

Murraylink Transmission Partnership
ABN 76 095 760 375

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for the year ended 31 December 2010

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DIRECTORS' RESPONSIBILITY STATEMENT FOR REGULATORY ACCOUNTING STATEMENTS

In the opinion of the directors of the partners of the Murraylink Transmission Partnership:

- * the regulatory accounting statements, other statements, schedules, and work papers set out on pages 2 to 28 are drawn up to present fairly as required by the *Australian Energy Regulator's Electricity Transmission Network Service Provider Information Guidelines*, Version 1 issued 28 September 2007;
 - * the results of each business segment for the year ended 31 December 2010;
 - * information concerning the state of affairs at 31 December 2010, of each business segment;
 - * have been made out in accordance with applicable and appropriate accounting principles and policies;
 - * have been prepared in accordance with the requirements, set out in the *Australian Energy Regulator's Electricity Transmission Network Service Provider Information Guidelines* referred to above.
- * information concerning all related party transactions required by paragraph 4.14 of the guidelines.
- * no third party benefit transactions arose during the year ended 31 December 2010 that require disclosure under paragraph 4.15 of the guidelines.
- * no financing transactions arose during the year ended 31 December 2010 that require disclosure under paragraph 4.16 of the guidelines.

The terms and definitions used in this statement accord with the definitions set out in the *Australian Energy Regulator's Electricity Transmission Network Service Provider Information Guidelines* referred to above.

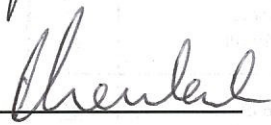
Signed in accordance with a resolution of directors of the partners:



Director

29/4/11

Dated



Director

29/4/11

Dated

NOTES TO THE ACCOUNTS

For the year ended 31 December 2010

1 Statement of Significant Accounting Policies

Financial reporting framework

The Murraylink Transmission Partnership is not a reporting entity because, in the opinion of the directors of the Partners, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these regulatory accounting statements have been prepared to satisfy the directors' reporting requirements under the Australian Energy Regulator's Electricity Transmission Network Service Provider Information Guidelines, Version 1 issued 28 September 2007 ("Information Guidelines 2007").

Murraylink Transmission Partnership ("Murraylink") as a partnership has not prepared and lodged a statutory financial report with ASIC. In the absence of a statutory financial report, Murraylink has reconciled from the Murraylink trial balance (referred to as the "statutory account equivalent").

As the Murraylink Transmission Partnership is not liable for income tax (income tax is paid by the partners) the regulatory accounting statements does not contain income tax.

Profits of the partnership are allocated to the partners based on their share in the partnership.

Statement of compliance

The regulatory accounting statements have been prepared in accordance with the Information Guidelines 2007 and the basis of accounting specified by all Australian Accounting Standards (AASBs) and Interpretations, except where inconsistent with the code. The financial report has been prepared in accordance with the disclosure requirements of the Information Guidelines 2007 and therefore do not necessarily include all disclosures required by Accounting Standards.

Basis of preparation

The regulatory accounting statements have 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. All amounts are presented in Australian dollars, unless otherwise noted.

Note - In preparing these statements areas which were greyed in the regulator's templates were not completed based on instructions from the regulator.

Note - If a cell in a specific row or column is blank or empty a zero value should be assumed.

Critical accounting judgements and key sources of estimation uncertainty

In the application of AASBs, management is required to make judgements, estimates and assumptions about the 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 in the circumstances, the results of which form the basis of making 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. Refer to Note 2 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

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.

The Murraylink statutory account equivalent incorporates information relating to Murraylink Transmission Partnership.

The accounting policies set out below have been applied in preparing the regulatory accounting statements for the year ended 31 December 2010.

These regulatory accounting statements have been prepared on a going concern basis.

(a) Trade and other receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

An allowance for doubtful debts is raised when the collection of the full amount of the debt is no longer probable. Bad debts are written off when identified.

NOTES TO THE ACCOUNTS (cont)

1 Statement of Significant Accounting Policies (cont)

(b) Property, plant and equipment

Items of property, plant and equipment are initially brought to account at cost in the statutory accounts equivalent which includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. For major qualifying assets, cost includes, where applicable, finance and other costs incurred during construction.

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the financial year the asset is derecognised.

In the statutory accounts equivalent property, plant and equipment, other than freehold land, leasehold improvements and surplus properties held for sale, are depreciated on a straight line basis at rates based upon the expected useful lives of the assets. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Land and buildings

* Buildings	45 years
* Site improvements	45 years
* Transportable office	30 years

Plant and equipment

* Cables	60 years
* Converters - transmission equipment	45 years
* Converters - electronics and control systems	25 years
* Spares	45 years
* Other plant and equipment	3 to 20 years

Adjustments are made to the statutory accounts equivalent property, plant and equipment value and depreciation to reflect the regulatory asset value and regulatory depreciation.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Sales Revenue

Sales revenue is recognised in the month it relates to and represents revenue earned for the transmission of electricity.

