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TASMAN ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

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**IN ACCORDANCE WITH THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994**

Reg. 26 (2)

CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANS POWER FOR THE YEAR ENDING 31 MARCH 1996.

We, Eric Peter and Ian MacLennan, principals of Tasman Energy Limited certify that, having made a reasonable enquiry, to the best of our knowledge, -

- (a) The attached audited financial statements of Tasman Energy Limited, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; and
- (b) The attached information, being financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Tasman Energy Limited, and having been prepared for the purposes of regulations 13,14,15, and 16 of the Electricity (Information Disclosure) Regulations 1994, comply with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The valuations on which those financial performance measures are based are as at 31 March 1995.

SIGNATURES OF PRINCIPALS:

A handwritten signature in black ink, appearing to be 'Eric Peter', written over a horizontal line.

Eric Peter
31 July 1996

A handwritten signature in black ink, appearing to be 'Ian MacLennan', written over a horizontal line.

Ian MacLennan
31 July 1996



Audit New Zealand

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

I have examined the attached financial statements prepared by Tasman Energy Limited and dated 31 July 1996 for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

I hereby certify that, having made all reasonable enquiry, to the best of my knowledge, those financial statements give a true and fair view of the matters to which they relate and have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1994.

A handwritten signature in black ink, appearing to read 'K J Boddy', written in a cursive style.

K J Boddy
Audit New Zealand

On behalf of the Controller and Auditor-General
6 August 1996



Audit New Zealand

CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

I have examined the attached information, being -

- (a) Financial performance measures specified in clause 1 of Part II of the First Schedule to the Electricity (Information Disclosure) Regulations 1994; and
- (b) Financial components of the efficiency performance measures specified in clause 2 of Part II of that Schedule, -

and having been prepared by Tasman Energy Limited and dated 31 July 1996 for the purposes of regulation 13 of those regulations.

I certify that, having made all reasonable enquiry, to the best of my knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1994.

A handwritten signature in black ink, appearing to read 'K J Boddy', written over a circular stamp or seal.

K J Boddy

Audit New Zealand

On behalf of the Controller and Auditor-General

6 August 1996



Audit New Zealand

Audit New Zealand
Te Tari Arotake o te Motu

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CERTIFICATE BY AUDITOR IN RELATION TO ODV VALUATION

I have examined the valuation report prepared by I V MacLennan and M J Hendrickson, dated 18 August 1995, which contains valuations as at 31 March 1995.

I hereby certify that, having made all reasonable enquiry, to the best of my knowledge, the valuations contained in the report have been made in accordance with the ODV Handbook.

A handwritten signature in cursive script that reads "K J Boddy". The signature is enclosed in a simple rectangular box.

K J Boddy
Audit New Zealand
On behalf of the Controller and Auditor-General

7 September 1995

INFORMATION DISCLOSURE DISCLAIMER

These financial statements have been prepared in accordance with and for the specific use intended in the Electricity Act and information disclosure regulations. No responsibility will be accepted for any third party who may use or rely on this report or any part thereof without the express written permission of Tasman Energy Limited.

Except as allowed for by the Electricity Act 1992 and information disclosure regulations promulgated by the Act, neither the whole or any part of these financial statements or any reference thereto may be included in any published document, circular or statement or published in any way without Tasman Energy's written approval of the form and context in which it may appear.

