

NETWORK TASMAN LIMITED

INFORMATION FOR DISCLOSURE

**Pursuant to the Electricity Information Disclosure
Requirements 2004**

For the Year Ended 31 March 2005

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Network Tasman Limited
P O Box 3005
RICHMOND 7031**

**NETWORK TASMAN LIMITED
INFORMATION DISCLOSURE**

**Disclosure of Financial Statements
(Requirement 6)**

**Disclosure of Financial and Efficiency Performance
Measures (Requirement 14)**

**Disclosure of Derivation of Financial Performance Measures
(Requirement 15)**

**Disclosure of Energy Delivery Efficiency Performance
Measures and Statistics (Requirement 20)**

**Disclosure of Reliability Performance Measures
(Requirement 21)**

For the Year Ended 31 March 2005

Network Tasman Limited

52 Main Road, Hope
PO Box 3005
Richmond 7031
Nelson, New Zealand

Tel: 64 3 989 3600
Freephone: 0800 508 098
Fax: 64 3 989 3631
Email: info@networktasman.co.nz
Website: www.networktasman.co.nz

IN ACCORDANCE WITH THE ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004

Requirement 31 (1)

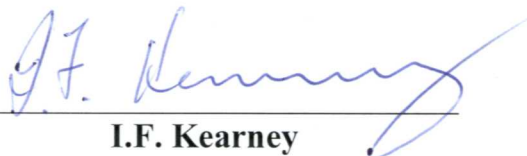
CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY DISCLOSING ENTITIES (OTHER THAN TRANSPower).

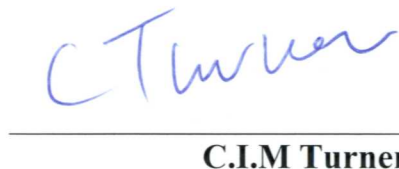
We, Ian Francis Kearney and Christopher Ian Menzies Turner, directors of Network Tasman Limited certify that, having made all reasonable enquiry, to the best of our knowledge,

- (a) The attached audited financial statements of Network Tasman Limited, prepared for the purposes of requirement 6 of the Commerce Commission's Electricity Information Disclosure Requirements 2004 comply with those requirements; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Network Tasman Limited, and having been prepared for the purposes of requirements 14, 15, 20, and 21 of the Electricity Information Disclosure Requirements 2004, comply with those requirements.

The valuations on which those financial performance measures are based are as at 31 March 2004.

SIGNATURES OF DIRECTORS:


I.F. Kearney


C.I.M Turner

Dated 29th July 2005.

NETWORK TASMAN LIMITED

INFORMATION DISCLOSURE

Information Disclosure Disclaimer

The information disclosed has been prepared in accordance with and for the specific use intended in the Commerce Commission's Electricity Information Disclosure Requirements 2004. No responsibility will be accepted for any third party that may use or rely on this report or any part thereof without the express written permission of Network Tasman Limited.

Except as allowed for by the Commerce Act 1986 and information disclosure requirements promulgated by the Act, neither the whole or any part of the information disclosed or any reference thereto may be included in any published document, circular or statement or published in any way without Network Tasman's written approval of the form and context in which it may appear.

The information disclosed is for the line business as described in the Electricity Information Disclosure Requirements 2004. There are also additional activities of the company that are not required to be reported under the Requirements.

Network Tasman Limited

Line Business Financial Statements

Statement of financial performance

For the year ended 31 March 2005

	Note	2005 \$000	2004 \$000
Total operating revenue	2	27,279	26,264
Total operating expenses	3	<u>(19,207)</u>	<u>(17,320)</u>
Operating surplus before interest expense and income tax		8,072	8,944
Interest expense		<u>(6)</u>	<u>(8)</u>
Operating surplus before income tax		8,066	8,936
Income tax	4	<u>(2,157)</u>	<u>(2,581)</u>
Operating surplus		<u>5,909</u>	<u>6,355</u>

Operating surplus comprises:

Operating surplus from continuing activities	5,909	6,355
Operating surplus from discontinued activities	<u>0</u>	<u>0</u>
	<u>5,909</u>	<u>6,355</u>

The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.

Network Tasman Limited

Line Business Financial Statements

Statement of movements in equity

For the year ended 31 March 2005

	Note	2005 \$000	2004 \$000
Total equity at beginning of year	6	131,261	88,947
Total recognised revenues and expenses			
Operating surplus		5,909	6,355
Movement in property, plant & equipment revaluation reserve		0	37,716
Total recognised revenues and expenses for the year		5,909	44,071
Other movements			
Distributions to owners during the year	5	(1,704)	(1,843)
Transfer of property, plant & equipment from/(to) "Other" business		(491)	86
		(2,195)	(1,757)
Total equity at end of year	6	134,975	131,261

The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.

Network Tasman Limited
Line Business Financial Statements

Statement of financial position

As at 31 March 2005

	Note	2005 \$000	2004 \$000
Current assets			
Cash and short term deposits		8,166	8,787
Receivables	8	3,013	2,672
Total current assets		11,179	11,459
Non-current assets			
Property, plant and equipment	9	126,326	121,812
Deferred taxation	10	64	59
Total non-current assets		126,390	121,871
Total assets		137,569	133,330
Current liabilities			
Payables and accruals	11	2,231	1,714
Provisions	12	189	198
Total current liabilities		2,420	1,912
Non-current liabilities			
Provisions	12	174	157
Total non-current liabilities		174	157
Equity			
Attributable to shareholders of the company	6	134,975	131,261
Total equity		134,975	131,261
Total liabilities and equity		137,569	133,330

For and on behalf of the Board of Directors:

IF Kearney
Chairman
29 July 2005

CIM Turner
Director
29 July 2005

The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.

