Financial Report

Certification of Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

The accompanying annual financial statements have been prepared pursuant to the provisions of the *Northern Territory Treasury Corporation Act* and other prescribed requirements. We certify that:

a) the accompanying financial statements and notes are in agreement with the accounts and records of the Northern Territory Treasury Corporation; and;

b) in our opinion:

   (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and

   (ii) the accompanying annual financial statements have been drawn up so as to present a true and fair view, in accordance with Accounting Standards, of the transactions of the Northern Territory Treasury Corporation for the year ended 30 June 2008 and of the financial position as at 30 June 2008.

At the date of signing, we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

Signed in Darwin on the 29th day of September 2008.

J G PRINCE
Under Treasurer and
Chairman of the Advisory Board

J R P MONTAGUE
General Manager

Auditor-General's Report to the Treasurer

AUDITOR-GENERAL

Northern Territory Treasury Corporation
Year Ended 30 June 2008

Page 1 of 2

I have audited the accompanying financial report of the Northern Territory Treasury Corporation (the Corporation), which comprises a balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Certification by the Under Treasurer and General Manager.

The Responsibility of the General Manager for the Financial Report

The General Manager of the Corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Northern Territory Treasury Corporation Act*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the General Manager also states, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Manager, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Level 12 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155 Fax: 08 8999 7144

AUDITOR-GENERAL

Independence

In conducting my audit I have met the independence requirements of the Audit Act and of Australian professional accounting bodies.

Auditor's Opinion

In my opinion the financial report of the Northern Territory Treasury Corporation:

- is based on proper accounts and is in agreement with the accounts and has been properly drawn up so as to present a true and fair view of the transactions for the financial year ended 30 June 2008 of the Corporation and the financial position at the end of the year;
- the financial report is presented in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of the *Northern Territory Treasury Corporation Act;*
- the receipt and expenditure of money and the acquisition and disposal of property by the Corporation during the year have been in accordance with the *Northern Territory Treasury Corporation Act;* and
- the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

F. McGuiness

F McGuiness
Auditor-General for the Northern Territory

1 October 2008

Level 12 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155 Fax: 08 8999 7144

Income Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		$000	$000
REVENUE		**174 063**	**162 296**
Interest	4	173 592	161 881
Other Revenue	5	471	415
EXPENSES		**149 084**	**138 648**
Interest	6	146 898	136 660
Administration	7	2 186	1 988
PROFIT BEFORE INCOME TAX		**24 979**	**23 648**
Income Tax Expense		7 494	7 094
NET PROFIT AFTER INCOME TAX	8	**17 485**	**16 554**

Notes to the Financial Statements are included on pages 45 to 71.

Balance Sheet

AS AT 30 JUNE 2008

	Note	2008	2007
		$000	$000
TOTAL ASSETS		**2 392 061**	**2 357 167**
Cash and Cash Equivalents		38 136	29 628
Trade and Other Receivables	10	6 424	5 353
Prepayments		92	40
Loans	11	2 347 409	2 322 135
Intangible Assets	12	-	11
TOTAL LIABILITIES		**2 369 971**	**2 334 733**
Deposits Held		1 757	3 710
Trade and Other Payables	13	37 381	36 321
Provisions	14	17 645	16 693
Tax Liabilities	14	7 494	7 094
Borrowings	15	2 305 694	2 270 915
NET ASSETS		**22 090**	**22 434**
TOTAL EQUITY		**22 090**	**22 434**
Contributed Capital	9	18 714	18 714
Retained Profits	8	-	-
Reserves	19	3 376	3 720

Notes to the Financial Statements are included on pages 45 to 71.

Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		$000	$000
		inflows (outflows)	inflows (outflows)
CASH FLOWS from OPERATING ACTIVITIES	**21**	**13 395**	**12 586**
Interest received from investments		161 564	162 339
Interest and other costs of finance paid		(139 213)	(140 418)
Other receipts:			
Management fee		471	415
Payments to suppliers and employees		(2 332)	(1 916)
Income tax paid		(7 095)	(7 834)
CASH FLOWS from INVESTING ACTIVITIES		**(21 255)**	**(2 017)**
Repayment of loans		67 589	46 711
Drawdown of loans		(88 844)	(48 728)
CASH FLOWS from FINANCING ACTIVITIES		**16 368**	**(20 355)**
Repayment of borrowings		(840 774)	(621 963)
Drawdown of borrowings		875 648	617 785
Deposits received		(1 952)	2 101
Dividend paid		(16 554)	(18 278)
NET (DECREASE)/INCREASE IN CASH HELD		**8 508**	**(9 786)**
Cash and Cash Equivalents at the beginning of the financial year		29 628	39 414
Cash and Cash Equivalents at the end of the financial year		38 136	29 628

Notes to the Financial Statements are included on pages 45 to 71.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		$000	$000
CONTRIBUTED CAPITAL			
Balance at the beginning of the financial year		18 714	18 714
Movement for the year		-	-
Balance at the end of the financial year		18 714	18 714
HEDGE RESERVES			
Balance at the beginning of the financial year		804	(1 435)
Gain/(losses) taken to equity		(704)	293
Transferred from/to profit or loss		360	1 946
Balance at the end of the financial year	19	460	804
GENERAL RESERVES			
Balance at the beginning of the financial year		2 916	2 916
Movement for the year		-	-
Balance at the end of the financial year		2 916	2 916
RETAINED PROFITS			
Balance at the beginning of the financial year		-	-
Net Profit		17 485	16 554
Dividends provided for and paid		(17 485)	(16 554)
Balance at the end of the financial year		-	-
TOTAL EQUITY		**22 090**	**22 434**

Notes to the Financial Statements are included on pages 45 to 71.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

1. LEGAL STATUS AND ASSOCIATED GUARANTEES

a) Determination of GBD status

The Treasurer has determined the Northern Territory Treasury Corporation is a Government Business Division as defined in section 3(1) of the *Financial Management Act*. In accordance with section 10(2) of the *Financial Management Act*, the financial report of the entity has been prepared based on commercial accounting principles and on the basis that it complies with Australian Accounting Standards.