**TASMAN ENERGY LIMITED
LINE & OTHER BUSINESSES FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1996**

	Note	Line Business		Other Business	
	2				
		\$000		\$000	
		1996	1995	1996	1995
REVENUE					
Distribution revenue		22,183	21,241		
Interest received		829	598	77	0
Electricity sales and other income		2,382		38,717	36,708
		<u>25,394</u>	<u>21,839</u>	<u>38,794</u>	<u>36,708</u>
OPERATING PROFIT					
After charging:					
Depreciation on fixed assets		1,537	1,435	285	94
Audit fees		37	31	2	4
Other fees paid to auditor		4		0	
Directors fees		108	44	16	76
Tasman Electric Power Trust expense reimbursement		40	15	2	27
Loan interest		214	320	0	0
Lease of buildings		121	(136)	304	501
Bad debts written off		71		34	
Increase (decrease) in estimated doubtful debts		(18)		31	
Donations		6		0	
SURPLUS BEFORE TAXATION		6,146	2,556	926	86
Provision for taxation		1,956	636	310	42
SURPLUS AFTER TAXATION		<u>4,190</u>	<u>1,920</u>	<u>615</u>	<u>44</u>
Retained earnings at beginning of year		3,470	1,650	230	186
Total available for appropriation		<u>7,660</u>	<u>3,570</u>	<u>845</u>	<u>230</u>
Dividends paid	4	200	100	0	0
Retained Earnings at End of Year		<u>7,460</u>	<u>3,470</u>	<u>845</u>	<u>230</u>

**TASMAN ENERGY LIMITED
LINE & OTHER BUSINESSES FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1996**

	Note	Line Business		Other Business	
		\$000		\$000	
		1996	1995	1996	1995
EQUITY					
Share capital	5	24,433	28,340	5,067	1,160
Reserves	6	1,938	1,938	0	0
Retained earnings		7,460	3,470	845	230
TOTAL EQUITY		33,831	33,748	5,912	1,390
<i>Represented by</i>					
CURRENT ASSETS					
Bank and cash		65	59	172	0
Short term deposits		11,710	7,011	1,092	0
Accounts receivable	7	3,085	3,038	5,981	5,984
Inventories		0	445	2,369	2,614
		14,860	10,553	9,614	8,598
INTERCOMPANY CURRENT ACCOUNTS		0	3,301	0	(3,301)
CURRENT LIABILITIES					
Creditors and accruals	8	6,421	5,876	5,709	4,437
Term loans - current portion	10	38	0	77	0
		6,459	5,876	5,786	4,437
WORKING CAPITAL		8,401	7,978	3,828	860
NON-CURRENT ASSETS					
Fixed assets	9	31,484	30,455	2,040	553
Assets under construction		25	419	0	0
Investments		0	0	1	8
Deferred tax		1,061	1,335	298	51
		32,570	32,209	2,339	612
NON-CURRENT LIABILITIES					
Term liabilities	10	2,076	2,114	156	0
Deferred income		5,064	4,325	99	82
		7,140	6,439	255	82
NET ASSETS		33,831	33,748	5,912	1,390

TASMAN ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Tasman Energy Limited is a public company registered under the Companies Act 1955.

Tasman Energy Limited is an issuer for the purposes of the Financial Reporting Act 1993.

The consolidated financial statements are for the group comprising Tasman Energy Limited and its subsidiaries and have been prepared pursuant to the Energy Companies Act 1992 and in accordance with the requirements of the Companies Act 1955 and the Financial Reporting Act 1993.

MEASUREMENT BASE

The financial statements have been prepared on the basis of historical cost with the exception of certain items for which specific accounting policies are disclosed.

The assets and liabilities of Tasman Energy Limited were vested from the Tasman Electric Power Board on 1 May 1993 in accordance with the Establishment Plan approved by the Governor General by Order of Council on 26 April 1993.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied.

(a) Basis of Consolidation

No inter business transaction between the Line and Other businesses have been eliminated.

(b) Recognition of Revenue

Electricity meters are read on the basis of constant cycles each year. Sales of electricity include an estimated amount for accrued sales from meters unread as at 31 March 1996.

(c) Goods and Services Tax (GST)

The Statement of Financial Performance has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST with the exception of receivables and payables which include GST invoiced.

(d) Fixed Assets

All fixed assets are initially recorded at cost.

Freehold land and buildings were subsequently revalued on 1 April 1991 to government valuation dated October 1990.

Distribution system assets have been valued in the accounts to reflect the present market value independently established by Landcorp Property Limited, registered valuers, using discounted cash flow techniques. The valuation report is dated 31 March 1993. All subsequent additions are at cost less depreciation.

