Murraylink Transmission Partnership
ABN 76 095 760 375

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for the year ended 31 December 2011

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 2011;

  * information concerning the state of affairs at 31 December 2011, of each business segment;

  * have been made out in accordance with applicable and appropriate accounting principles and policies; and

  * 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 2011 that require disclosure under paragraph 4.15 of the guidelines.

* no financing transactions arose during the year ended 31 December 2011 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:

	26/04/2012
Director	Dated
	26.04.12
Director	Dated

NOTES TO THE ACCOUNTS

For the year ended 31 December 2011

1 Statement of Significant Accounting Policies

Financial reporting framework
The Murraylink Transmission Partnership ("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").

The Partnership has not prepared and lodged a statutory financial report with ASIC. In the absence of a statutory financial report, financial information for the Partnership (referred to as the "statutory account equivalent") has been prepared based on its Trial Balance.

As the Partnership is not liable for income tax (income tax is paid by the partners) the regulatory accounting statements do 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 regulatory accounting statements have 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 accounting policies set out below have been applied in preparing the regulatory accounting statements for the year ended 31 December 2011.

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.

For the year ended 31 December 2011

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. These liabilities are measured at amortised cost using the effective interest rate method.

(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.

For the year ended 31 December 2011

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 2011

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	13,917			13,917	DISAGG Inc
	Total Revenue	13,917			13,917	
	Opex costs					
	NETWORK OPERATIONS & MAINTENANCE					
	Operating & Maintenance Costs	1,412			1,412	DISAGG Inc
	Management Fees & Expenses	690			690	DISAGG Inc
	OTHER COSTS					
	Insurance	455			455	DISAGG Inc
	Connection fees	815			815	DISAGG Inc
	Tax on Property & Capital	54			54	DISAGG Inc
	Accounting/Audit Fees	8			8	DISAGG Inc
	Other	39			39	DISAGG Inc
	Depreciation	2,523	GJ01	(1,931)	592	DISAGG Inc
	Earnings before Interest and Tax (EBIT)	**7,921**		**(1,931)**	**9,852**	
	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 2011

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					
	Receivables					
	Prepayments	30			30	DISAGG Bal
	Non-current Assets					
	Property, plant and equipment	85,316	GJ01	17,441	102,757	DISAGG Bal &
	Receivables					
	Other					PTS Rec Assets
	Total Assets	85,346		17,441	102,787	
	Current Liabilities					
	Trade creditors and accruals					
	Provisions					
	Current Tax Liabilities					
	Non-current Liabilities					
	Loans from related parties					
	Total Liabilities					
	Net Assets	85,346		17,441	102,787	

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 2011

Account Code or reference	Description	Disaggregation Statement - Prescribed Transmission Services	Journal number	Regulatory adjustments	Regulatory financial statements	Support reference
		$'000		$'000 Dr/(Cr)	$'000	
	Operating activities					
	Disaggregated earnings before interest and tax	7,921	GJ01 & GJ02	1,931	9,852	DISAGG Cf
	Add back Depreciation	2,523	GJ01	(1,931)	592	DISAGG Cf
	Plus / (less)					
	Increases / (decreases) in trade creditors and accruals					DISAGG Cf
	(Increases) / decreases in receivables					DISAGG Cf
	(Increases) / decreases in prepayments	25			25	DISAGG Cf
	Net cash from operating activities	10,469			10,469	
	Investing activities					
	Cash used					
	Payments for property, plant and equipment	0			0	DISAGG Cf
	Net cash from operating activities	0			0	
	Financing activities					
	Cash used					
	Inter-Entity Repayments	(8,064)			(8,064)	DISAGG Cf
	Net cash from financing activities	(8,064)			(8,064)	
	Net increase/(decrease) in cash held					
	Cash a 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 2011

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	
	Electricity Transmission - Fixed	13,917	13,917				PTS Rev
	Total Revenue	13,917	13,917				
	Opex costs						
	NETWORK OPERATIONS & MAINTENANCE						
	Operating & Maintenance Costs	1,412	1,412				DISAGG Opex
	Management Fees & Expenses	690	690				DISAGG Opex
	OTHER COSTS						
	Insurance	455	455				DISAGG Opex
	Connection fees	815	815				DISAGG Opex
	Staff Costs						
	Tax on Property & Capital	54	54				DISAGG Opex
	Travel Costs						
	Accounting/Audit Fees	8	8				DISAGG Opex
	Legal Fees						DISAGG Opex
	Other	39	39				DISAGG Opex
	Depreciation	2,523	2,523				DISAGG Assets
	Impairment						
	Earnings before Interest and Tax (EBIT)	7,921	7,921				
	Interest received						
	Interest paid						
	Finance costs paid						
	Profit(loss) before Income Tax Expense	7,921					
	Australian income tax expense	n/a					
	Deferred income tax	n/a					
	Other income tax	n/a					
	Profit(loss) after income tax expense	7,921					
	Dividends paid						
	Retained Profit(Loss)	7,921					