(b) Statutory Guarantee

Under section 20 of the *Northern Territory Treasury Corporation Act*, all financial obligations incurred or assumed by the Corporation are guaranteed by the Treasurer on behalf of the Northern Territory of Australia.

2. SUMMARY OF ACCOUNTING POLICIES

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Northern Territory Treasury Corporation Act*, Australian Accounting Standards, Urgent Issue Group Interpretations and the requirements of the *Financial Management Act* and Treasurer's Directions. Accounting Standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the Corporation comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the Under Treasurer on 29 September 2008.

Basis of Preparation

The financial report is presented in Australian Dollars (AUD) rounded to the nearest thousand and has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of AIFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgement made by management in the application of AIFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

The significant policies which have been adopted in the preparation of this financial report are:

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and demand deposits. Cash equivalents are short-term, high liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at date of acquisition.

(b) Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

(c) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits, such as wages, salaries and annual leave, expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Corporation in respect of services provided by employees up to reporting date.

The Corporation's Long Service Leave liabilities are recorded by the Central Holding Authority. This is in accordance with the Territory Government's current policy where all Government agency's long service leave liabilities are assumed by the Central Holding Authority.

(d) Expense Recognition

Expense is recognised to the extent that it is probable that a future sacrifice will flow from the entity and the expense can be reliably measured. Specific expenses are recognised as follows:

(i) Interest Expense:

Interest expense includes accrued interest, loss on extinguishment and amortisation of discount and premiums. Interest expense is recognised on a time proportionate basis that takes into account the effective yield on the financial liability.

(ii) Other Expense:

Other expense includes administration charges. Expenses for charges are recognised in the period in which the service is provided on an accrual basis.

(e) Financial Instruments

(i) Financial Assets:

Loans and related receivables are recorded at amortised cost less impairment. Loans and receivables are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost (less impairment) with any difference between the initial recognised amount and the amortised cost (less impairment) amount being recognised in the Income Statement over the period of the loan and receivable using the effective interest rate method.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

(e) Financial Instruments (continued)

(ii) Financial Liabilities:

Borrowings and related payables are recorded at amortised cost using the effective interest rate method. Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption amount being recognised in the Income Statement over the period of the borrowing using the effective interest rate method.

(iii) Derivative Transactions:

The Corporation enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange risk, including interest rate swaps, cross currency swaps, cross currency interest rate swaps, and forward start interest rate swaps. Further details of derivative financial instruments are disclosed in note 17 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The resulting gain or loss is recognised in the Income Statement immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in the Income Statement depends on the nature of the hedge relationship (refer (v) below). The Corporation designates its derivatives as hedges of highly probable forecast transactions (cash flow hedges).

(iv) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the excepted life of the financial assets, or ,where appropriate, a shorter period. Income is recognised on an effective interest rate basis for debts instruments other than those financial assets "at fair value through profit or loss".

(v) Hedge Accounting:

At the inception of the hedge relationship, the Corporation documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Corporation documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Cash Flow Hedge:

The Corporation has designated its hedging transactions as cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Any gain or loss on a derivative hedging foreign currency risk of a recognised monetary asset or liability is recognised in the Income Statement. Amounts deferred in equity are recycled in the Income Statement in periods when the hedged item is recognised in the Income Statement.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

(e) Financial Instruments (continued)

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the Income Statement.

(vi) Netting of Swap Transactions:

The Corporation, from time to time, may facilitate certain structured finance arrangements, where a legally recognised right to set-off financial assets and liabilities exists, and the Corporation intends to settle on a net basis. Where these arrangements occur, the revenues and expenses are set-off and the net amount is recognised in the Income Statement. The financial assets and liabilities of such transactions are set-off and the net amount is recognised in the Balance Sheet.

(vii) Other Financial Instruments Issued by the Corporation:

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual agreement. All the Corporation's compounding products are debt instruments.

(viii) Impairment of Financial Assets:

Financial assets are reviewed at each Balance Sheet date to determine whether there is objective evidence of impairment. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition that indicates that it is probable that the Corporation will be unable to collect all amounts due. The carrying amount of a financial asset identified as impaired is reduced to its estimated recoverable amount.

(ix) Gains and Losses on Extinguishment:

Gains and losses on extinguishment occur when a borrowing is redeemed prior to the scheduled maturity date. A gain or loss is derived where the fair value at redemption is higher or lower than the value of the bond at amortised cost. These gains and losses are recognised in the period in which the debt is extinguished.

(f) Foreign Currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the Income Statement in the period in which they arise.

(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of the acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

(g) Goods and Services Tax (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) Impairment of Assets

At each reporting date, the Corporation reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any).