Motor vehicles are valued at book values established in April 1987, plus additions at cost less depreciation.

Plant and equipment and computer equipment are valued at cost less depreciation.

No allowance for depreciation has been made on the cost of assets prior to 1 April 1976, the commencement of 1977 Accounting Regulations.

(e) Taxation

The income tax expense charged to the Statement of Financial Performance includes both the current year's provision and the income tax effects of timing differences calculated using the liability method.

Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

(f) Receivables

Receivables are stated at their estimated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

(g) Inventories

Inventory has been stated at the lower of cost and net realisable value. Inventory has been valued on the basis of average cost during the year.

The reticulation stock held for the purpose of supporting the existing distribution network is accounted for as a fixed asset.

(h) Financial Instruments

Pursuant to FRS 31 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.

The company holds cash in minimal quantities and places short term investments with only registered banks and limits the amount of credit exposure to any one registered bank. Concentrations of credit risk with respect to debtors are limited due to the large number of customers included in the company's customer base.

Tasman Energy has entered into electricity price hedges with ECNZ for the period 1 April 1996 to 30 September 1996. Under these contracts Tasman Energy has purchased a financial instrument that fixes the price of electricity in different daily and seasonal time slots. On maturity electricity is purchased at the spot price prevailing at the time of consumption. The difference between the price of the hedge and the spot price is then settled between ECNZ and Tasman Energy, regardless of whether any of the electricity for which the hedge was matched was actually purchased or not. The gain or loss on these hedge transactions is not quantifiable at balance date.

(i) Changes In Accounting Policies

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

SPECIFIC ACCOUNTING POLICIES - Line Business**(a) Depreciation**

Fixed assets have been depreciated in order to write off cost less estimated residual value over their estimated useful life on the following basis:

Distribution System	4%	SL
Buildings (revalued)	2%	SL
Plant and Equipment	20%	DV
Motor Vehicles	20%	DV
Computer Equipment	25%	DV

Distribution system fixed assets have been depreciated for accounting purposes from the date on which they were commissioned by Tasman Energy.

(b) Capital Contributions from Customers

Capital contributions from customers are credited to deferred income and amortised over the economic life of the asset constructed.

(c) Inventories

The reticulation stock held for the purpose of supporting the existing distribution network is accounted for as a fixed asset.

(d) Term Liabilities

The term liabilities were valued in the accounts so as to present a market value as at 31 March 1993. The purpose of the valuation was to reflect the difference between the future contracted expense and a then current market interest rate of 8%. The valuation was independently established by Landcorp property limited, registered valuers, in their report dated 31 March 1993.

SPECIFIC ACCOUNTING POLICIES - Other Business**(a) Depreciation**

Fixed assets have been depreciated in order to write off cost less estimated residual value over their estimated useful life on the following basis:

Buildings (revalued)	2%	SL
Plant and Equipment	20%	DV
Motor Vehicles	20%	DV
Computer Equipment	25%	DV

(b) Receivables

Hire purchase debtors exclude unearned interest. Total interest has been included at the time the contract was made and has been allocated over the term of the agreement using the rule of 78 method.

**TASMAN ENERGY LIMITED
LINE & OTHER BUSINESSES FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS

	Line Business		Other Business	
	S000		S000	
	1996	1995	1996	1995
2. BUSINESS SEPARATION				
These accounts have been prepared in accordance with the Electricity (Information Disclosure) Regulations 1994. Line Business and Other Business separation are as per regulation 6 of these regulations.				
3. TAXATION				
Profit before taxation	6,146	2,556	926	86
Taxation at 33%	2,027	844	306	28
(Over) under provision from prior years	(4)	(12)	(1)	14
Plus (less) taxation effect of permanent differences	0		0	
Amortisation of deferred income	(64)	(52)	0	
Depreciation	(66)	(68)	0	
Other permanent differences.	63	(76)	5	
Taxation Expense (Benefit)	1,956	636	310	42
The taxation charge is represented by:				
Current taxation	2,083	921	167	42
Deferred taxation	(127)	(285)	143	
	1,956	636	310	42
4. DIVIDENDS				
Distributions during the year				
Interim dividend paid	100	100		
Final dividend provided for	100			
	200	100	0	0
5. SHARE CAPITAL				
Authorised and Issued Capital				
29,500,000 ordinary shares of \$1	24,433	28,340	5,067	1,160
6. RESERVES				
Share Premium Reserve	1,938	1,938	0	0