(ii) Interest Revenue

Interest revenue is recognised as it accrues using the effective interest method.

(iii) Sale of Non-Current Assets

The net profit / (loss) on the sale of non-current assets is included as income at the date control of the assets passes to the buyer. This is usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(d) Impairment

At each reporting date, the carrying amount of assets are reviewed 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 asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

(e) Trade and other payables

Trade and other payables, including accruals not yet billed, are recognised when the partnership becomes obliged to make future payments principally as a result of purchases of goods and services.

(f) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO THE ACCOUNTS (cont)

2 Critical accounting judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

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.

Impairment of assets

Determining whether property, plant and equipment, identifiable intangible assets and goodwill is impaired requires an estimation of the value-in-use of the cash-generating units. The value-in-use calculation requires the Partnership to estimate the future cash flows expected to arise from cash-generating units and suitable discount rates in order to calculate the present value of cash-generating units.

Useful lives of non-current assets

The Partnership reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Any reassessment of useful lives in a particular year will effect the depreciation or amortisation expense.

INCOME STATEMENT - PRESCRIBED TRANSMISSION SERVICES

for the year ended: 31 December 2010

Account code or reference to Account Code	Description	Disaggregation Statement - Prescribed Transmission Services	Journal number	Regulatory adjustments	Regulatory financial statements	Support reference
		\$'000		\$'000 Dr/(Cr)	\$'000	
	Network charges	13,736			13,736	DISAGG Inc
	Insurance proceeds	2,408	GJ02	2,408		DISAGG Inc
	Total Revenue	16,144		2,408	13,736	
	Opex costs					
	<i>NETWORK OPERATIONS & MAINTENANCE</i>					
	Operating & Maintenance Costs	2,216			2,216	DISAGG Inc
	Management Fees & Expenses	762			762	DISAGG Inc
	<i>OTHER COSTS</i>					
	Insurance	293			293	DISAGG Inc
	Staff Costs					
	Tax on Property & Capital	90			90	DISAGG Inc
	Travel Costs					
	Accounting/Audit Fees					
	Legal Fees	1			1	DISAGG Inc
	Other	26			26	DISAGG Inc
	Depreciation	2,487	GJ01	(1,960)	527	DISAGG Inc
	Impairment					
	Earnings before Interest and Tax (EBIT)	10,269		448	9,821	
	Taxation					

Note:

In addition it is mandatory to produce for each cost or revenue item that has been allocated to the **Prescribed Services Segment** a supporting workpaper that includes the following:

- a) the amounts that have been directly attributed to the **Prescribed Services Segment**
- b) the amounts that have been allocated to each **Prescribed Services Segment**
- c) a description of the allocation basis
- d) the numeric quantity of each allocator.

* Note: The structure of Murraylink Transmission Partnership is a partnership, it will not pay tax itself. The profit/loss of the partnership will be distributed to each partner.

BALANCE SHEET - PRESCRIBED TRANSMISSION SERVICES

as at: 31 December 2010

Account code or reference to Account Code	Description	Disaggregation Statement - Prescribed Transmission Services	Journal number	Regulatory adjustments	Regulatory financial statements	Support reference
		\$'000		\$'000 Dr/(Cr)	\$'000	
	Current Assets					
	Cash					
	Receivables					
	Investments					
	Prepayments	55			55	DISAGG Bal
	Accrued revenue					
	Inventories					
	Other					
	Non-current Assets					
	Receivables					
	Investments					
	Property, plant and equipment	87,838	GJ01	15,511	103,349	DISAGG Bal & PTS Rec Assets
	Other					
	Total Assets	87,893		15,511	103,404	
	Current Liabilities					
	Trade creditors and accruals					
	Provisions					
	Current Tax Liabilities					
	Non-current Liabilities					
	Payables					
	Provisions					
	Total Liabilities					
	Net Assets	87,893		15,511	103,404	

Note:

In addition it is mandatory to produce for each cost or revenue item that has been allocated to the **Prescribed Services Segment** a supporting workpaper that includes the following:

- a) the amounts that have been directly attributed to the **Prescribed Services Segment**
- b) the amounts that have been allocated to each **Prescribed Services Segment**
- c) a description of the allocation basis
- d) the numeric quantity of each allocator.

