

NETWORK TASMAN LIMITED

INFORMATION FOR DISCLOSURE

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

For the Year Ended 31 March 2007

**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 2007

Network Tasman Limited
P O Box 3005
RICHMOND 7031

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.

NetworkTasman

Network Tasman Limited

52 Main Road, Hope 7020
PO Box 3005
Richmond 7050
Nelson, New Zealand

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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,

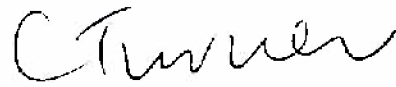
- (a) The attached audited financial statements of Network Tasman Limited, prepared for the purposes of requirement 6 of the Commerce Commission's Electricity Information Disclosure Requirements 2004 comply with those requirements; and
- (b) The attached information, being the derivation table, financial 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: 21 January 2008

NetworkTasman

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IN ACCORDANCE WITH THE ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004

Requirement 36(1)

STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION SUPPLIED TO COMMERCE COMMISSION

I, Christopher Ian Menzies Turner, of Nelson, being a director of Network Tasman Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public by Network Tasman Limited under the Commerce Commission's Electricity Information Disclosure Requirements 2004.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957. Declared at this 21st January 2008.



C.I.M. Turner



Signature

~~Justice of the Peace (or Solicitor or other
Person authorised to take a statutory declaration).~~

John Michael Hollyer
Solicitor
Nelson

Network Tasman Limited

Line Business Financial Statements

Statement of financial performance
For the year ended 31 March 2007

| | Note | 2007 \$000 | 2006 \$000 |
|--|------|-----------------|-----------------|
| Total operating revenue | 2 | 27,582 | 26,814 |
| Total operating expenses | 3 | <u>(20,307)</u> | <u>(19,818)</u> |
| Operating surplus before interest expense and income tax | | 7,275 | 6,996 |
| Interest expense | | <u>0</u> | <u>0</u> |
| Operating surplus before income tax | | 7,275 | 6,996 |
| Income tax | 4 | <u>(2,324)</u> | <u>(2,387)</u> |
| Operating surplus | | <u>4,951</u> | <u>4,609</u> |
| Operating surplus comprises: | | | |
| Operating surplus from continuing activities | | 4,951 | 4,609 |
| Operating surplus from discontinued activities | | <u>0</u> | <u>0</u> |
| | | <u>4,951</u> | <u>4,609</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 2007

| | Note | 2007 \$000 | 2006 \$000 |
|--|------|----------------|----------------|
| Total equity at beginning of year | 6 | 137,584 | 134,975 |
| Total recognised revenues and expenses | | | |
| Operating surplus | | 4,951 | 4,609 |
| Movement in property, plant & equipment revaluation reserve | | 17,509 | 0 |
| Total recognised revenues and expenses for the year | | <u>22,460</u> | <u>4,609</u> |
| Other movements | | | |
| Distributions to owners during the year | 5 | (2,429) | (2,000) |
| Transfer of property, plant & equipment from/(to) "Other" business | | 0 | 0 |
| | | <u>(2,429)</u> | <u>(2,000)</u> |
| Total equity at end of year | 6 | <u>137,615</u> | <u>137,584</u> |

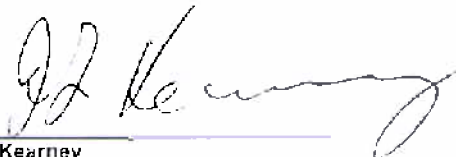
The accompanying notes and accounting policies form part of and are to be read in conjunction with this statement.

Network Tasmania Limited
 Line Business Financial Statements

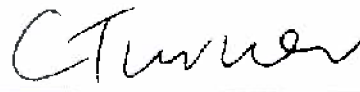
Statement of financial position
 As at 31 March 2007

| | Note | 2007 \$000 | 2006 \$000 |
|---|------|-----------------------|-----------------------|
| Current assets | | | |
| Cash and short term deposits | | 4,976 | 6,975 |
| Receivables | 8 | <u>3,227</u> | <u>2,913</u> |
| Total current assets | | 8,203 | 9,888 |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 152,984 | 130,160 |
| Deferred taxation | 10 | <u>51</u> | <u>85</u> |
| Total non-current assets | | 153,035 | 130,245 |
| Total assets | | <u>161,238</u> | <u>140,133</u> |
| Current liabilities | | | |
| Payables and accruals | 11 | 3,245 | 2,234 |
| Provisions | 12 | <u>181</u> | <u>134</u> |
| Total current liabilities | | 3,426 | 2,368 |
| Non-current liabilities | | | |
| Provisions | 12 | <u>197</u> | <u>181</u> |
| Total non-current liabilities | | 197 | 181 |
| Equity | | | |
| Attributable to shareholders of the company | 6 | <u>157,615</u> | <u>137,584</u> |
| Total equity | | 157,615 | 137,584 |
| Total liabilities and equity | | <u>161,238</u> | <u>140,133</u> |

For and on behalf of the Board of Directors:



IF Kearney
 Chairman
 21-Jan-08



CIM Turner
 Director
 21-Jan-08

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 2007

| | Note | 2007 \$000 | 2006 \$000 |
|---|------|----------------|----------------|
| Cash flows from operating activities | | | |
| <i>Cash was provided from:</i> | | | |
| Receipts from customers | | 23,799 | 23,049 |
| Interest income received | | 519 | 582 |
| Capital contributions from consumers | | 0 | 0 |
| | | <u>24,318</u> | <u>23,631</u> |
| <i>Cash was applied to:</i> | | | |
| Payments to suppliers and employees | | 13,836 | 12,950 |
| Interest expense paid | | 0 | 0 |
| Income tax paid | | 2,343 | 2,324 |
| | | <u>16,179</u> | <u>15,274</u> |
| Net cash flows from operating activities | 13 | <u>8,139</u> | <u>8,357</u> |
| Cash flows from investing activities | | | |
| <i>Cash was provided from:</i> | | | |
| Proceeds from sale of property, plant and equipment | | 3 | 11 |
| | | <u>3</u> | <u>11</u> |
| <i>Cash was applied to:</i> | | | |
| Purchase of property, plant and equipment | | 7,712 | 7,559 |
| | | <u>7,712</u> | <u>7,559</u> |
| Net cash flows from investing activities | | <u>(7,709)</u> | <u>(7,548)</u> |
| Cash flows from financing activities | | | |
| <i>Cash was applied to:</i> | | | |
| Dividends paid | | 2,429 | 2,000 |
| Repayment of term loans | | 0 | 0 |
| | | <u>2,429</u> | <u>2,000</u> |
| Net cash flows from financing activities | | <u>(2,429)</u> | <u>(2,000)</u> |
| Net increase (decrease) in cash balances | | (1,999) | (1,191) |
| Cash balances at beginning of year | | 6,975 | 8,166 |
| Cash balances at end of year | | <u>4,976</u> | <u>6,975</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 2007

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 2007.

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 2007 to depreciated replacement cost (DRC) 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 are based on the assessed residual lives as determined in the calculation of the Depreciated Replacement Cost (DRC).

New distribution assets are assessed 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.