The share premium reserve was created on 1/5/93, recognising the difference between the share capital issued and the closing value of corporate ownership of the Tasman Electric Power Board at 30/4/93. There has been no movement in reserves in the current financial year.

**TASMAN ENERGY LIMITED
LINE & OTHER BUSINESSES FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS

	Line Business		Other Business	
	\$000		\$000	
	1996	1995	1996	1995
7. ACCOUNTS RECEIVABLE				
Trade debtors	3,039	2,357	4,327	4,335
Other	46	681	1,654	1,649
	<u>3,085</u>	<u>3,038</u>	<u>5,981</u>	<u>5,984</u>
8. CREDITORS AND ACCRUALS				
Trade creditors	2,899	2,512	4,837	4,128
Other	3,522	3,364	872	309
	<u>6,421</u>	<u>5,876</u>	<u>5,709</u>	<u>4,437</u>
9. FIXED ASSETS				
Land (at valuation)	1,742	1,750	0	0
Buildings (at valuation)	5,765	5,810	0	62
Accumulated depreciation	571	459	0	4
	<u>5,194</u>	<u>5,351</u>	<u>0</u>	<u>58</u>
Distribution system (at valuation)	25,971	23,507	0	0
Accumulated depreciation	2,741	1,756	0	0
	<u>23,230</u>	<u>21,751</u>	<u>0</u>	<u>0</u>
Plant and equipment	910	1,970	1,327	334
Accumulated depreciation	534	1,221	425	85
	<u>376</u>	<u>749</u>	<u>902</u>	<u>249</u>
Computer equipment (at cost)	1,230	950	245	132
Accumulated depreciation	670	548	117	60
	<u>560</u>	<u>402</u>	<u>128</u>	<u>72</u>
Motor vehicles (at cost)	656	1,867	1,317	242
Accumulated depreciation	274	1,415	307	68
	<u>382</u>	<u>452</u>	<u>1,010</u>	<u>174</u>
Total Fixed Assets	<u>31,484</u>	<u>30,455</u>	<u>2,040</u>	<u>553</u>

**TASMAN ENERGY LIMITED
LINE & OTHER BUSINESSES FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS

	Line Business		Other Business	
	\$000		\$000	
	1996	1995	1996	1995
10. TERM LIABILITIES				
Reserve Bank loans (interest rates 9.5% to 16.75%)	2,114	2,114		
Other		0	233	
	<u>2,114</u>	<u>2,114</u>	<u>233</u>	0
Less Current Portion	38	0	77	
	<u>2,076</u>	<u>2,114</u>	<u>156</u>	<u>0</u>
Repayable as follows :				
1 to 2 years	2,024	38	156	
2 to 3 years	52	2,024		
3 to 4 years	0	52		
	<u>2,076</u>	<u>2,114</u>	<u>156</u>	<u>0</u>

A provision to reflect the difference between the actual and current market interest rates is included in the creditors and accruals and is being reversed as loans mature, as set out below. Directors acknowledge this does not conform to current Generally Accepted Accounting Practice. Directors believe the treatment is appropriate given the statutory obligation to "value" the undertaking to ensure that the book value of assets and liabilities used for statutory vesting from Tasman Electric Power Board were realistic using current commercial acquisition practice.

11. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 1996 the group had no material commitments or contingent liabilities that are not included in these financial statements.