CASH FLOW STATEMENT - PRESCRIBED TRANSMISSION SERVICES

for the year ended: 31 December 2010

Account Code or reference	Description	Disaggregation Statement - Prescribed Transmission Services	Journal number	Regulatory adjustments	Regulatory financial statements	Support re
		\$'000		\$'000 Dr/(Cr)	\$'000	
	Operating activities					
	Disaggregated earnings before interest and tax	10,269	GJ01 & GJ02	(448)	9,821	DISAGC
	Add back Depreciation	2,487	GJ01	(1,960)	527	DISAGC
	Plus					
	Proceeds from sale of property, plant and equipment					
	(Less)					
	Payments for property, plant and equipment					
	Plus / (less)					
	Increases / (decreases) in trade creditors and accruals					DISAGC
	Increases / (decreases) in customer deposits					
	(Increases) / decreases in receivables					DISAGC
	(Increases) / decreases in prepayments	(55)			(55)	DISAGC
	(Increases) / decreases in inventory					
	(Increases) / decreases in accrued revenue					
	Net cash from operating activities	12,701			10,293	
	Investing activities					
	Cash used					
	Payments for property, plant and equipment	(2,445)			(2,445)	DISAGC
	Net cash from operating activities	(2,445)			(2,445)	
	Financing activities					
	Cash used					
	Borrowing costs	(3)			(3)	DISAGC
	Inter-Entity Repayments	(13,740)	GJ02	2,408	(11,332)	DISAGC
	Net cash from financing activities	(13,743)			(11,335)	
	Net increase/(decrease) in cash held					
	Cash at the beginning of the reporting period					
	Cash at the end of the reporting period					

Note:

In addition it is mandatory to produce for each cashflow item that has been allocated to the *Prescribed Services Segment* a supporting workpaper that includes the following:

- a) the amounts that have been directly attributed to the *Prescribed Services Segment*
- b) the amounts that have been allocated to the *Prescribed Services Segment*
- c) a description of the allocation basis
- d) the numeric quantity of each allocator.

DISAGGREGATION STATEMENT - INCOME

for the year ended: 31 December 2010

Account code or reference to Account Code	Description	Statutory Accounts Equivalent	Prescribed Transmission Services	Negotiated Transmission Services	Non-Regulated Transmission Services	Not Allocated	Workpaper reference
		\$'000	\$'000	\$'000	\$'000	\$'000	
480030	Electricity Transmission - Fixed	13,736	13,736				PTS Rev P & L 09-10
	Insurance proceeds	2,408	2,408				
	Total Revenue	16,144	16,144				
	Opex costs						
	<i>NETWORK OPERATIONS & MAINTENANCE</i>						
	Operating & Maintenance Costs	2,216	2,216				DISAGG Opex
	Management Fees & Expenses	762	762				DISAGG Opex
	<i>OTHER COSTS</i>						
	Insurance	293	293				DISAGG Opex
	Staff Costs						
	Tax on Property & Capital	90	90				DISAGG Opex
	Travel Costs						
	Accounting/Audit Fees						
	Legal Fees	1	1				DISAGG Opex
	Other	26	26				DISAGG Opex
	Depreciation	2,487	2,487				DISAGG Assets
	Impairment						
	Earnings before Interest and Tax (EBIT)	10,269	10,269				
	Interest received						
	Interest paid	3				3	P & L 09-10
	Finance costs paid						
	Profit(loss) before Income Tax Expense	10,266					
	Australian income tax expense	n/a					
	Deferred income tax	n/a					
	Other income tax	n/a					
	Profit(loss) after income tax expense	10,266					
	Dividends paid						
	Retained Profit(Loss)	10,266					

Note:

In addition it is mandatory to produce for each cost or revenue item that has been allocated to the *Prescribed Services Segment* a supporting workpaper that includes the following:

- a) the amounts that have been directly attributed to the *Prescribed Services Segment*
- b) the amounts that have been allocated to the *Prescribed Services Segment*
- c) a description of the allocation basis
- d) the numeric quantity of each allocator.

* Note: The structure of Murraylink Transmission Partnership is a partnership, it will not pay tax itself. The profit/loss of the partnership will be distributed to each partner.

DISAGGREGATION STATEMENT - BALANCE SHEET

as at: 31 December 2010

This proforma summarises a TNSP's actual annual capital expenditure.	Description	Statutory Accounts Equivalent	Prescribed	Negotiated	Non-Regulated	Not Allocated	Workpaper reference
			Transmission Services	Transmission Services	Transmission Services		
		\$'000	\$'000	\$'000	\$'000	\$'000	
	Current Assets						
	Cash						
	Receivables	1,266				1,266	BSheet 0910
	Investments						
	Prepayments	55	55				BSheet 0910
	Accrued revenue						
	Inventories						
	Other						
	Total current assets	1,321					
	Non-Current Assets						
	Property, plant and equipment	87,838	87,838				DISAGG Assets
	Receivables	22,207				22,207	BSheet 0910
	Investments						
	Other						
	Total non-current assets	110,045	87,838			22,207	
	Total Assets	111,366					
	Current Liabilities						
	Trade creditors and accruals	2,914				2,914	BSheet 0910
	Loans						
	Customer deposits						
	Bank overdraft						
	Provisions						
	Other						
	Total current liabilities	2,914					
	Non-Current Liabilities						
	Provisions						
	Loans from related parties	180,647				180,647	BSheet 0910
	Other						
	Total non-current liabilities	180,647				180,647	
	Total Liabilities	183,561					
	Net Assets	(72,195)					
	Equity						
	Share capital						
	Foreign Ex Gain/Loss Reserve						
	Accumulated profits/losses	(72,195)					BSheet 0910
	Total Equity/Deficiency	(72,195)					
	Accumulated Profits & Losses						
	- At the start of the period	(82,461)					BSheet 0910
	- Profit / Loss retained	10,266					DISAGG Inc
	- At the end of the period	(72,195)					