Network Tasman Limited

Line Business Financial Statements

Statement of cash flows

For the year ended 31 March 2005

	Note	2005 \$000	2004 \$000
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Receipts from customers		22,510	20,535
Interest income received		670	607
Capital contributions from consumers		0	0
		<u>23,180</u>	<u>21,142</u>
<i>Cash was applied to:</i>			
Payments to suppliers and employees		13,779	11,736
Interest expense paid		0	0
Income tax paid		2,157	2,558
		<u>15,936</u>	<u>14,294</u>
Net cash flows from operating activities	13	<u>7,244</u>	<u>6,848</u>
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Proceeds from sale of property, plant and equipment		13	0
		<u>13</u>	<u>0</u>
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment		6,174	7,771
		<u>6,174</u>	<u>7,771</u>
Net cash flows from investing activities		<u>(6,161)</u>	<u>(7,771)</u>
Cash flows from financing activities			
<i>Cash was applied to:</i>			
Dividends paid		1,704	1,843
Repayment of term loans		0	0
		<u>1,704</u>	<u>1,843</u>
Net cash flows from financing activities		<u>(1,704)</u>	<u>(1,843)</u>
Net increase (decrease) in cash balances		(621)	(2,766)
Cash balances at beginning of year		<u>8,787</u>	<u>11,553</u>
Cash balances at end of year		<u>8,166</u>	<u>8,787</u>

The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements
For the year ended 31 March 2005

1. Statement of accounting policies

Reporting entity

The reporting entity is Network Tasman Limited.

Statutory base

Network Tasman Limited is a company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with, and for the purposes of, complying with the requirements of the Electricity Information Disclosure Requirements 2004.

Measurement base

The financial statements have been prepared on the basis of historical cost with the exception of distribution system assets, which are stated at valuation.

The financial statements comprise statements of financial performance, movements in equity, financial position, cash flows and notes to these statements.

Accounting policies

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out below:

(a) Revenue

Line revenue

Retailer-owned electricity meters are read on the basis of constant cycles each year. Line revenues include an estimated amount for accrued sales as at 31 March 2005.

Customer contributions

Distribution system assets vested from consumers to the company are credited to the statement of financial performance at fair value.

(b) Property, plant and equipment

Recognition of property, plant and equipment

The company has the following classes of property, plant and equipment:

Distribution system assets

- Primary distribution assets
- Secondary distribution assets
- Substation assets
- Load control plant
- Streetlights
- Consumer connection assets
- Communication assets

Non-distribution system assets

- Plant and equipment
- Computer equipment
- Motor vehicles

Initial recording

All owned items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment comprises its purchase price plus any other costs directly attributable to bringing the item to working condition for its intended use. Donated assets are recorded at fair value.

Distribution system assets are stated at valuation as determined every three years by an independent registered valuer. Plant and equipment, computer equipment and motor vehicles are recorded at cost.

Asset components

When the components of an item of property, plant and equipment have different useful lives, the cost of the item is allocated to its components and each component is accounted for separately in accordance with the company's Asset Management Plan (AMP).

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that the expenditure increases the economic benefits over the total life of the item beyond those most recently assessed in determining the basis of the item's carrying amount.

Revaluations

Distribution system assets are revalued every three years to fair value, or more regularly if necessary to ensure that no individual item of property, plant and equipment within a class is included at a valuation that is materially different from its fair value. Fair value is determined using optimised depreciated replacement cost.

Distribution system assets were last revalued as at 31 March 2004 to optimised depreciated replacement cost (ODRC) as assessed by independent valuers PricewaterhouseCoopers.

Any revaluation increment or decrement is recognised in the statement of movements in equity. If the revaluation results in a revaluation deficit, the revaluation deficit is recognised in the statement of financial performance. To the extent that a revaluation reverses a previous revaluation deficit that was recognised in the statement of financial performance, such revaluation increment is recognised in the statement of financial performance.

Disposal of property, plant and equipment

Where an item of property, plant and equipment is disposed of, the difference between net disposal proceeds and the carrying amount is recognised in the statement of financial performance.

Depreciation

Depreciation of property, plant and equipment is calculated so as to expense the cost or revalued amount of the assets, less any residual value, over the assets useful lives.

The depreciation methods and depreciation rates used are as follows:

Asset class	Depreciation method	Depreciation rates
Primary distribution assets	Straight line	1.33% - 6.16%
Secondary distribution assets	Straight line	1.33% - 9.20%
Substation assets	Straight line	1.43% - 13.31%
Load control plant	Straight line	1.82% - 17.33%
Streetlights	Straight line	1.67% - 33.33%
Consumer connection assets	Straight line	2.22% - 33.33%
Communication assets	Straight line	4.00% - 5.00%
Plant and equipment	Diminishing value	20%
Motor vehicles	Diminishing value	20%
Computer equipment	Diminishing value	48%

The depreciation rates on distribution system assets in existence at the time of the previous revaluation (31 March 2004) are based on the assessed residual lives as determined in the calculation of the Optimised Depreciated Replacement Cost (ODRC).

New assets (as from 1 April 2004) were assessed based on the standard useful lives as contained in the Handbook for Optimised Deprival Valuation of System Fixed Assets of Electricity Line Businesses as issued by the Commerce Commission and dated 30 August 2004.