(i) Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and impairment. Cost includes expenditure directly attributable to the acquisition of the item. Amortisation is calculated on a straight-line basis to write off the cost of each item over its expected useful life to the Corporation to its estimated residual value. The useful life of intangible assets is assumed to be 3-5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

(j) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(k) Provisions

Provisions are recognised when the Corporation has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(l) Trade and Other Payables

Trade payables and other accounts payable are recognised when the Corporation becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Trade and Other Receivables

Interest and swap receivables are recognised when it is probable that economic benefits associated with the transaction will flow to the Corporation and the amount of revenue/receivable can be measured reliably.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

(n) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Specific revenues are recognised as follows:

(i) Interest Revenue:

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(ii) Other Revenue:

Other revenue includes fees and commissions for services provided. Revenue for fees and commissions are recognised in the period in which the service is provided on an accrual basis.

(o) Rounding

Amounts have been rounded to the nearest thousand dollars.

(p) Superannuation

Employee's superannuation entitlements are provided through the:

- Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS);
- Northern Territory Supplementary Scheme; and
- employee nominated non-government schemes for those employees commencing on or after 10 August 1999.

The Corporation makes superannuation contributions on behalf of its employees. Any liability for superannuation is met directly by the Northern Territory Government and the Corporation has and will continue to have no other direct superannuation liability.

(q) Taxation

In accordance with the requirements of the Treasurer's Directions and the Northern Territory Tax Equivalents Regime, the Corporation is required to pay notional income tax on its accounting profits at the company tax rate of 30 per cent. Current tax for current and prior periods is recognised as a liability to the extent that it is unpaid.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective:

	Effective for annual reporting periods commencing on or after
AASB 101 'Presentation of Financial Statements – revised September 2007	1 January 2009
AASB Interpretation 12 'Service Concession Arrangements'	1 January 2008
AASB Interpretation 14 'AASB 119 The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008
AASB Interpretation 13 'Customer Loyalty Programmes'	1 January 2009
AASB 123 'Borrowing Costs'	1 January 2009
AASB 2008-2 'Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation'	1 January 2009

The Corporation anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements. These Standards and Interpretations will be first applied in the financial report of the Corporation that relates to the annual reporting period beginning after the effective date of each pronouncement.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

4. INTEREST REVENUE

	2008	2007
	$000	$000
Interest from:		
Northern Territory of Australia	109 185	108 927
Government Owned Corporations	27 974	24 426
Government Business Divisions	25 948	28 240
Local Government Authorities	54	58
Gain on Extinguishment	10 431	230
TOTAL INTEREST REVENUE	**173 592**	**161 881**

	2008	2008	2007	2007
	Average Balance	Average Rate	Average Balance	Average Rate
	$000	%	$000	%
Loans to:				
Northern Territory of Australia	1 598 983	6.65	1 600 455	6.81
Government Owned Corporation	386 587	7.24	336 104	7.27
Government Business Divisions	348 346	7.45	383 662	7.36
Local Government Authorities	857	6.34	907	6.34
	2 334 773		2 321 128	

5. OTHER REVENUE

	2008	2007
	$000	$000
Other Revenue	471	415
TOTAL OTHER REVENUE	**471**	**415**

6. INTEREST EXPENSE

	2008	2007
	$000	$000
Interest to:		
Wholesale Borrowings	110 129	108 667
Debt to Australian Government	12 815	13 029
Retail Borrowings	11 963	13 031
Promissory Notes	5 458	1 888
Losses on Extinguishment	6 533	45
TOTAL INTEREST EXPENSE	**146 898**	**136 660**

	2008	2008	2007	2007
	Average Balance	Average Rate	Average Balance	Average Rate
	$000	%	$000	%
Borrowings From:				
Private Placements/Wholesale	1 818 826	6.05	1 769 516	6.14
Debt to Australian Government	272 238	4.71	276 865	4.71
Public Issues/Retail	197 241	6.07	228 261	5.71
Promissory Notes	81 178	6.81	31 438	6.16
	2 369 483		2 306 080	

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

7. OTHER EXPENSES

	2008	2007
	$000	$000
Administration		
Salaries and Related Employee Expenses	793	781
Agent Service Arrangements	676	589
Other Service Arrangements	583	444
Consultants	1	6
Marketing and Promotion	2	2
Document Production	5	26
General Property Management	31	30
Amortisation	10	10
Subscriptions	49	48
Training and Study	12	17
Official Duty Fares	2	2
Travelling Allowance	1	1
Other Operating Expenses	21	32
TOTAL OTHER EXPENSES	**2 186**	**1 988**

8. RETAINED PROFITS

	2008	2007
	$000	$000
Balance at the beginning of the financial year	-	-
Net Profit	17 485	16 554
Dividends provided for and paid	(17 485)	(16 554)
Balance at the End of the Financial Year	-	-

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

9. CONTRIBUTED CAPITAL

	2008	2007
	$000	$000
Balance at the beginning of the financial year	18 714	18 714
Movement for the year	-	-
Balance at the End of the Financial Year	18 714	18 714

10. TRADE AND OTHER RECEIVABLES

	2008	2007
	$000	$000
Interest on Loans	5 076	4 334
Debtors	6	16
Derivative Financial Instruments at fair value		
Interest Rate Swap	1 342	44
Forward Start Interest Rate Swap	-	959
TOTAL RECEIVABLES	**6 424**	**5 353**
Due from External Bodies	1 348	1 019
Due from Northern Territory Government Agencies	5 076	4 334
TOTAL RECEIVABLES	**6 424**	**5 353**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