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 2011

This proforma summarises a TNSP's actual annual capital expenditure.	Description	Statutory Accounts Equivalent	Prescribed Transmission Services	Negotiated Transmission Services	Non-Regulated Transmission Services	Not Allocated	Workpaper reference
		$'000	$'000	$'000	$'000	$'000	
	Current Assets						
	Receivables	1,285				1,285	2011 BSheet
	Prepayments	30	30				2011 BSheet
	Total current assets	1,315					
	Non-Current Assets						
	Property, plant and equipment	85,316	85,316				DISAGG Assets
	Receivables	28,460				28,460	2011 BSheet
	Other	28				28	2011 BSheet
	Total non-current assets	113,804	85,316			28,488	
	Total Assets	115,119					
	Current Liabilities						
	Trade creditors and accruals	557				557	2011 BSheet
	Total current liabilities	557					
	Non-Current Liabilities						
	Loans from related parties	178,836				178,836	2011 BSheet
	Total non-current liabilities	178,836				178,836	
	Total Liabilities	179,393					
	Net Assets	**(64,274)**					
	Equity						
	Accumulated profits/losses	(64,274)					2011 BSheet
	Total Equity/Deficiency	**(64,274)**					
	Accumulated Profits & Losses						
	- At the start of the period	(72,195)					2011 BSheet
	- Profit / Loss retained	7,921					DISAGG Inc
	- At the end of the period	(64,274)					

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.

DISAGGREGATION STATEMENT - CASH FLOWS

for the year ended: 31 December 2011

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	7,921	7,921				DISAGG Inc
	Add back Depreciation	2,523	2,523				DISAGG Inc
	Plus / (less)						
	Increases / (decreases) in trade creditors and accruals	(2,357)					Rec - Op Cash to NPAT
	(Increases) / decreases in receivables	(48)					Rec - Op Cash to NPAT
	(Increases) / decreases in prepayments	25	25				Rec - Op Cash to NPAT
	Net cash from operating activities	8,064	10,469				
	Investing activities						
	Cash used						
	Payments for property, plant and equipment	0	0				DISAGG Assets
	Net cash from investing activities	0	0				
	Financing activities						
	Cash used						
	Inter-Entity Repayments	(8,064)	(8,064)				2011 Cashflow '!A1
	Net cash from financing activities	(8,064)	(8,064)				
	Net increase/(decrease) in cash held						
	Cash a 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 2011

This proforma summarises a TNSP's actual annual capital expenditure.	*Account Heading*		Ticks to indicate which rows are intersegmental costs	Prescribed Transmission Services	Prescribed Transmission Services	Not Allocated	Total
				$'000	$'000	$'000	$'000
	Directly Attributed Costs						
	NETWORK OPERATIONS						
	Operating & Maintenance Costs						
570010 & 572270	Agreed Costs - Major Contractor			1,412			1,412
		TOTAL Operating & Maintenance		1,412			1,412
	Management Fees & Expenses						
572280 & 572300	Management fees			690			690
		TOTAL Management Fees & Expenses		690			690
	TOTAL NETWORK OPERATIONS & MAINTENANCE			**2,102**			**2,102**
	OTHER COSTS						
	Insurance						
685010	Insurance			455			455
		TOTAL Insurance		*455*			*455*
	Connection fees						
630130	Utilities - Electricity / Gas / Water			815			*815*
				815			*815*
	Tax on Property & Capital						
630090	Property - Rates & Taxes			54			54
				54			*54*
	Accounting/Audit Fees						
640010	Accounting Fees - Audit			8			8
		TOTAL Accounting/Audit Fees		*8*			*8*
	Other						
687020 & 689110	Pipeline / Asset Licence Fees			16			16
630100	Property - Rent			22			22
	Miscellaneous			1			1
		TOTAL Other		39			*39*
	TOTAL OTHER COSTS			**1,371**			**1,371**
		Subtotal of ***Directly Attributed*** costs		3,473			3,473
	Allocated Costs	*Basis of allocation* 'Causal / Non- Causal'*	*Work paper Ref.***				
		Subtotal of Allocated costs					
		Total Opex Costs per DISAGG FPerf		3,473			
						Total	3,473

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

* Delete as appropriate
** For each ***Account Heading*** item subject to ***Causal*** allocation, ensure that it is included on a workpaper Aloc 1
For each ***Account Heading*** item subject to Non-***Causal*** allocation, ensure that it is included on a workpaper Aloc 2
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.***