Pole structures, which have a physical life well in excess of the standard useful lives, were assessed by the company's qualified engineers.

(c) Income tax

Income tax expense is recognised on the operating surplus before taxation, adjusted for permanent differences between taxable and accounting income.

Deferred tax is calculated using the comprehensive basis under the liability method. This involves recognising the tax effect of all timing differences between accounting and taxable income as a deferred tax asset or liability on the statement of financial position.

A deferred tax asset is recognised only where there is virtual certainty that the benefit will be utilised.

(d) Receivables

Receivables are carried at estimated net realisable value after providing for debts where collection is in doubt.

(e) Impairment

Where the estimated recoverable amount of an asset is less than the carrying amount, the asset is written down. The impairment loss is recognised in the statement of financial performance.

(f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held at call with banks and investments in money market instruments.

(g) Employee entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date. Employee benefits include annual leave and long service leave. The provision is the estimated amount expected to be paid out by the company.

(h) Operating leases

Payments made under operating leases are recognised in the statement of financial performance on a basis representative of the pattern of benefits expected to be derived from the leased asset.

(i) Changes In accounting policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in the prior year.

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2005

	2005 \$000	2004 \$000
2. Operating revenue		
Continuing activities		
Trading revenue		
Line revenue (net of discounts)	22,447	21,273
Customer contributions	3,291	2,078
Gain on sale of assets	20	0
Other revenue	851	1,366
Non-recurring income	0	940
Investment revenue		
Interest income	670	607
Total operating revenue from continuing activities	27,279	26,264

3. Operating expenses

Operating expenses include:

Depreciation of property, plant & equipment		
Primary distribution assets	190	100
Secondary distribution assets	3,291	2,236
Substation assets	285	223
Load control plant	58	132
Streetlights	43	4
Consumer connections	277	66
Communications	84	47
Plant and equipment	129	132
Computer equipment	145	186
Motor vehicles	34	27
Total depreciation of property, plant & equipment	4,536	3,153
Auditors' fees		
Audit fees	27	24
Other remuneration paid to auditor	4	0
Costs of offering credit		
Bad debts written off	15	19
Change in provision for doubtful debts	(1)	(2)
Governance expenses		
Directors' fees	129	129
Donations	2	2
Interest expense	6	8
Impairment loss to property, plant & equipment	0	72
Rental and operating lease costs	253	256

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2005

	2005 \$000	2004 \$000
4. Income tax		
Operating surplus before income tax	8,066	8,936
Permanent differences:		
Non-taxable customer contributions	(3,291)	(2,078)
Depreciation	1,756	887
Other permanent differences	6	76
	<u>(1,529)</u>	<u>(1,115)</u>
Taxable income	<u>6,537</u>	<u>7,821</u>
Tax expense @ 33%	2,157	2,581
Income tax (over) under provided in prior year	0	0
Income tax expense recognised in statement of financial performance	<u>2,157</u>	<u>2,581</u>
Comprising:		
Current period tax assessment	2,162	2,543
Deferred income tax liability	(5)	38
	<u>2,157</u>	<u>2,581</u>
5. Dividends		
Dividends during the year:		
Dividends paid	1,704	1,843
Total dividends paid	<u>1,704</u>	<u>1,843</u>
6. Equity		
Ordinary shares fully paid	14,280	14,280
Property, plant & equipment revaluation reserve	84,874	84,874
Share premium reserve	1,938	1,938
Retained earnings	33,883	30,169
Total equity	<u>134,975</u>	<u>131,261</u>
7. Retained earnings		
Retained earnings at beginning of year	30,169	25,571
Operating surplus	5,909	6,355
Total available for appropriation	<u>36,078</u>	<u>31,926</u>
Dividends paid	(1,704)	(1,843)
Transfer of property, plant & equipment from/(to) "Other" business	(491)	86
Retained earnings at end of year	<u>33,883</u>	<u>30,169</u>

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2005

2005 2004
\$000 \$000

8. Receivables

Current receivables

Trade receivables	2,625	2,275
Less doubtful debts	3	4
	2,622	2,271
Interest accrued	100	82
Tax refund due	121	132
Prepayments	170	187
Total current receivables	3,013	2,672

9. Property, plant & equipment

	At cost	At valuation	Accum. depreciation	Carrying Amount
Property, plant & equipment - March 2005				
Primary distribution assets	1,174	6,867	190	7,851
Secondary distribution assets	5,539	96,002	3,291	98,250
Substation assets	741	7,817	285	8,273
Load control plant	312	617	58	871
Streetlights	3	278	43	238
Consumer connections	38	6,242	277	6,003
Communications	86	2,044	84	2,046
Plant and equipment	1,739	0	1,202	537
Computer equipment	2,250	0	1,981	269
Motor vehicles	268	0	123	145
Assets under construction	1,843	0	0	1,843
Total	13,993	119,867	7,534	126,326

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2005

	At cost	At valuation	Accum. depreciation	Carrying Amount
Property, plant & equipment - March 2004				
Primary distribution assets	0	6,867	0	6,867
Secondary distribution assets	0	96,002	0	96,002
Substation assets	0	7,817	0	7,817
Load control plant	0	617	0	617
Streetlights	0	278	0	278
Consumer connections	0	6,242	0	6,242
Communications	0	2,535	0	2,535
Plant and equipment	1,719	0	1072	647
Computer equipment	2,078	0	1836	242
Motor vehicles	267	0	120	147
Assets under construction	418	0	0	418
Total	4,482	120,358	3,028	121,812

Valuation information

The distribution system assets were last revalued as at 31 March 2004 to a net current value of \$120.4 million.