Note:

In addition it is mandatory to produce for each cost or revenue item that has been allocated to the *Prescribed Services Segment* a supporting workpaper that includes the following:

- the amounts that have been directly attributed to the *Prescribed Services Segment*
- the amounts that have been allocated to the *Prescribed Services Segment*
- a description of the allocation basis
- the numeric quantity of each allocator.

DISAGGREGATION STATEMENT - CASH FLOWS

for the year ended: 31 December 2010

Account code or reference to account code	Description	Statutory Accounts Equivalent	Prescribed Transmission Services	Negotiated Transmission Services	Non-Regulated Transmission Services	Not Allocated	Workpaper reference
		\$'000	\$'000	\$'000	\$'000	\$'000	
	Operating activities						
	Disaggregated earnings before interest and tax	10,269	10,269				DISAGG Inc
	Add back Depreciation	2,487	2,487				DISAGG Inc
	Plus						
	Proceeds from sale of property, plant and equipment						
	(Less)						
	Payments for property, plant and equipment						
	Plus / (less)						
	Increases / (decreases) in trade creditors and accruals	2,621					Rec - Op Cash to NPAT
	Increases / (decreases) in customer deposits						
	(Increases) / decreases in receivables	866					Rec - Op Cash to NPAT
	(Increases) / decreases in prepayments	(55)	(55)				Rec - Op Cash to NPAT
	(Increases) / decreases in inventory						
	(Increases) / decreases in accrued revenue						
	Net cash from operating activities	16,188	12,701				
	Investing activities						
	Cash used						
	Payments for property, plant and equipment	(2,445)	(2,445)				DISAGG Assets
	Net cash from investing activities	(2,445)	(2,445)				
	Financing activities						
	Cash used						
	Borrowing costs	(3)	(3)				Cashflow
	Inter-Entity Repayments	(13,740)	(13,740)				Cashflow
	Net cash from financing activities	(13,743)	(13,743)				
	Net increase/(decrease) in cash held						
	Cash at the beginning of the reporting period						
	Cash at the end of the reporting period						

Note:

In addition it is mandatory to produce for each cost or revenue item that has been allocated to the **Prescribed Services Segment** a supporting workpaper that includes the following:

- a) the amounts that have been directly attributed to the **Prescribed Services Segment**
- b) the amounts that have been allocated to the **Prescribed Services Segment**
- c) a description of the allocation basis
- d) the numeric quantity of each allocator.

OPERATIONS AND MAINTENANCE EXPENDITURE

for the year ended: 31 December 2010

This proforma summarises a TNSP's actual annual capital expenditure.	Account Heading	Ticks to indicate which rows are intersegmental costs	Prescribed	Prescribed	Not Allocated	Total
			Transmission Services	Transmission Services		
			\$'000	\$'000	\$'000	\$'000
	Directly Attributed Costs					
	NETWORK OPERATIONS					
	<u>Operating & Maintenance Costs</u>					
570010 & 572270	Agreed Costs - Major Contractor		1,253			1,253
570040	Agreed Costs - Other		77			77
572010 & 572210	Contractors - O&M		886			886
	<i>TOTAL Operating & Maintenance</i>		2,216			2,216
	<u>Management Fees & Expenses</u>					
572280 & 572300	Management fees		762			762
	<i>TOTAL Management Fees & Expenses</i>		762			762
	TOTAL NETWORK OPERATIONS & MAINTENANCE		2,978			2,978
	OTHER COSTS					
	<u>Insurance</u>					
685010	Insurance		293			293
	<i>TOTAL Insurance</i>		293			293
	<u>Staff Costs</u>					
	Consultants					
	<i>TOTAL Staff Costs</i>					
	<u>Tax on Property & Capital</u>					
630090	Property - Rates & Taxes		90			90
	<i>TOTAL Tax on Property & Capital</i>		90			90
	<u>Travel Costs</u>					
	Meal Non FBT					
	Travel - Local - Accommodation					
	Travel - Local - Airfares					
	Travel - Local - Taxes					
	Travel - Local - Motor Vehicle					
	Travel - Overseas - Accommodation					
	Travel - Overseas - Airfares					
	<i>TOTAL Travel Costs</i>					
	<u>Accounting/Audit Fees</u>					
	Accounting Fees - Audit					
	Accounting Fees - Non Audit					
	<i>TOTAL Accounting/Audit Fees</i>					
	<u>Legal Fees</u>					
640040	Legal Fees - Deductible		1			1
	Legal Fees - Non-Deductible					
	<i>TOTAL Legal Fees</i>		1			1
	<u>Other</u>					
689110	Pipeline / Asset Licence Fees		28			28
	Security					
	Storage					
	Document Filing fees (ASIC etc)					
	Miscellaneous					
	State shared costs					
	Labour Recharge					
	Contractors - General					
	COS - Fuel Gas					
630130	Utilities - Electricity / Gas / Water		0			0
	Communication - Voice		-2			-2
	Communication - WAN Data & Internet					
	IE OH CHG - APTMS					
	<i>TOTAL Other</i>		26			26
	TOTAL OTHER COSTS		410			410
	Subtotal of Directly Attributed costs		3,387			3,387
	Allocated Costs	<i>Basis of allocation</i>				
		<i>Work paper Ref.**</i>				
		<i>'Causal / Non- Causal'</i>				
	Subtotal of Allocated costs					
	Total Opex Costs per DISAGG FPerf		3,387			3,387
					Total	3,387