11. LOANS

	2008	2007
	$000	$000
Northern Territory of Australia		
Fixed Rate Loans	1 486 200	1 486 200
Credit Foncier Loans	112 032	113 533
Government Owned Corporations		
Fixed Rate Loans	77 000	77 000
Floating Rate Loans	302 983	172 178
Credit Foncier Loans	46 836	97 176
Government Business Divisions		
Fixed Rate Loans	2 500	2 500
Floating Rate Loans	33 344	31 500
Credit Foncier Loans	285 682	341 165
Local Government Authorities		
Credit Foncier Loans	832	883
TOTAL LOANS	**2 347 409**	**2 322 135**

12. INTANGIBLE ASSETS

	2008	2007
	$000	$000
Gross Carrying Value		
Balance as the beginning of the financial year	134	134
Additions	-	-
Balance at the end of the financial year	134	134
Accumulated Amortisation		
Balance as the beginning of the financial year	(123)	(113)
Amortisation expense	(11)	(10)
Balance at the end of the financial year	(134)	(123)
Net Book Value		
Balance as the beginning of the financial year	11	21
Balance at the End of the Financial Year	**-**	**11**

13. TRADE AND OTHER PAYABLES

	2008	2007
	$000	$000
Creditors and Accruals	245	384
Interest	37 129	35 563
Accrued Salaries	7	4
Other Payables	-	39
Derivative Financial Instruments at fair value		
Interest Rate Swap	-	331
TOTAL PAYABLES	**37 381**	**36 321**
Due to External Bodies	37 319	36 088
Due to Northern Territory Government Agencies	62	233
TOTAL PAYABLES	**37 381**	**36 321**

14. PROVISIONS AND TAX LIABILITIES

	2008	2007
	$000	$000
a) Provisions		
Employee Benefits		
Recreation Leave	138	128
Leave Bonus	10	7
Other	12	4
Total Employee Benefits	160	139
Dividend Payable	17 485	16 554
TOTAL PROVISIONS	**17 645**	**16 693**
b) Tax Liabilities		
Notional Income Tax Payable	7 494	7 094
TOTAL TAX LIABILITIES	**7 494**	**7 094**

15. BORROWINGS

	2008	2007
	$000	$000
Domestic Borrowings		
Wholesale Market		
Fixed Interest Securities	1 654 399	1 623 273
Floating Rate Notes	199 999	159 980
Retail Market		
Territory Bonds	170 517	171 198
Migration Linked Bonds	10 906	41 861
Australian Government		
Credit Foncier Loans	269 873	274 603
TOTAL BORROWINGS	**2 305 694**	**2 270 915**

16. MATURITY ANALYSIS

a). Trade and Other Receivables and Payables

		2008	
	0 to 12 months	Over 12 Months	Total
	$000	$000	$000
Trade and Other Receivables	6 424	-	6 424
Trade and Other Payables	37 381	-	37 381

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

Note 16 continued

b). Loans and Borrowings

	2008				
	0 to 3 months $000	3 months to 1 year $000	1 to 5 years $000	Over 5 years $000	Total $000
LOANS					
Northern Territory of Australia					
Fixed Rate Loans	222 341	60 221	1 170 892	470 564	1 924 018
Credit Foncier Loans	3 483	10 818	56 654	258 885	329 840
Government Owned Corporations					
Fixed Rate Loans	1 260	3 767	20 159	84 659	109 845
Floating Rate Loans	3 908	17 658	86 166	384 686	492 418
Credit Foncier Loans	3 328	5 185	31 369	19 933	59 815
Government Business Divisions					
Fixed Rate Loans	39	2 540	-	-	2 579
Floating Rate Loans	555	1 647	29 267	17 484	48 953
Credit Foncier Loans	8 028	20 867	115 578	437 123	581 596
Local Government Authorities					
Credit Foncier Loans	37	70	427	624	1 158
TOTAL LOANS	**242 979**	**122 773**	**1 510 512**	**1 673 958**	**3 550 222**
BORROWINGS					
Due to Other Financial Institutions					
Domestic Borrowings					
Wholesale Market					
Fixed Interest Securities	35 655	74 805	1 526 974	564 458	2 201 892
Floating Rate Notes	207 649	-	-	-	207 649
Retail Market					
Territory Bonds	3 557	79 764	87 358	26 270	196 949
Migration Linked Bonds	6 919	3 836	543	-	11 298
Australian Government					
Credit Foncier Loans	-	17 538	70 084	422 232	509 854
TOTAL BORROWINGS	**253 780**	**175 943**	**1 684 959**	**1 012 960**	**3 127 642**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

Note 16 continued

MATURITY ANALYSIS (2007 Comparatives)