The valuation to optimised depreciated replacement cost (ODRC) was carried out by independent valuers,

PricewaterhouseCoopers.

2005 2004
\$000 \$000

Review of useful lives of property, plant and equipment

Estimate of increase in depreciation charge following a review of useful lives	1,312	0
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10. Deferred taxation

Balance at beginning of year	59	97
Deferred tax on timing differences	5	(38)
Balance at end of year	64	59

11. Payables and accruals

Current

Trade payables and accruals	2,231	1,714
Total current payables and accruals	2,231	1,714

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2005

	2005	2004
	\$000	\$000

12. Provisions

Current

Employee entitlements	126	113
Sundry provisions	63	85
Total current provisions	189	198

Non-current

Employee entitlements	174	157
Sundry provisions	0	0
Total non-current provisions	174	157

Provision for employee entitlements

Balance at beginning of year	270	336
Additional provisions made	110	105
Amount utilised	(80)	(152)
Provision reversed	0	(19)
Balance at end of year	300	270

The provision for employee entitlements relates to employee benefits such as accrued annual leave and long service leave.

Sundry provisions

Balance at beginning of year	85	126
Additional provisions made	63	0
Amount utilised	0	0
Provision reversed	(85)	(41)
Balance at end of year	63	85

Sundry provisions relate to contractor bonuses.

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2005

2005	2004
\$000	\$000

13. Reconciliation of operating surplus after income tax with net cash flows from operating activities

Operating surplus after tax	5,909	6,355
Add (less) non-cash items and non-operating items:		
Depreciation	4,536	3,153
Movement in deferred taxation	(5)	38
Customer contributions	(3,291)	(2,078)
Bad debts written-off	15	19
Change in provision for doubtful debts	(1)	(2)
Impairment loss to property, plant & equipment	0	72
Movement in capital expenditure in creditors	(103)	(164)
	1,151	1,038
Movement in working capital:		
Increase (decrease) in payables and provisions	525	(558)
(Increase) decrease in receivables	(352)	19
Increase (decrease) in taxation payable	11	(6)
	184	(545)
Net cash flows from operating activities	7,244	6,848

14. Related parties

There were no related party transactions in relation to the following (2004: nil):

- Construction of subtransmission assets
- Construction of zone substations
- Construction of distribution lines and cables
- Construction of medium voltage switchgear
- Construction of distribution transformers
- Construction of distribution substations
- Construction of low voltage reticulation
- Construction of other system fixed assets
- Maintenance of assets
- Consumer connections and disconnections

Parent entity

The holding entity of the company is the Network Tasman Trust which holds 100% (2004: 100%) of the company's shares.

Refer to Note 5 for dividends paid to the holding entity.

Associate company

Network Tasman Limited has a 50% shareholding in Nelson Electricity Limited. Nelson Electricity Limited owns and operates the electricity distribution network in Nelson city.

Transmission costs charged by national grid operator Transpower NZ Limited for connection by Nelson Electricity Limited to the national grid are on-charged, at cost, by Network Tasman Limited to Nelson Electricity Limited.

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2005

	2005	2004
	\$000	\$000
Net transmission costs on-charged (1 April 2004 to 31 March 2005)	1,666	1,528
Balance due from Nelson Electricity Limited as at 31 March 2005	154	138

Mr C Turner - Nelson Pine Industries Limited

Nelson Pine Industries Limited, a company in which Mr C Turner (a director of Network Tasman Limited) is General Manager, contracts directly on an arms length basis with Network Tasman Limited, for distribution services. The services amount to 5.2% of total net sales.

As at 31 March 2005, the balance owing by Nelson Pine Industries Limited was \$110,317 (2004: \$2,450).

No related party debts have been written off or forgiven during the year (2004: nil).

15. Financial Instruments

The company estimates that in respect of the reported financial instruments, being cash, short-term investments and debtors, fair value is equivalent to the carrying amount as stated in the statement of financial position.

Credit risk

The company places short-term investments with registered banks only. The company has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on the amount of surplus funds placed with any one banking institution have been set and approved by the Board of Directors.

Concentrations of credit risk

The company's customers are electricity retailers. The credit risk is not considered to be high. The company does not have any other significant concentrations of credit risk.

Interest rate risk

Short-term investments mature within the range of on-call to 180 days. The interest rates on these investments range from 6.68% to 6.97% (2004: 5.25% to 5.57%).

16. Segmental Information

For reporting purposes the company operates predominantly in one industry - the distribution of electricity. The operations of the company are carried out in New Zealand and are therefore within one geographical segment for reporting purposes.

17. Commitments

Capital commitments

Capital commitments as at 31 March 2005 were \$3,421,072 (2004: \$1,511,632).

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2005

Operating lease commitments

Lease commitments under non-cancellable operating leases are payable as follows:

Less than one year	253	253
Between one and two years	253	253
Between two and five years	758	758
Greater than five years	1,383	1,635

Total operating lease commitments

2,647	2,899
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18. Contingencies

As at 31 March 2005 there were no material contingent liabilities or contingent assets (2004: nil).

19. Events occurring after balance date

The directors of Network Tasman Limited are not aware of any significant event occurring subsequent to balance date which, if known at balance date, would have resulted in a different assessment within the financial statements.