Explanation of opex costs required by the **Commission** (for example, bushfire costs, insurance etc)

<p>* Delete as appropriate</p> <p>** For each Account Heading item subject to Causal allocation, ensure that it is included on a workpaper Aloc 1</p> <p>For each Account Heading item subject to Non-Causal allocation, ensure that it is included on a workpaper Aloc 2</p> <p>Note: Where Intersegmental costs arise, the total costs of all Business Segments will be greater than the costs in the Base Accounts. This is why the reconciliation to the Base Accounts is required on this schedule.</p>

CAUSAL ALLOCATION

for the year ended: 31 December 2010

1. Causal basis of allocation - The causal allocation does not apply to Murraylink as it is a single transmission line operation with one business segment. All the costs incurred are allocated to the prescribed transmission services without exception.

NON-CAUSAL ALLOCATION

for the year ended: 31 December 2010

1. Non-causal basis of allocation - The causal allocation does not apply to Murraylink as it is a single transmission line operation with one business segment. All the costs incurred are allocated to the prescribed transmission services without exception.

REGULATORY ADJUSTMENT JOURNALS - PRESCRIBED TRANSMISSION SERVICES

for the year ended: 31 December 2010

Journal number	Account Debited Account Credited	Amount		Supporting Statement No.
		Debit \$'000	Credit \$'000	
GJ01	Shareholder's Equity		13,550	DISAGG Assets & PTS Rec Assets
	Property, Plant & Equipment - Cost		80,482	
	Property, Plant & Equipment - Accumulated Depreciation	95,992		
Depreciation (Book)		2,487		
	Depreciation (Regulatory)	527		
	(Being adjustment made on the written down value of the assets to bring it in line with the net regulatory values of assets at the end of regulatory reporting period)	96,519	96,519	
GJ02	Sundry Income	2,408		PTS Rev
	Interentity loans		2,408	
	(Adjustment to revenue to remove insurance proceeds which are not approved PTS cost passthrough)			

Note:

This schedule must contain for each Regulatory Adjustment made on the Income Statement and Balance Sheet, the following:

- a) a journal entry showing accounts debited and credited
- b) an explanation of why the adjustment has been made.

PRICE REDUCTION/RECOVERY - PRESCRIBED TRANSMISSION SERVICES

for the year ended: 31 December 2010

The price reduction/Recovery for the prescribed transmission services is not applicable to Murraylink Transmission Partnership.

PRUDENT DISCOUNTS - PRESCRIBED TRANSMISSION SERVICES

for the year ended: 31 December 2010

Murraylink Transmission Partnership did not have any discounts issued or paid during the current year.

REVENUE ANALYSIS - PRESCRIBED TRANSMISSION SERVICES

for the year ended: 31 December 2010

Account code or reference	Tariff Category	Amount of electricity transmitted	Revenue
		GWh	\$'000
411000	Electricity Transmission - Fixed		13,736
480030	Sundry Income		2,408
		Total	16,144

Note that Murraylink is not directly metered, thus the amount of GWh transmitted is not directly metered by Murraylink.

**NETWORK SUPPORT PASS THROUGH - PRESCRIBED
TRANSMISSION SERVICES**

for the year ended: 31 December 2010

The Murraylink Transmission Partnership does not have any network support pass through events to report in the current year.