	2007				
	0 to 3 months $000	3 months to 1 year $000	1 to 5 years $000	Over 5 years $000	Total $000
LOANS					
Northern Territory of Australia					
Fixed Rate Loans	413 001	51 963	945 849	519 921	1 930 734
Credit Foncier Loans	3 483	11 187	56 802	273 038	344 510
Government Owned Corporations					
Fixed Rate Loans	1 272	3 790	20 147	89 698	114 907
Floating Rate Loans	634	11 025	46 510	221 364	279 533
Credit Foncier Loans	6 652	8 509	59 030	63 940	138 131
Government Business Divisions					
Fixed Rate Loans	39	118	2 579	-	2 736
Floating Rate Loans	517	1 548	30 251	14 897	47 213
Credit Foncier Loans	9 000	24 173	132 696	546 938	712 807
Local Government Authorities					
Credit Foncier Loans	37	70	426	732	1 265
TOTAL LOANS	**434 635**	**112 383**	**1 294 290**	**1 730 528**	**3 571 836**
BORROWINGS					
Due to Other Financial Institutions					
Domestic Borrowings					
Wholesale Market					
Fixed Interest Securities	315 535	56 004	1 135 632	621 174	2 128 345
Floating Rate Notes	65 115	3 237	103 199	-	171 551
Retail Market					
Territory Bonds	4 031	64 478	99 572	30 931	199 012
Migration Linked Bonds	15 160	27 959	571	-	43 690
Australian Government					
Credit Foncier Loans	-	17 545	70 111	439 743	527 399
TOTAL BORROWINGS	**399 841**	**169 223**	**1 409 085**	**1 091 848**	**3 069 997**

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation uses a variety of derivative financial instruments in the normal course of business in order to manage its exposure to interest rate and foreign exchange rate risk including:

- interest rate swaps (including forward start interest rate swaps) to mitigate the risk of rising interest rates; and
- cross currency swaps to manage the foreign currency risk associated with foreign currency denominated borrowings.

The Corporation does not enter into or trade in derivative financial instruments for revenue speculative purposes.

(a) Interest Rate Risk

Interest rate risk is the risk of financial loss and/or increased costs due to adverse movements in the values of financial assets and liabilities as a result of changes in interest rates. The Corporation's interest rate risk arises from cash flow mismatches in the maturity profiles and repricing dates of its financial assets and liabilities.

The Corporation aims to manage the interest rate exposure on its financial assets and liabilities at an acceptable level in an attempt to minimise the cost of its borrowing requirements within stated guidelines.

The Corporation's interest rate risk on its financial assets and liabilities are significantly extinguished as a result of its relationship with the Northern Territory of Australia. As at 30 June 2008, approximately 73 per cent of the Corporation's issued debt is on-lent to the Northern Territory of Australia. The interest rates and maturity dates set on these loans are closely matched to the debt issued by the Corporation to external counterparties. The Corporation's loans to the Northern Territory of Australia attract a margin over the cost of servicing the debt.

The Corporation uses domestic interest rate swaps and forward start interest rate swaps to manage interest rate risk. All the interest rate swaps and forward start interest rate swaps that are converting floating rate debt to a fixed rate are designated as cash flow hedges.

(i) Interest Rate Swaps: By using interest rate swaps, the Corporation agrees to exchange the difference between fixed and floating interest rate amounts calculated by reference to agreed notional principal amounts, thereby, enabling the Corporation to reduce the risk of rising interest rates.

The Corporation enters into interest rate swaps that entitle it to receive interest at floating rates on notional principal amounts and oblige it to pay interest at fixed rates on the same amount. The interest rate swaps allow the Corporation to raise long-term borrowings at floating rates and effectively swap them into fixed rates and accordingly are classified as cash flow hedges.

The interest rate swaps currently in place cover approximately 100 per cent of the floating rate notes outstanding and are scheduled to expire as each borrowing matures. Wherever possible cashflows match and coincide.

Notional principal amounts represent the contract or face value of the swap. The notional amounts do not represent amounts exchanged by the parties to the contract.

(ii) Forward Start Interest Rate Swaps: By entering into forward start interest rate swaps, the Corporation agrees to lock in a present interest rate on an agreed notional principal amount for a stated period of time commencing at a specific future date.

Forward start interest rate swaps have effectively addressed interest rate exposure by allowing the Corporation to fix the effective rates for known future debt maturities and accordingly are classified as cash flow hedges. The Corporation has not entered into any new forward start interest rate swap agreements throughout the period 1 July 2007 to 30 June 2008.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

Note 17 continued

(iii)Interest Rate Risk Exposures: The Corporation's exposure to interest rate risk, re-pricing maturities and the effective interest rates on financial instruments at balance date are:

a. Re-pricing maturities

		Interest Rate Reset Due in					
	Weighted Average Int. Rate	0 to 3 Months	3 months - 1 year	1 to 5 Years	More Than 5 years	Non-Interest Bearing	Total
	%	$000	$000	$000	$000	$000	$000
Financial Assets							
Cash	7.00	38 136	-	-	-	-	38 136
Receivables		-	-	-	-	6 424	6 424
Prepayments		-	-	-	-	92	92
Loans							
Fixed Rate Loans	6.28	200 000	2 500	1 001 900	361 300	-	1 565 700
Floating Rate Loans	7.06	-	20 000	316 327	-	-	336 327
Credit Foncier Loans	8.46	452	-	59 173	385 757	-	445 382
Total Financial Assets		**238 588**	**22 500**	**1 377 400**	**747 057**	**6 516**	**2 392 061**
Financial Liabilities							
Deposits Held	-	-	-	-	-	1 757	1 757
Creditors	-	-	-	-	-	37 381	37 381
Provisions	-	-	-	-	-	24 979	24 979
Employee Benefits	-	-	-	-	-	160	160
Borrowings							
Domestic							
Fixed Interest Securities	6.30	9 631	79 275	1 335 500	411 416	-	1 835 822
Floating Rate Notes	7.66	199 999	-	-	-	-	199 999
Australian Government							
Credit Foncier Loans	4.67	-	-	-	269 873	-	269 873
Total Financial Liabilities		**209 630**	**79 275**	**1 335 500**	**681 289**	**64 277**	**2 369 971**
Derivative Financial Instruments							
Interest Rate Swaps - Fixed	6.36	(200 000)	-	-	-	-	(200 000)
Interest Rate Swaps - Floating	7.74	200 000	-	-	-	-	200 000
Forward Start Int. Rate Swaps - Fixed	-	-	-	-	-	-	-
Forward Start Int. Rate Swaps - Floating	-	-	-	-	-	-	-
Total Derivative Financial Instruments		**-**	**-**	**-**	**-**	**-**	**-**
Total Financial Liabilities (after Derivative Financial Instruments)		**209 630**	**79 275**	**1 335 500**	**681 289**	**64 277**	**2 369 971**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