20. Mandatory specific disclosures

Items required to be separately listed in the financial statements as required under the Electricity Information Disclosure Requirements 2004:

	2005 \$000	2004 \$000
1. Current assets		
(a) Cash & bank balances	312	978
(b) Short-term investments	7,854	7,809
(c) Inventories	0	0
(d) Accounts receivable	2,722	2,353
(e) Other receivables	0	0
(f) Prepayments	170	187
(g) Other current assets not listed in (a) to (f)	121	132
(h) Total current assets	11,179	11,459
2. Fixed assets		
(a) System fixed assets	123,532	120,358
(b) Consumer billing and information system assets	269	242
(c) Motor vehicles	145	147
(d) Office equipment	84	104
(e) Land and buildings	0	0
(f) Capital works under construction	1,843	418
(g) Other fixed assets not listed in (a) to (f)	453	543
(h) Total fixed assets	126,326	121,812
3. Other tangible assets not listed above	64	59
4. Total tangible assets	137,569	133,330

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2005

	2005 \$000	2004 \$000
5. Intangible assets		
(a) Goodwill	0	0
(b) Other intangibles not listed in (a) above	0	0
(c) Total intangible assets	0	0
6. Total assets	137,569	133,330
7. Current liabilities		
(a) Bank overdraft	0	0
(b) Short-term borrowings	0	0
(c) Payables & accruals	2,231	1,714
(d) Accrued payroll	126	113
(e) Provision for dividend payable	0	0
(f) Provision for income tax	0	0
(g) Other current liabilities not listed in (a) to (f)	63	85
(h) Total current liabilities	2,420	1,912
8. Non-current Liabilities		
(a) Payables & accruals	174	157
(b) Borrowings	0	0
(c) Deferred tax	0	0
(d) Other non-current liabilities not listed in (a) to (c) above	0	0
(e) Total non-current liabilities	174	157
9. Equity		
(a) Shareholders' equity		
(i) Share capital	14,280	14,280
(ii) Retained earnings	33,883	30,169
(iii) Reserves	86,812	86,812
(iv) Total shareholders equity	134,975	131,261
(b) Minority interests in subsidiaries	0	0
(c) Total equity	134,975	131,261
(d) Capital notes	0	0
(e) Total capital funds	134,975	131,261
10. Total equity and liabilities	137,569	133,330
11. Operating revenue		
(a) Revenue from line/access charges	27,120	25,876
(b) Line charge discounts to consumers	(4,673)	(4,603)
(c) Revenue from "other" business for services carried out by the line business	0	0
(d) Interest on cash, bank balances and short-term investments	670	607
(e) AC loss rental rebates	654	1,155
(f) Other revenue not listed in (a) to (e)	3,508	3,229
(g) Total operating revenue	27,279	26,264

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2005

	2005 \$000	2004 \$000
12. Operating expenditure		
(a) Payment for transmission charges	8,500	8,197
(b) Transfer payments to the "other" business for:		
(i) Asset maintenance	0	0
(ii) Consumer disconnections/reconnection services	0	0
(iii) Meter data	0	0
(iv) Consumer-based load control services	0	0
(v) Royalty and patent expenses	0	0
(vi) Avoided transmission charges on account of own generation	0	0
(vii) Other goods and services not listed in (i) to (vi) above	63	63
(viii) Total transfer payment to the "Other" business	63	63
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance	2,928	2,617
(ii) Consumer disconnections/reconnection services	0	0
(iii) Meter data	0	0
(iv) Consumer-based load control services	0	0
(v) Royalty and patent expenses	0	0
(vi) Total of specified expenses to non-related parties	2,928	2,617
(d) Employee salaries, wages and redundancies	1,566	1,479
(e) Consumer billing and information system expense	205	215
(f) Depreciation on:		
(i) System fixed assets	4,228	2,808
(ii) Other assets not listed in (i)	308	345
(iii) Total depreciation	4,536	3,153
(g) Amortisation of:		
(i) Goodwill	0	0
(ii) Other intangibles	0	0
(iii) Total amortisation of intangibles	0	0
(h) Corporate and administration	383	393
(i) Human resource expenses	54	44
(j) Marketing/advertising	73	73
(k) Merger and acquisition expenses	0	0
(l) Takeover defence expenses	0	0
(m) Research and development expenses	0	0
(n) Consultancy and legal expenses	164	201
(o) Donations	2	2
(p) Directors' fees	129	129
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors	27	24
(ii) Audit fees paid to other auditors	0	0
(iii) Fees paid for other services provided by principal and other auditors	4	0
(iv) Total auditors' fees	31	24
(r) Costs of offering credit:		
(i) Bad debts written off	15	19
(ii) Increase in estimated doubtful debts	(1)	(2)
(iii) Total cost of offering credit	14	17
(s) Local authority rates expense	11	8
(t) AC loss-rentals rebates expense	264	464
(u) Rebates to consumers due to ownership interest	0	0
(v) Subvention payments	0	0
(w) Unusual expenses	0	0
(x) Other expenditure not listed in (a) to (w)	284	241
13. Total operating expenditure	19,207	17,320

Network Tasman Limited

Line Business Financial Statements

Notes to and forming part of the financial statements

For the year ended 31 March 2004

	2005 \$000	2004 \$000
14. Operating surplus before interest and income tax	8,072	8,944
15. Interest expense		
(a) Interest expense on borrowings	0	0
(b) Financing charges related to finance leases	0	0
(c) Other interest expense not listed in (a) or (b)	6	8
(d) Total interest expense	6	8
16. Operating surplus before income tax	8,066	8,936
17. Income tax	2,157	2,581
18. Net surplus after tax	5,909	6,355
19. Annual valuation reconciliation report		
System fixed assets at ODV - end of the previous financial year	108,091	73,721
Add system fixed assets acquired during the year at ODV	9,487	9,462
Less system fixed assets disposed of during the year at ODV	0	0
Less depreciation on system fixed assets at ODV	(4,442)	(2,947)
Add revaluations of system fixed assets	0	27,855
System fixed assets at ODV - end of the financial year	113,136	108,091