COST PASS THROUGH - PRESCRIBED TRANSMISSION SERVICES - ANNUAL REPORTING

for the year ended: 31 December 2010

Date of positive change event	6 January 2007
Date written statement submitted to AER	4 July 2008
Date fo AER determination	29 August 2008
Approved pass through amount for 2010 - 11	\$250,000

The Murraylink Transmission Partnership did not have any negative change events that resulted in an adjustment to the MAR in the current regulatory year.

Above passthrough revenue was reported in CY2010.

SUMMARY OF DISAGGREGATION STATEMENT ASSETS

Analysis of property, plant and equipment disclosed in disaggregation Statement
"DISAGG Bal", prior to any regulatory adjustments.

as at: 31 December 2010

	Prescribed Transmission Services	Prescribed Transmission Services	Negotiated Transmission Services	Non- Regulated Transmission Services	Not Allocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Book Value	Buildings, Plant & Equipment	Construct'n in Progress				
Balance as at 1 January 2010	183,837					183,837
Additions		2,445				2,445
Transfers						
Disposals						
Balance as at 31 December 2010	183,837	2,445				186,282
Accumulated depreciation						
Balance as at 1 January 2010	(95,957)					(95,957)
Depn charges January 2010 - December 2010	(2,487)					(2,487)
Impairment						
Balance as at 31 December 2010	(98,444)					(98,444)
Net book value as at 31 December 2010	85,393	2,445				87,838

**RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT -
PRESCRIBED TRANSMISSION SERVICES**

as at: 31 December 2010

	<i>Asset class Switchyard</i>	<i>Asset class Transmission Line</i>	<i>Asset class Easements</i>	Total
	\$'000	\$'000	\$'000	\$'000
Gross values				
As agreed by the Commission as at 1 October 2003	53,469	39,781	4,080	97,330
Plus / (minus)				
Revaluation adjustments - Revised decision 31 Mar 2004	3,858	1,770		5,628
Additions up to 31 December 2009	747			747
Disposals up to 31 December 2009	(349)			(349)
Value as at 31 December 2009	57,725	41,551	4,080	103,356
Additions - year ending 31 December 2010	2,445			2,445
Disposals during the year ending 31 December 2010				
At end of year	60,170	41,551	4,080	105,801
Accumulated depreciation				
Revaluation adjustments				
Depreciation charges	1,227	725		1,951
Depreciation released on disposals	(26)			(26)
Accumulated Depreciation as at 31 December 2009	1,201	725		1,926
Depreciation charge for the year ended 31 December 2010	330	196		527
At end of year	1,531	921		2,452
Values agreed by the Commission	57,327	41,551	4,080	102,958
Net regulatory values 1 January 2010	56,524	40,826	4,080	101,430
Net regulatory values at 31 December 2010	58,639	40,630	4,080	103,349

ASSET AGING SCHEDULE - PRESCRIBED TRANSMISSION SERVICES

As at: 31 December 2010

Asset class	Useful life remaining (years after <i>Regulatory Accounting Date</i>)					
	Total	1-5	6-10	11-15	16-20	>20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Switchyard	58,639	2,294	3,522	4,988	6,730	41,105
Transmission Line	40,630	1,365	2,096	2,969	4,005	30,194
Easements	4,080	0	0	0	0	4,080
Total net regulatory value	103,349	3,659	5,618	7,957	10,735	75,379

NB: Nominal Depreciation from the PTRM model used

SUMMARY OF PROVISIONS

for the year ended: 31 December 2010

Murraylink Transmission Partnership does not have any provisions to report in the current year.

PROVISIONS RECONCILIATION - PRESCRIBED TRANSMISSION SERVICES

for the year ended: 31 December 2010

Murraylink Transmission Partnership does not have any provisions to report in the current year.

RELATED PARTY TRANSACTIONS

for the year ended: 31 December 2010

The names of the entities who are partners of the Murraylink Transmission Partnership as at 31 December 2010 are:
 Murraylink (No.1) Pty Ltd (formerly SNC - Lavalin Investment Australia Pty Ltd)
 Murraylink (No. 2) Pty Ltd (formerly Murraylink HQI Australia Pty Limited)
 Murralink Transmission Company Pty Ltd

Details of related party	Description of transaction	Prescribed	Procurement process	Monetary value of transaction
		\$'000	\$'000	\$'000
	Expenses			
APT Management Services	Direct insurance cost	293		293
APA Operations (EII)	Direct and indirect costs incurred under the management, operation and maintenance and commercial services agreement between the Directlink JV and APA Operations (EII) Pty Limited as operator. Indirect costs are allocated based on the % of the revenue the asset contributes to total revenue.	2,028		2,028

Balances with related parties at regulatory accounting date				
		\$'000	\$'000	\$'000
	Current assets			
	Non-current assets			
	Total assets			0
	Current liabilities			
	Non-current liabilities			
	Total liabilities			0

Commitments with related parties at regulatory accounting period				
Value of commitments with related parties that are expected to result in related party transactions in future regulatory accounting periods:				
		Recognised as liabilities	Not recognised as liabilities	Total
		\$'000	\$'000	\$'000
	Payable:			
	Not later than one year			
	Later than one year and not later than five years			
	Later than five years			
	Total commitments			

NB: For the purposes of the "RELATED PARTY TRANSACTIONS" reporting template, only "prescribed" transactions and balances with related parties have been disclosed.