Note 17 continued

For comparative purposes, the Corporation's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments at 30 June 2007 were as follows:

	Weighted Average Int. Rate	Interest Rate Reset Due in: 0 to 3 Months	3 months - 1 year	1 to 5 Years	More Than 5 years	Non-Interest Bearing	Total
	%	$000	$000	$000	$000	$000	$000
Financial Assets							
Cash	6.00	29 628	-	-	-	-	29 628
Receivables		-	-	-	-	5 353	5 353
Prepayments		-	-	-	-	40	40
Loans							
Fixed Rate Loans	6.24	390 000	-	785 400	390 300	-	1 565 700
Floating Rate Loans	6.72	-	-	203 678	-	-	203 678
Credit Foncier Loans	8.28	45 165	29 409	35 634	442 549	-	552 757
Total Financial Assets		**464 793**	**29 409**	**1 024 712**	**832 849**	**5 393**	**2 357 156**
Financial Liabilities							
Deposits Held	-	-	-	-	-	3 710	3 710
Creditors	-	-	-	-	-	36 321	36 321
Provisions	-	-	-	-	-	23 648	23 648
Employee Benefits	-	-	-	-	-	139	139
Borrowings							
Domestic							
Fixed Interest Securities	6.11	296 656	84 683	1 007 447	447 546	-	1 836 332
Floating Rate Notes	6.44	159 980	-	-	-	-	159 980
Australian Government							
Credit Foncier Loans	4.67	-	-	-	274 603	-	274 603
Total Financial Liabilities		**456 636**	**84 683**	**1 007 447**	**722 149**	**63 818**	**2 334 733**
Derivative Financial Instruments							
Interest Rate Swaps - Fixed	6.70	60 000	-	100 000	-	-	160 000
Interest Rate Swaps – Floating	6.55	(160 000)	-	-	-	-	(160 000)
Forward Start Int. Rate Swaps - Fixed	5.81	100 000	-	-	-	-	100 000
Forward Start Int. Rate Swaps - Floating	6M BBSW	(100 000)	-	-	-	-	(100 000)
Total Derivative Financial Instruments		**(100 000)**	**-**	**100 000**	**-**	**-**	**-**
Total Financial Liabilities (after Derivative Financial Instruments)		**356 636**	**84 683**	**1 107 447**	**722 149**	**63 818**	**2 334 733**

Note 17 continued

b. Sensitivity analysis

Assuming the financial assets and liabilities at 30 June 2008 were to remain until maturity or settlement without any action by the Corporation to alter the resulting interest rate risk exposure, an immediate and sustained increase of 1 per cent in market interest rates across all maturities would have the following impact on the net income:

	Forecast effect on net interest income 2008-09		Forecast effect on net interest income 2007-08	
	Rates up by 1%	Rates down by 1%	Rates up by 1%	Rates down by 1%
	$000	$000	$000	$000
Financial Assets – Cash at Bank	381	(381)	296	(296)
Financial Assets – Floating Rate Loans	133	(133)	463	(463)
Financial Liabilities – Floating Rate Borrowings	-	-	-	-
Others	-	-	-	-
Net Sensitivity**	**514**	**(514)**	**759**	**(759)**

**The net sensitivity above includes the impact of various interest rate derivatives which are in place to hedge floating rate loans.

(b) Foreign Exchange Risk

Foreign exchange risk is the risk of financial loss due to adverse movements in foreign exchange rates. The Corporation's exposure to foreign exchange risk arises when certain borrowings are denominated in foreign currencies. However, the Corporation does not accept any foreign currency exposure and, as such, currency hedging is a part of the management of these activities.

In order to remove the currency exposure, all foreign currency borrowings are fully hedged by way of cross currency interest rate swaps at the initiation of the borrowing transaction. Cross currency interest rate swaps allow the Corporation to raise long-term borrowings in foreign currencies and effectively swap them into Australian dollar fixed interest rates. All the cross currency interest rate swaps are designated as cash flow hedges.

By using cross currency interest rate swap contracts, the Corporation agrees to exchange specified principal and interest foreign currency amounts at an agreed future date at a specified exchange rate, thereby enabling the Corporation to mitigate the risk of adverse movements in foreign exchange rates. The quantum and maturity profile of the cross currency interest rate swaps are reflected in the interest rate risk table.

The Corporation does not lend funds in currencies other than Australian Dollars.