Schedule 1 - Part 7

Form for the Derivation of Financial Performance Measures from Financial Statements

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	8,071,806				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	8,071,806				
Interest on cash, bank balances, and short-term investments (ISTI)	670,438				
OSBIIT minus ISTI	7,401,368	a	7,401,368		7,401,368
Net surplus after tax from financial statements	5,908,937				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	5,908,937	n		5,908,937	
Amortisation of goodwill and amortisation of other intangibles	0	g	add 0	add 0	add 0
Subvention payment	0	s	add 0	add 0	add 0
Depreciation of SFA at BV (x)	4,227,730				
Depreciation of SFA at ODV (y)	4,442,370				
ODV depreciation adjustment	-214,640	d	add -214,640	add -214,640	add -214,640
Subvention payment tax adjustment	0	s*t		deduct 0	deduct 0
Interest tax shield	-219,404	q			deduct -219,404
Revaluations	0	r			add 0
Income tax	2,157,293	p			deduct 2,157,293
Numerator			7,186,729 OSBIIT ^{ALUJ} = a + g + s + d	5,694,298 NSAT ^{ALUJ} = n + g + s - s*t + d	5,248,840 SBIIT ^{ALUJ} = a + g - q + r + s + d - p - s*t
Fixed assets at end of previous financial year (FA ₀)	121,811,538				
Fixed assets at end of current financial year (FA ₁)	126,326,446				
Adjusted net working capital at end of previous financial year (ANWC ₀)	677,479				
Adjusted net working capital at end of current financial year (ANWC ₁)	492,391				
Average total funds employed (ATFE)	124,653,927 (or regulation 33 time-weighted average)	c	124,653,927		124,653,927
Total equity at end of previous financial year (TE ₀)	131,260,743				
Total equity at end of current financial year (TE ₁)	134,974,714				
Average total equity	133,117,729 (or regulation 33 time-weighted average)	k		133,117,729	
WUC at end of previous financial year (WUC ₀)	418,087				
WUC at end of current financial year (WUC ₁)	1,842,532				
Average total works under construction	1,130,310 (or regulation 33 time-weighted average)	e	deduct 1,130,310	deduct 1,130,310	deduct 1,130,310

Schedule 1 - Part 7

Form for the Derivation of Financial Performance Measures from Financial Statements

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Revaluations	0	r			
Half of revaluations	0	r/2			deduct 0
Intangible assets at end of previous financial year (IA ₀)	0				
Intangible assets at end of current financial year (IA ₁)	0				
Average total intangible asset	0 (or regulation 33 time-weighted average)	m		add 0	
Subvention payment at end of previous financial year (S ₀)	0				
Subvention payment at end of current financial year (S ₁)	0				
Subvention payment tax adjustment at end of previous financial year	0				
Subvention payment tax adjustment at end of current financial year	0				
Average subvention payment & related tax adjustment	0	v		add 0	
System fixed assets at end of previous financial year at book value (SFA _{bv0})	120,358,159				
System fixed assets at end of current financial year at book value (SFA _{bv1})	123,532,468				
Average value of system fixed assets at book value	121,945,314 (or regulation 33 time-weighted average)	f	deduct 121,945,314	deduct 121,945,314	deduct 121,945,314
System Fixed assets at year beginning at ODV value (SFA _{odv0})	108,091,000				
System Fixed assets at end of current financial year at ODV value (SFA _{odv1})	113,135,728				
Average value of system fixed assets at ODV value	110,613,364 (or regulation 33 time-weighted average)	h	add 110,613,364	add 110,613,364	add 110,613,364
Denominator			112,191,668 ATFE ^{ADJ} = c - e - f + h	120,655,469 Ave TE ^{ADJ} = k - e - m + v - f + h	112,191,668 ATFE ^{ADJ} = c - e - ½f - f + h
Financial Performance Measures:			6.41 ROF = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100	4.72 ROE = NSAT ^{ADJ} /ATE ^{ADJ} x 100	4.68 ROI = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100

t = maximum statutory income tax rate applying to corporate entities
the previous financial year