REVENUE RECONCILIATION

for the year ended: 31 December 2010

Applicable for the period 1 July 2009 - 30 June 2010

Description	Unit type	Unit	
CPI (December Tx)	CPI – All Groups Weighted Average of 8 Capital Cities (ABS)		160.10
CPI (December Tx+1)	As above		166.00
Change in CPI	Per cent		2.34
X-factor	Per cent		1.20
AR (Tx)	\$		13,250,053.95
AR (Tx+1)	\$		13,573,484.37
S-factor (Tx)	\$+		89,887.02
Under/over recovery AR (Tx)	\$+		0.00
Revenue Cap Tx+1	\$		13,663,371.39

Applicable for the period 1 July 2010 - 30 June 2011

Description	Unit type	Unit	
CPI (December Tx)	CPI – All Groups Weighted Average of 8 Capital Cities (ABS)		166.00
CPI (December Tx+1)	As above		169.50
Change in CPI	Per cent		2.11
X-factor	Per cent		1.20
AR (Tx)	\$		13,573,484.37
AR (Tx+1)	\$		13,693,356.23
S-factor (Tx)	\$±		116,003.00
Under/over recovery AR (Tx)	\$±		0.00
Revenue Cap Tx+1	\$		13,809,359.23

The current regulatory reporting year includes approved revenues for the two financial years referred above, being the 6 months ended 30 June 2010 and the 6 months ended 31 December 2010.

Capital Expenditure Summary - Prescribed Transmission Services

for the year ended: 31 December 2010

This proforma summarises a TNSP's actual annual capital expenditure. Forecast capital expenditure for the period is derived from the capital expenditure forecast submitted by the Transmission Network Service Provider to set its revenue cap.

Total capital expenditure :	\$'000
Forecast	0
Actual - period ended 31 December 2010	<u>2,445</u>

Note: Of the actual CapEx spend reported above, \$2,408k related to the acquisition of a replacement phase reactor upon which the partnership received insurance proceeds to cover said amount.

Capital Expenditure Efficiencies - Prescribed Transmission Services

for the year ended: 31 December 2010

As part of the setting a TNSP's revenue cap, the Commission has reviewed and approved capital expenditure for the regulatory period. This proforma enables a TNSP to set out explanations for any variances or efficiencies that it may have achieved in its cap.

Capital expenditure project:	\$'000
Forecast	0
Actual	0

Note : Murraylink Transmission Partnership did not have any major capital project expenditure project in the current year.



Independent auditor's review report to the Partners of Murraylink Transmission Partnership

We have reviewed the accompanying regulatory financial report, being a special purpose financial report of Murraylink Transmission Partnership (the partnership), which comprises the balance sheet as at 31 December 2010, and the income statement and the cash flows statement for the year ended on that date, and a summary of significant accounting policies and other required statements and schedules set out on pages 2 to 28.

Directors' responsibility for the regulatory financial report

The directors of the Murraylink (No.1) Pty Limited, Murraylink (No.2) Pty Limited and Murraylink Transmission Company Pty Limited, the Partners, are responsible for the preparation and fair presentation of the regulatory financial report and have determined that the accounting policies described in Note 1 are appropriate to meet the needs of the *Australian Energy Regulators Electricity Transmission Network Services Provider Information Guidelines 2007* and are appropriate to meet the needs of the Australian Energy Regulators and the Partners. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the regulatory 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the regulatory financial report based on our review. No conclusion is expressed as to whether the accounting policies used, as described in Note 1 are appropriate to meet the requirements of the *Australian Energy Regulators Electricity Transmission Network Services Provider Information Guidelines 2007* or the Partners. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described anything has come to our attention that makes us believe that the regulatory financial report is not presented fairly, in all material respects, in accordance with the accounting policies set out in Note 1 and the disclosure requirements prescribed by the *Australian Energy Regulators Electricity Transmission Network Services Provider Information Guidelines 2007*. As auditor of Murraylink Transmission Partnership, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a regulatory financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the regulatory financial report, which describes the basis of accounting. The regulatory financial report has been prepared for the purpose of fulfilling the partners' financial reporting responsibilities under the *Australian Energy Regulators Electricity Transmission Network Services Provider Information Guidelines 2007*. As a result, the regulatory financial report may not be suitable for another purpose.