CAUSAL ALLOCATION

for the year ended: 31 December 2011

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 2011

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 2011

Journal number	Account Debited Account Credited	Amount Debit $'000	 Credit $'000	Supporting Statement No.
GJ01	Equity		15,510	DISAGG Assets & PTS Rec Assets
	Property, Plant & Equipment - Cost		80,481	
	Property, Plant & Equipment - Accumulated Depreciation	97,922		
	Depreciation (Book)		2,523	
	Depreciation (Regulatory)	592		
	(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)	98,514	98,514	

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 2011

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 2011

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 2011

Account code or reference	Tariff Category	Amount of electricity transmitted	Revenue
		GWh	$'000
411000	Electricity Transmission - Fixed		13,917
	Total		13,917

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 2011

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 2011

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

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 2011

	Prescribed Transmission Services	Prescribed Transmission Services	Negotiated Transmission Services	Non-Regulated Transmission Services	Not Allocated	Total
	$'000 **Buildings, Plant & Equipment**	$'000 **Construct'n in Progress**	$'000	$'000	$'000	$'000
Gross Book Value						
Balance as at 1 January 2011	183,837	2,445				186,282
Additions						
Transfers	2,445	(2,445)				
Disposals						
Balance as at 31 December 2011	186,282					186,282
Accumulated depreciation						
Balance as at 1 January 2011	(98,443)					(98,443)
Depn charges January 2011 - December 2011	(2,523)					(2,523)
Impairment						
Balance as at 31 December 2011	(100,966)					(100,966)
Net book value as at 31 December 2011	85,316	-				85,316

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - PRESCRIBED TRANSMISSION SERVICES

as at: 31 December 2011

	Asset class *Switchyard*	Asset class *Transmission Line*	Asset class *Easements*		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 2010	3,192				3,192
Disposals up to 31 December 2010	(349)				(349)
Value as at 31 December 2010	60,170	41,551	4,080		105,801
Additions - year ending 31 December 2011					
Disposals during the year ending 31 December 2011					
At end of year	60,170	41,551	4,080		105,801
Accumulated depreciation					
Revaluation adjustments					
Depreciation charges	(1,557)	(921)			(2,478)
Depreciation released on disposals	26				26
Accumulated Depreciation as at 31 December 2010	(1,531)	(921)			(2,452)
Depreciation charge for the year ended 31 December 2011	(371)	(221)			(592)
At end of year	(1,902)	(1,142)			(3,044)
Values agreed by the Commission	57,327	41,551	4,080		102,958
Net regulatory values 1 January 2011	58,639	40,630	4,080		103,349
Net regulatory values at 31 December 2011	**58,268**	**40,409**	**4,080**		**102,757**

ASSET AGING SCHEDULE - PRESCRIBED TRANSMISSION SERVICES

as at: 31 December 2011

Asset class	Total	Useful life remaining (years after *Regulatory Accounting Date*)				
		1-5	6-10	11-15	16-20	>20
	$'000	$'000	$'000	$'000	$'000	$'000
Switchyard	58,268	2,522	3,795	5,313	7,115	39,523
Transmission Line	40,409	1,501	2,259	3,162	4,234	29,253
Easements	4,080	0	0	0	0	4,080
Total net regulatory value	102,757	4,023	6,054	8,475	11,349	72,856

NB: Nominal Depreciation from the PTRM model used

SUMMARY OF PROVISIONS

for the year ended: 31 December 2011

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 2011

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

RELATED PARTY TRANSACTIONS

for the year ended: 31 December 2011

The names of the entities who are partners of the Murraylink Transmission Partnership as at 31 December 2011 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 Tranmission 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	455		455
APA Operations (EII)	Direct and indirect costs incurred under the management, operation and maintenance and commercial services agreement between the Murraylink Transmission Partnership and APA Operations (EII) Pty Limited as operator. Indirect costs are allocated based on the % of the revenue the asset contributes to total revenue.	2,102		2,102

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 2011

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	

Applicable for the period 1 July 2011 - 30 June 2012

Description	Unit type	Unit	
CPI (December Tx)	CPI – All Groups Weighted Average of 8 Capital Cities (ABS)	169.50	
CPI (December Tx+1)	As above	174.00	
Change in CPI	Per cent	2.65	
X-factor	Per cent	1.20	
AR (Tx)	$	13,693,356.23	
AR (Tx+1)	$	13,888,213.90	
S-factor (Tx)	$±	136,334.20	
Under/over recovery AR (Tx)	$±	0.00	
Revenue Cap Tx+1	$	14,024,548.10	

The current regulatory reporting year includes approved revenues for the two financial years referred above, being the 6 months ended 30 June 2011 and the 6 months ended 31 December 2011.

