Residual Business Management Corporation

AUDIT OPINION

The audits of the Corporation and its controlled entities' (the Group) financial reports for the year ended 30 June 2008 resulted in unqualified Independent Auditor's Reports.

Unless otherwise stated the following commentary relates to the consolidated entity.

OTHER INFORMATION

Oversight and Delays in Financial Reporting

Delays in finalising the financial reports for 2008 were mainly due to the Group's desire to resolve uncertainty over the recoverability of future royalty payments. New contracts signed in early 2009 resolved this situation.

In Volume Two of the 2008 Report to Parliament we recommended The Treasury formalise its oversight of the Group. While a formal agreement has not proceeded a closer relationship was established between the Group and The Treasury.

FINANCIAL INFORMATION

Abridged Consolidated Income Statements

Year ended 30 June	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Total revenue	***998***	*3,871*	***441***	441
Total expenditure	***5,523***	*5,934*	***3,522***	1,993
Loss	***4,525***	*2,063*	***3,081***	1,552

The loss was mainly due to a $3.6 million reduction in estimated royalty payments to be received. The reduction was due to uncertainty whether the royalties would be received as the party responsible for the royalty payments was experiencing financial difficulties.

Abridged Consolidated Balance Sheets

At 30 June	Consolidated		Parent	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current assets	***15,148***	18,022	***1,790***	5,460
Non-current assets	***280***	5,605	***1,466***	4,093
TOTAL ASSETS	***15,428***	23,627	***3,236***	9,553
Current liabilities	***598***	4,147	***14***	3,250
Non-current liabilities	***345***	470	--	--
TOTAL LIABILITIES	***943***	4,617	***14***	3,250
NET ASSETS	***14,485***	19,010	***3,222***	6,303

Current assets include $13.1 million of cash and investments.

The decrease in total assets is mainly due to a $3.6 million decrease in superannuation assets, and the $3.6 million write down in royalties receivable. The decrease in current liabilities is mainly due to a decrease in superannuation liabilities of $3.0 million.

CORPORATION ACTIVITIES

The Corporation is a statutory authority constituted by the *Pacific Power (Dissolution) Act 2003*. It is responsible for managing of the residual assets, rights and liabilities of the former Pacific Power and has no role in undertaking new business activities.

For further information on the Corporation, refer to www.pacificpower.net.au.

CONTROLLED ENTITIES

The following controlled entities have not been reported on separately as they are not considered material by their size or the nature of their operations to the consolidated entity.

Entity Name	Website
Pacific Power (Subsidiary No. 1) Pty Ltd	www.pacificpower.net.au
Pacific Solar Pty Limited	www.pacsolar.com.au