Independence

In conducting our review, we have complied with the independence requirements of the *Accounting Professional and Ethics Standards Board*.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us believe that the regulatory financial report of Murraylink Transmission Partnership does not present fairly, in all material respects, the financial position of the Partnership as of 31 December 2010 and of its financial performance and its cashflow for the year then ended in accordance with the accounting policies set out in Note 1 and the disclosure requirements prescribed by the *Australian Energy Regulators Electricity Transmission Network Services Provider Information Guidelines 2007*.

KPMG

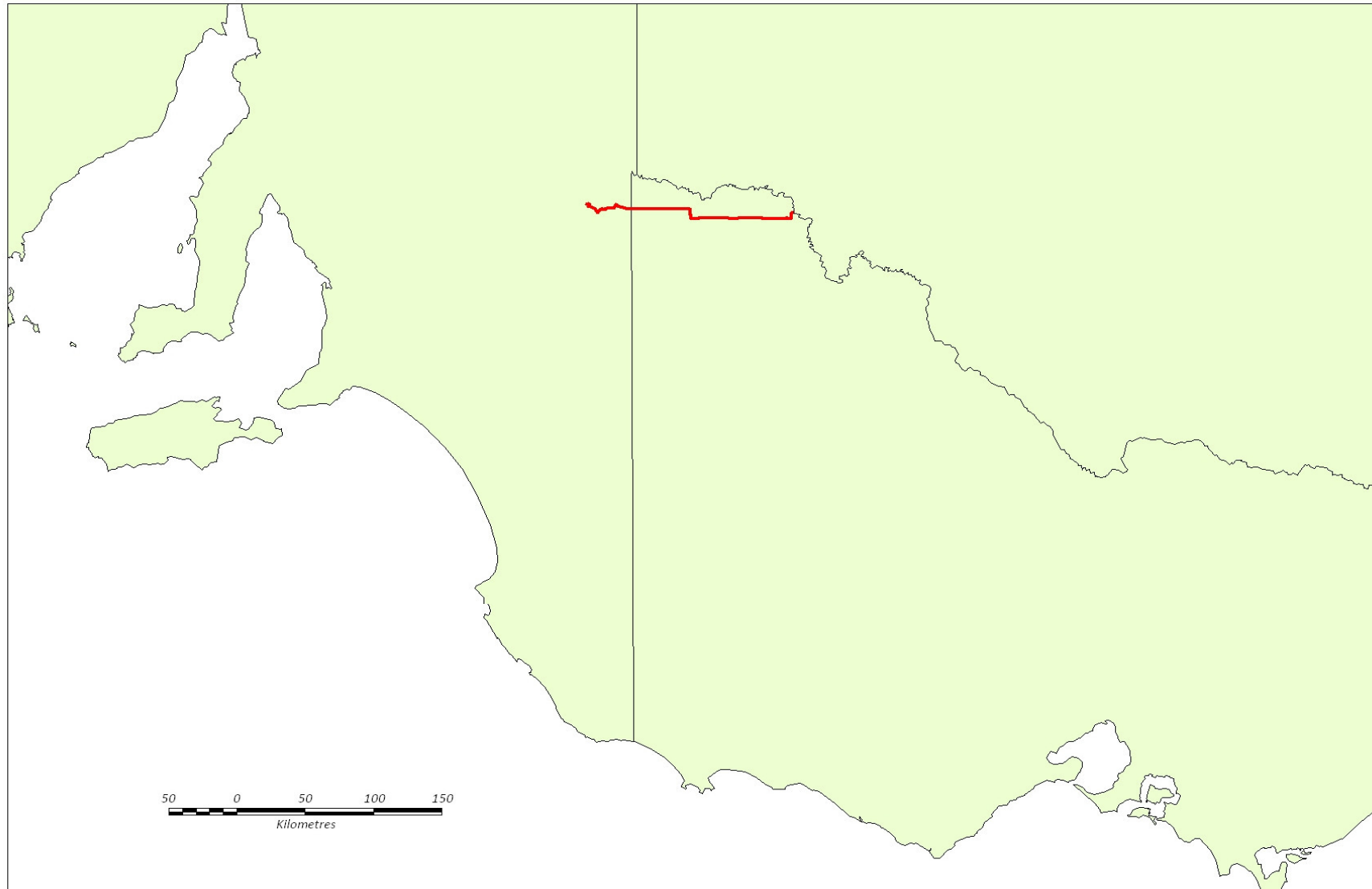
Shane O'Connor
Partner

Sydney

29 April 2011

Current Map of the Network

for the year ended: 31 December 2010



One-year Demand Forecast

for the year ended: 31 December 2010

No demand forecast is provided by the Murraylink Transmission Partnership as the assets of the entity are interconnectors and their capacity is dispatched by AEMO according the requirements of the wholesale electricity market.