(c) Credit Risk

Credit risk is the risk of financial loss and/or increased costs due to the failure of a counterparty to meet its financial obligations. The Corporation's exposure to credit risk arises from funds advanced to loan counterparties and the possibility that a counterparty to a physical security and/or derivative financial instrument will not adhere to the terms of the contract with the Corporation when settlement becomes due.

The Corporation aims to ensure that its exposures to individual and group counterparties are within acceptable levels, and to minimise the likelihood that a counterparty will fail to execute its financial obligations.

The Corporation's dealings in physical securities and/or derivative financial instruments are transacted only with counterparties possessing strong or extremely strong credit rating criteria as determined by Standard and Poor's Rating Group. In addition, derivative financial instruments are only transacted with counterparties that have signed an International Swaps and Derivatives Association (ISDA) Master Agreement with the Corporation.

The credit risk arising from funds advanced to loan counterparties is considered minimal as loans are only advanced to counterparties within the Northern Territory Public Sector, as directed by the Treasurer of the Northern Territory. Accordingly, ultimate responsibility for loans advanced by the Corporation lies with the Northern Territory Government. The Standard and Poor's credit rating criteria are not applied to loan counterparties.

In the case of recognised financial assets, the carrying amount of the assets recorded in the Balance Sheet represents the Corporation's maximum exposure to credit risk.

The Corporation's exposure to derivative financial instruments has been quantified at replacement cost, that is, the sum of the fair values of all derivative contracts that are in gain at the reporting date. This quantification of credit risk does not take into account the potential credit exposure arising from the derivatives remaining term to maturity.

(d) Liquidity Risk

Liquidity risk is the risk of financial loss and/or increased costs due to unanticipated events or errors in cash flow forecasts which result in additional borrowing costs, reduced investment income, or an inability to meet financial or operational commitments as they fall due. The Corporation's exposure to liquidity risk may arise due to inadequate or inaccurate communication of actual cash flows and the need to fund unanticipated operating cash requirements when an insufficient cash balance forces the Corporation to liquidate investments and/or utilise backup funding facilities at higher costs.

The Corporation seeks to ensure that adequate cash reserves and/or funding sources are available at all times to meet its short term commitments as they arise.

The Corporation's approach in minimising liquidity risk involves diversification of physical borrowing and investment activities across the maturity spectrum and utilising a variety of funding sources to meet the Corporation's requirements.

In addition, the Corporation at all times maintains:

- minimum cash balances;
- a committed overdraft facility;
- an uncommitted short term borrowing program via the Corporation's promissory note facility;
- a diverse list of counterparties; and
- its borrowing exposures in a manner that avoids undue reliance on any one counterparty.

The Corporation's exposure to liquidity risk and the maturity profile of assets and liabilities (based on contractual terms) is analysed in Note 16.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

Note 17 continued

(e) Funding Risk

Funding risk refers to the medium to long term risk that the Corporation may be unable to raise funds when required or at a cost which is substantially higher than could be achieved under normal market conditions. Funding risk typically relates to periods greater than one year, whereas liquidity risk relates to periods less than one year. The objective of funding risk management is to ensure that the Corporation is not exposed to a significant refinancing risk in any financial year.

The Corporation's approach to minimising funding risk involves diversification of physical borrowing and investment activities across the maturity spectrum and utilising a variety of funding sources to meet the Corporation's requirements.

The Corporation has limited funding risk as the Northern Territory Government supports the financial viability of the Corporation under section 20 of the Northern Territory Treasury Corporation Act. The demand for such a Government guarantee is believed to be sufficient to allow the Corporation to issue debt at competitive rates under normal market conditions.

The Corporation's funding sources are as follows:

Domestic Borrowings

- Wholesale Market
  - Private Placements and Public Issues
    - Fixed Interest Securities
    - Floating Rate Notes
  - Promissory Notes
- Retail Market
  - Territory Bonds
  - Migration Linked Bonds

18. FAIR VALUES OF FINANCIAL INSTRUMENTS

As per AASB7 paragraph 25, the Corporation is required to provide fair value information through supplementary disclosures for any financial assets or financial liabilities that are not measured at fair value in its Balance Sheet.

Fair values of financial instruments are determined on the following basis:

- the fair value of cash and non-interest bearing monetary financial assets and liabilities approximate their carrying value, which is defined as their historical cost;
- the fair value of other monetary financial assets and liabilities is based on discounting the expected future cash flows by applying current market interest rates for assets and liabilities with similar risk profiles. Current market interest rates are determined with reference to the Australian Financial Markets Association (AFMA) Swap Reference Rates plus a margin. The market rates are then used to discount the expected future cash flows arising from the financial assets and liabilities to their present value. The margins applied to the current market interest rates on the Corporation's loans and domestic borrowings take into account credit quality and liquidity considerations; and
- the fair value of derivative financial instruments are derived using current market yields and exchange rates appropriate to the instrument.