Capital Expenditure Summary - Prescribed Transmission Services

for the year ended: 31 December 2011

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 2011	**0**

Capital Expenditure Efficiencies - Prescribed Transmission Services

for the year ended: 31 December 2011

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 efficiences 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.

KPMG

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 2011, 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 Muraylink (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, we have become aware of any matter that makes us believe that the regulatory financial report is not presented fairly, in all material respects, in accordance with the 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.

KPMG

Basis of preparation

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 to 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 2011 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

KPMG

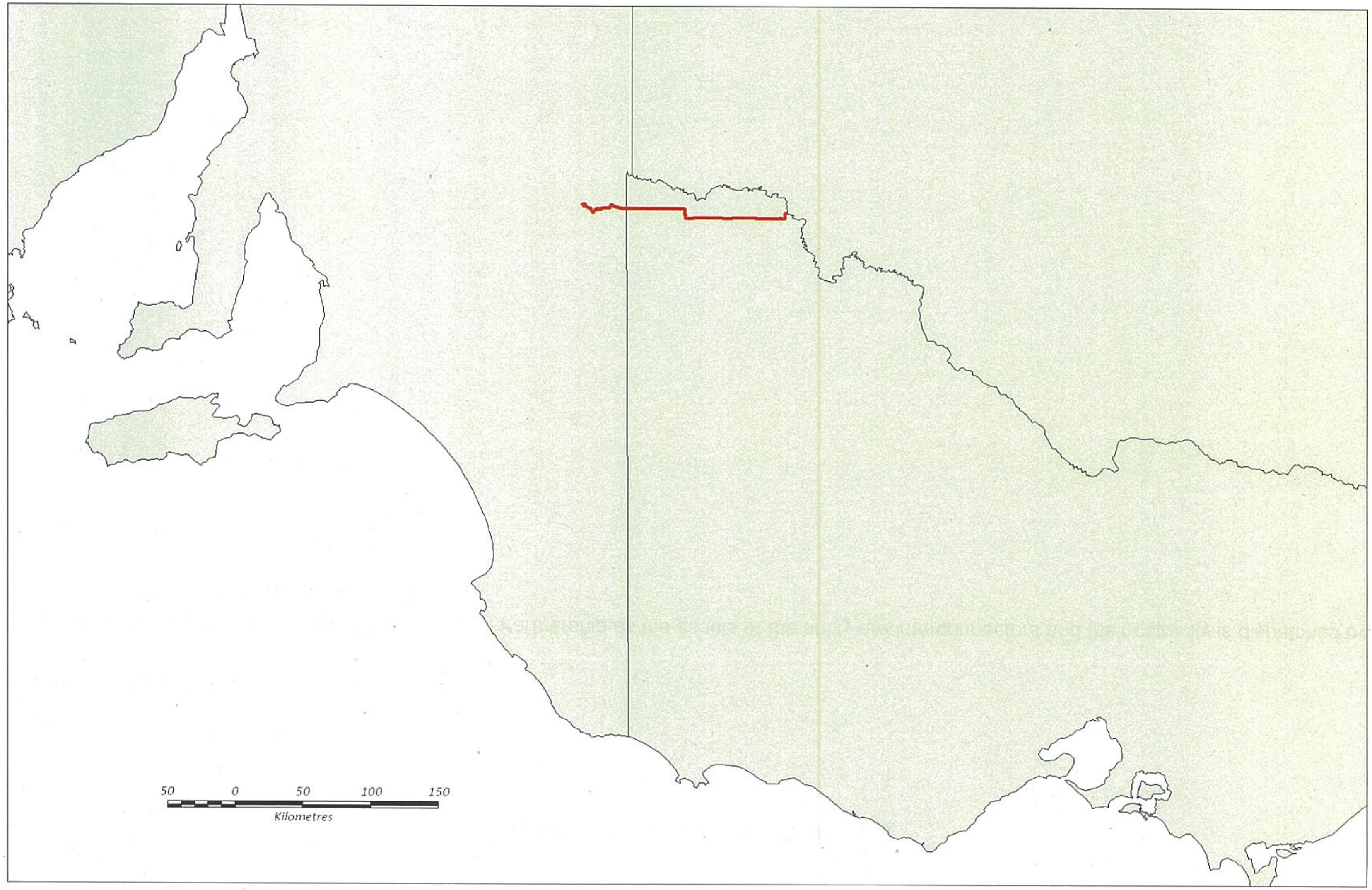
Shane O'Connor
Partner

Sydney

26 April 2012

Current Map of the Network

for the year ended: 31 December 2011



One-year Demand Forecast

for the year ended: 31 December 2011

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.