bv = book value

ave = average

odv = optimised deprival valuation

subscript '0' = end of

subscript '1' = end of the current financial year

ROF = return on funds

ROE = return on equity

ROI = return on investment

Network Tasman Limited

Line Business Performance Measures

Performance Measures and Statistics

For the year ended 31 March 2005

	2005	2004	2003	2002
Financial performance measures				
(a) Return on Funds	6.41%	8.88%	10.27%	10.08%
(b) Return on Equity	4.72%	6.06%	6.96%	6.59%
(c) Return on Investment	4.68%	42.93%	7.33%	6.93%
Return on Investment - as restated (excludes revaluation)		6.30%		
Efficiency performance measures				
(a) Direct Line Costs per Kilometre	\$1,318	\$1,258	\$1,232	\$934
(b) Indirect Line Costs per Consumer	\$48	\$43	\$42	\$38
Energy delivery efficiency performance measures and statistics				
1. Energy delivery efficiency performance measures				
(a) Load Factor	65.10%	64.39%	66.12%	63.30%
(b) Loss Ratio	4.40%	3.88%	4.25%	3.39%
(c) Capacity Utilisation	42.80%	42.50%	43.24%	44.67%
2. Statistics				
(a) System Length				
33 kV system	136.35	133.73	126.78	125.51
22 kV system	29.92	0.00	0.00	0.00
11 kV system	2012.20	2060.85	2001.64	1989.13
6.6 kV system	34.37	34.37	34.37	34.37
400 V system	1034.01	1015.33	998.00	972.70
Total Kilometres	3246.85	3244.28	3160.79	3121.71
(b) System Length - Overhead				
33 kV system	124.04	121.83	121.12	120.04
22 kV system	18.22	0.00	0.00	0.00
11 kV system	1858.61	1908.09	1873.27	1867.89
6.6 kV system	33.03	33.03	33.03	33.03
400 V system	575.63	581.08	589.69	604.88
Total Kilometres	2609.53	2644.03	2617.11	2625.84
(c) System Length - Underground				
33 kV system	12.31	11.90	5.66	5.47
22 kV system	11.70	0.00	0.00	0.00
11 kV system	153.59	152.76	128.37	121.24
6.6 kV system	1.34	1.34	1.34	1.34
400 V system	458.38	434.25	408.31	367.82
Total Kilometres	637.32	600.25	543.68	495.87
(d) Transformer Capacity (kVA)	315,001	304,205	291,626	276,450
(e) Maximum Demand (kW)	134,977	129,290	126,103	123,500
(f) Total electricity entering the system (before losses) (kWh)	770,267,682	729,267,287	730,401,537	684,837,910
(g) Total amount of electricity supplied from the system (after losses of electricity) on behalf of each person (kWh)				
Retailer A	469,201,721	412,727,633	304,463,864	286,066,967
Retailer B	63,899,825	102,072,527	9,507,894	6,774,941
Retailer C	186,074,455	174,954,119	1,042,196	931,754
Retailer D	1,581,408	673,561	191,883,213	165,792,163
Retailer E	15,330,318	10,574,262	192,477,170	187,190,919
Retailer F				13,127,997
Retailer G				39,774

	2005	2004	2003	2002
Generator 1	1,822,725	1,835,341	1,631,325	1,670,828
Generator 2	887,434	894,009	85,647	
Generator 3	3,769,506			
Total	742,567,392	703,731,452	701,091,309	661,595,344
(h) Total Consumers	33,830	33,335	32,205	31,293
Reliability performance measures to be disclosed by line owners				
1. Total number of Interruptions				
Class A Transpower Planned	4.00	3.00	4.00	3.00
Class B Line Owner Planned	110.00	76.00	66.00	80.00
Class C Line Owner Unplanned	126.00	101.00	118.00	84.00
Class D Transpower Unplanned	3.00	3.00	1.00	0.00
Total	243.00	183.00	189.00	167.00
2. Interruption Targets (next year)	2005/06	2004/05	2003/04	2002/03
(a) Planned Interruptions by Line Owner (Class B)	100.00	100.00	100.00	120.00
(b) Unplanned Interruptions by Line Owner (Class C)	130.00	130.00	130.00	128.00
3. Average Interruption Targets (5 years)	2006/10	2005/09	2004/08	2003/07
(a) Planned Interruptions by Line Owner (Class B)	100.00	100.00	100.00	110.00
(b) Unplanned Interruptions by Line Owner (Class C)	130.00	130.00	130.00	128.00
4. Fault Restoration Times (Class C) not restored within				
(a) 3 hours	22%	23%	17%	14%
(b) 24 hours	0%	0%	0%	0%
5. Number of faults per 100km of prescribed voltage line				
(a) Total number of faults	5.69	4.53	5.45	3.91
(b) Number of faults targeted (next year)	2005/06	2004/05	2003/04	2002/03
	6.00	6.00	6.00	6.00
(c) Average number of faults targeted (5 years)	2006/10	2005/09	2004/08	2003/07
	6.00	6.00	6.00	6.00
(d) Number of faults per nominal line voltages				
Total number of faults				
33 kV system	2.21	2.24	1.58	1.59
22kV system	0.00	0.00	0.00	0.00
11 kV system	6.06	4.76	5.70	4.12
6.6 kV system	2.91	0.00	5.82	0.00
Number of faults targeted (next year)	2005/06	2004/05	2003/04	2002/03
33 kV system	1.50	1.50	1.50	1.50
22kV system	0.00	0.00	0.00	0.00
11 kV system	6.40	6.40	6.30	6.30
6.6 kV system	0.00	0.00	0.00	0.00
Average number of faults targeted (5 years)	2006/10	2005/09	2004/08	2003/07
33 kV system	1.50	1.50	1.50	1.50
22 kV system	0.00	0.00	0.00	0.00
11 kV system	6.40	6.40	6.30	6.30
6.6 kV system	0.00	0.00	0.00	0.00
6. Number of faults per 100km of prescribed voltage underground line				
33 kV system	0.00	0.00	0.00	0.00
22 kV system	0.00	0.00	0.00	0.00
11 kV system	4.56	6.54	4.67	2.47
6.6 kV system	0.00	0.00	0.00	0.00
Total	3.91	6.02	4.43	2.34
7. Number of faults per 100km of prescribed voltage overhead line				
33 kV system	2.42	2.46	1.65	1.67