TASMAN ENERGY
STATEMENT OF PERFORMANCE MEASURES
THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994
FOR THE YEAR ENDING 31 MARCH 1996

	1996	1995
1. FINANCIAL PERFORMANCE MEASURES		
Accounting Return on Total Assets	7.53%	3.91%
Accounting Return on Equity	5.55%	3.03%
Accounting Rate of Profit	4.78%	2.64%
2. EFFICIENCY PERFORMANCE MEASURES		
Direct Line Costs per Kilometre	\$1,660	\$2,613
Indirect Line Costs per Electricity Customer	\$64	\$130
3. ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES		
Load Factor	61.55%	62.38%
Loss Ratio	6.49%	6.34%
Capacity Utilisation	42.76%	43.50% *
4. STATISTICS : (km)		
a. System Length		
33 kV system	124	115
11 kV system	1,926	1,923
6.6 kV system	34	26
400 V system	948	938
TOTAL	3,032 km	3,001 km
b. Overhead Line Length		
33 kV system	121	112
11 kV system	1,829	1,825
6.6 kV system	33	24
400 V system	656	657
TOTAL	2,639 km	2,618 km
b. Underground Cable Length		
33 kV system	3	3
11 kV system	97	98
6.6 kV system	1	2
400 V system	292	281
TOTAL	393 km	383 km
Transformer Capacity (kVA)	256,279	236,185
Maximum Demand (kW)	109,597	102,745 *
Total Electricity Supplied (kWh)	554,962,010	538,132,943 *
Electricity Conveyed for Others (kWh)	155,471,693	135,441,303
Total Customers	28,806	27,960

* Comparatives restated from last years disclosed statistics to now include bulk supply.

1996 1995

5. RELIABILITY PERFORMANCE MEASURES TO BE DISCLOSED BY LINE OWNERS

Total number of Interruptions

Class A TransPower Planned	3	3
Class B Line Owner Planned	129	49
Class C Line Owner Unplanned	121	88
Class D TransPower Unplanned	6	9
Class E Unplanned ECNZ	0	0
Class F Unplanned Other Generator	0	0
Class G Other	0	0
TOTAL	259	149

Number of faults per 100km of prescribed voltage line 5.81 4.27

Number of faults per 100km of prescribed voltage underground line

33 kV system	0	0
11 kV system	4.14	4.03
6.6 kV system	0	0
TOTAL	3.98	3.92

Number of faults per 100km of prescribed voltage overhead line

33 kV system	0.83	0
11 kV system	6.34	4.54
6.6 kV system	0	0
TOTAL	5.9	4.28

CLASSIFICATION OF INTERRUPTIONS

	SAIDI Min/Con-Cust	SAIDI Min/Con-Cust
Class A TransPower Planned	65.06	9
Class B Line Owner Planned	101.01	24
Class C Line Owner Unplanned	127.48	123
Class D TransPower Unplanned	25.82	61
Class E Unplanned ECNZ	0	0
Class F Unplanned Other Generator	0	0
Class G Other	0	0
TOTAL	319.37	217

CLASSIFICATION OF INTERRUPTIONS

	SAIFI Int/Con-Cust	SAIFI Int/Con-Cust
Class A TransPower Planned	0.204	0.05
Class B Line Owner Planned	0.667	0.14
Class C Line Owner Unplanned	1.369	1.3
Class D TransPower Unplanned	0.841	1.71
Class E Unplanned ECNZ	0	0
Class F Unplanned Other Generator	0	0
Class G Other	0	0
TOTAL	3.081	3.2

CLASSIFICATION OF INTERRUPTIONS

	CAIDI Min/Cust-Int	CAIDI Min/Cust-Int
Class A TransPower Planned	318.74	180
Class B Line Owner Planned	151.38	174
Class C Line Owner Unplanned	93.07	95
Class D TransPower Unplanned	30.69	36
Class E Unplanned ECNZ	0	0
Class F Unplanned Other Generator	0	0
Class G Other	0	0
TOTAL	103.66	68

6. VALUATION OF ASSETS TO BE DISCLOSED BY LINE OWNERS

ODV of Line Owner Assets 31 March 1995 \$90,390,084



