
Company Secretary

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Singapore Exchange Securities Trading Limited

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Australian Taxation Office (ATO) Dispute – S.163AA AusNet Services appeal dismissed by the High Court of Australia (High Court)

The High Court today handed down its decision on AusNet Services' appeal against disputed tax assessments issued by the ATO for the 2001 to 2006 income years. The High Court has dismissed the appeal, with a 4:1 majority.

The disputed assessments relate to deductions claimed for amounts imposed under section 163AA of the *Electricity Industry Act (1993) (Vic)*. The current after tax disputed amount is approximately \$91m (representing \$54m of primary tax, plus a tax-effected interest component of \$37m). AusNet Services has previously recognised \$89.7m of tax charges for the disputed amount in its historical financial statements.

AusNet Services is disappointed with the outcome of its High Court appeal. AusNet Services' decision to pursue this matter is reflected in the position adopted by the dissenting judges (in both the High Court and the Full Federal Court).

As a result of today's decision, this matter is now finalised in favour of the ATO. AusNet Services has previously paid \$30.6m to the ATO in relation to the dispute, under part payment arrangements. AusNet Services will be required to make a final payment of approximately \$60.4m to the ATO, which is comprised of \$27m primary tax and \$33.4m of interest charges (net of tax deduction).

Dividend guidance for FY16 is unchanged at 8.53 cents per share. The payment of primary tax gives rise to additional franking credits. AusNet Services will update its franking guidance as part of the HY16 results announcement on 17 November 2015.

Susan Taylor
Company Secretary