	2005	2004	2003	2002
22 kV system	0.00	0.00	0.00	0.00
11 kV system	6.21	4.61	5.87	4.28
6.6 kV system	3.03	0.00	6.06	0.00
Total	5.85	4.41	5.52	4.06
8. SAIDI for the total number of interruptions	210.15	164.10	151.23	114.68
9. SAIDI targets (next year)	2005/06	2004/05	2003/04	2002/03
(a) Planned Interruptions by Line Owner (Class B)	25.00	25.00	25.00	35.00
(b) Unplanned Interruptions by Line Owner (Class C)	59.00	60.00	60.00	60.00
10. Average SAIDI targets (5 years)	2006/10	2005/09	2004/08	2003/07
(a) Planned Interruptions by Line Owner (Class B)	25.00	25.00	25.00	32.00
(b) Unplanned Interruptions by Line Owner (Class C)	57.00	57.00	58.00	55.00
11. Classification of SAIDI interruptions by Class				
Class A Transpower Planned	55.25	35.73	43.29	43.92
Class B Line Owner Planned	28.04	25.92	16.77	21.39
Class C Line Owner Unplanned	118.30	95.26	90.96	49.37
Class D Transpower Unplanned	8.56	7.19	0.20	0.00
Total	210.15	164.10	151.22	114.68
12. SAIFI for the total number of interruptions	2.47	1.73	1.86	1.14
13. SAIFI targets (next year)	2005/06	2004/05	2003/04	2002/03
(a) Planned Interruptions	0.18	0.18	0.18	0.27
(b) Unplanned Interruptions	0.98	1.00	1.00	1.33
14. Average SAIFI targets (5 years)	2006/10	2005/09	2004/08	2003/07
(a) Planned Interruptions by Line Owner (Class B)	0.18	0.18	0.18	0.23
(b) Unplanned Interruptions by Line Owner (Class C)	0.95	0.95	0.97	1.00
15. Classification of SAIFI interruptions by Class				
Class A Transpower Planned	0.23	0.14	0.17	0.14
Class B Line Owner Planned	0.23	0.15	0.19	0.13
Class C Line Owner Unplanned	1.48	1.07	1.30	0.87
Class D Transpower Unplanned	0.53	0.37	0.20	0.00
Total	2.47	1.73	1.86	1.14
16. CAIDI for the total number of interruptions	85.08	94.30	81.25	100.59
17. CAIDI Targets (next year)	2005/06	2004/05	2003/04	2002/03
(a) Planned Interruptions	140.00	140.00	139.00	128.00
(b) Unplanned Interruptions	60.00	60.00	60.00	45.00
18. Average CAIDI targets (5 years)	2006/10	2005/09	2004/08	2003/07
(a) Planned Interruptions by Line Owner (Class B)	140.00	140.00	139.00	139.00
(b) Unplanned Interruptions by Line Owner (Class C)	60.00	60.00	60.00	55.00
19. Classification of CAIDI interruptions by Class				
Class A Transpower Planned	240.22	246.86	258.11	313.71
Class B Line Owner Planned	121.91	169.23	86.47	164.54
Class C Line Owner Unplanned	79.93	88.97	69.84	56.75
Class D Transpower Unplanned	16.15	19.35	1.00	0.00



REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF NETWORK TASMAN LIMITED FOR THE YEAR ENDED 31 MARCH 2005

We have audited the financial statements of Network Tasman Limited on pages 4 to 22. The financial statements provide information about the past financial performance of Network Tasman Limited and its financial position as at 31 March 2005. This information is stated in accordance with the accounting policies set out on pages 8 to 11.

Directors' responsibilities

The Commerce Commission's Electricity Information Disclosure Requirements 2004 made under section 57T of the Commerce Act 1986 require the Directors to prepare financial statements which give a true and fair view of the financial position of Network Tasman Limited as at 31 March 2005, and the results of its operations and cash flows for the year ended on that date.

Auditor's responsibilities

Section 15 of the Public Audit Act 2001 and Regulation 30 of the Electricity (Information Disclosure) Requirements 2004 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Scott Tobin of Audit New Zealand to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- ▲ the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- ▲ whether the accounting policies are appropriate to Network Tasman Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Network Tasman Limited.

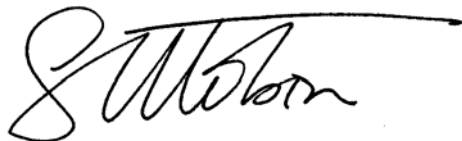
Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- ▲ proper accounting records have been maintained by Network Tasman Limited as far as appears from our examination of those records; and
- ▲ the financial statements of Network Tasman Limited on pages 4 to 22:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of Network Tasman Limited's financial position as at 31 March 2005 and the results of its operations and cash flows for the year ended on that date; and
 - comply with the Electricity (Information Disclosure) Requirements 2004.

Our audit was completed on 1 August 2005 and our unqualified opinion is expressed as at that date.



S M Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand





Audit New Zealand

**AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF
NETWORK TASMAN LIMITED**

We have examined the information on pages 22 to 25, being:

- a the derivation table in requirement 15;
- b the annual ODV reconciliation report in requirement 16;
- c the financial performance measures in clause 1 of Part 3 of Schedule 1; and
- d the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, –

that were prepared by Network Tasman Limited and dated 29 July 2005 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

In our opinion, having made all reasonable enquiry, and to the best of our knowledge, that information has been prepared in accordance with those Electricity (Information Disclosure) Requirements 2004.

S M Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
1 August 2005

This audit report relates to the financial statements of Network Tasman Limited for the year ended 31 March 2005 included on Network Tasman Limited's website. Network Tasman Limited is responsible for the maintenance and integrity of their website. We have not been engaged to report on the integrity of the Network Tasman Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 1 August 2005 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.