The fair values represent the Corporation's best estimate of the replacement cost of the financial transactions undertaken by the entity. The Corporation concedes that in its estimation of fair value there is an element of subjectivity involved in the calculations, given that the Corporation's financial assets and liabilities are not readily priced and are not frequently traded in the financial markets.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

Note 18 continued

The fair value of financial assets and liabilities not recorded at fair value is as follows:

FAIR VALUES	30 Jun 2008 Carrying Value	30 Jun 2008 Fair Value	30 June 2007 Carrying Value	30 June 2007 Fair Value
Financial Assets	$000	$000	$000	$000
Loans				
Northern Territory of Australia				
Fixed Rate Loans	1 565 700	1 510 594	1 565 700	1 545 602
Floating Rate Loans	336 327	334 441	203 678	203 783
Credit Foncier Loans	444 551	485 655	551 874	616 616
Local Government Authorities				
Credit Foncier Loans	831	781	883	879
TOTAL LOANS	**2 347 409**	**2 331 471**	**2 322 135**	**2 366 880**
Financial Liabilities				
Borrowings				
Domestic				
Wholesale Market				
Fixed Interest Securities	1 654 399	1 616 468	1 623 273	1 620 335
Floating Rate Notes	199 999	205 777	159 980	164 216
Retail Market				
Territory Bonds	170 517	166 179	171 198	168 513
Migration Linked Bonds	10 906	11 058	41 861	42 325
Australian Government				
Credit Foncier Loans	269 873	207 308	274 603	215 139
TOTAL BORROWINGS	**2 305 694**	**2 206 790**	**2 270 915**	**2 210 528**

19. RESERVES

	2008	2007
	$000	$000
Hedging Reserve		
Balance at the beginning of the financial year	804	(1 435)
Restated balance at the beginning of the financial year	804	(1 435)
Gain/(loss) recognised:		
Interest rate swaps	(184)	(260)
Forward start interest rate swaps	(520)	548
Cross currency swaps	-	22
Cross currency interest rate swaps	-	(17)
Subtotal	(704)	293
Transferred to profit and loss:		
Interest rate swaps	360	1 675
Cross currency swaps	-	209
Cross currency interest rate swaps	-	62
Balance at the end of the financial year	460	804
General Reserve		
Balance at the beginning of the financial year	2 916	2 916
Transfer from Retained Earnings	-	-
Balance at the end of the financial year	2 916	2 916
Total Reserve at the End of the Financial Year	**3 376**	**3 720**

20. AUDITOR’S REMUNERATION

External audit services are provided by the Auditor-General for the Northern Territory. The Auditor-General’s Office has advised that the estimated cost of this service for the 2007-08 year is $56 000 (2007: $45 570).

21. RECONCILIATION OF NET PROFIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2008	2007
	$000	$000
Net Profit	**17 485**	**16 554**
Non-Cash Flows in Net Profit		
Add (gain)/loss on extinguishment	(3 898)	(185)
Less (premium) and discount amortisation	(362)	(319)
Add non-cash adjustments	10	10
Add unrealised interest expense	150	440
Changes in Assets and Liabilities		
Less decrease /(increase) in interest receivable	(1 597)	689
Less decrease /(increase) in debtors	9	(9)
Less decrease /(increase) in prepayments	(51)	(5)
Add increase /(decrease) in employee benefits	21	(19)
Add increase /(decrease) in trade creditors	(135)	93
Add increase /(decrease) in tax liabilities	399	(739)
Add increase /(decrease) in interest payable	1 364	(3 924)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**13 395**	**12 586**

22. FIDUCIARY ACTIVITIES

The Corporation acts as manager for the Investments Portfolio of the Central Holding Authority and the Northern Territory Government Conditions of Service Reserve. Any associated assets and liabilities are not recognised in these financial statements. As at 30 June 2008 the size of the Investment Portfolio was $626 million (2007: $455 million) and the Northern Territory Government Conditions of Service Reserve was $404 million (2007: $422 million). Management fees generated in carrying out these activities are included in the Income Statement. The aggregate income from fiduciary activities for the year was:

	2008	2007
	$000	$000
Management Fees	471	415

23. DIVIDENDS

The Corporation has provided for a dividend of $17.485 million which is at the rate of 100 per cent of its net profit for the 2007-08 year in accordance with the Northern Territory Treasurer's budget direction.

24. NORTHERN TERRITORY TREASURY CORPORATION ADVISORY BOARD

The Northern Territory Treasury Corporation Advisory Board was established in October 1994. The Under Treasurer of the Northern Territory Treasury, Mrs Jennifer Prince, is Chairman of the board, and the following persons held the position of member during the year ended 30 June 2008:

Mr Anthony S Cole AO	Investment Consulting
Mr Richard V Ryan AO	Editure
Mr David Braines-Mead	Senior Director Financial Management Northern Territory Treasury
Mr John R P Montague	Northern Territory Treasury Corporation

During the year ended 30 June 2008 only 2 members were entitled to receive Advisory Board sitting fees, amounting to $37 000 (2007: $36 000). Members who are permanently employed under the *Public Sector Employment and Management Act*, or on similar terms, are not entitled to fees.

	2008	2007
	$000	$000
Sitting Fees	37	36

25. FEES AND COMMISSIONS

The Corporation currently has commission and maintenance arrangements with the following service providers:

Provider:	2008	2007
	$000	$000
Computershare Investor Services Pty Ltd	362	404
Sungard Systems Pty Ltd	61	66
Reuters Pty Ltd	32	22
Bloomberg	19	-
ASX Austraclear Ltd	27	32

26. SEGMENT INFORMATION

The Corporation acts predominantly in the finance industry and lends funds and provides financial advice to the Northern Territory Government, its government business divisions and local authorities. The Corporation operates predominantly in one geographical area, being the Northern Territory of Australia.

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