

WAIPA NETWORKS LIMITED - LINES BUSINESS

SCHEDULE 1 - PART 7  
FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

| Derivation Table   | Input and Calculations | Symbol in formula | ROF    |                                | ROE    |                                    | ROI    |   |
|--|------------------------|-------------------|--------|--------------------------------|--------|------------------------------------|--------|---|
| Operating surplus before interest and income tax from financial statements                   | 1,796,829              |                   |        |                                |        |                                    |        |   |
| Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT) | 1,796,829              |                   |        |                                |        |                                    |        |   |
| Interest on cash, bank balances, and short-term investments (ISTI)                           | 31,508                 |                   |        |                                |        |                                    |        |   |
| OSBIIT minus ISTI  | 1,765,321              | a                 |        | 1,765,321                      |        |                                    |        | 1,765,321                                       |
| Net surplus after tax from financial statements  | 684,630                |                   |        |                                |        |                                    |        |   |
| Net surplus after tax adjusted pursuant to regulation 18                                     | 684,630                | n                 |        |                                |        | 684,630                            |        |   |
| Amortisation of goodwill and amortisation of other   | 0                      | g                 | add    | 0                              | add    | 0                                  | add    | 0   |
| Subvention payment   | 0                      | s                 | add    | 0                              | add    | 0                                  | add    | 0   |
| Depreciation of SFA at BV (x)  | 1,149,942              |                   |        |                                |        |                                    |        |   |
| Depreciation of SFA at ODV (y)   | 1,413,775              |                   |        |                                |        |                                    |        |   |
| ODV depreciation adjustment  | -263,833               | d                 | add    | -263,833                       | add    | -263,833                           | add    | -263,833  |
| Subvention payment tax adjustment  | 0                      | s*t               |        |                                | deduct | 0                                  | deduct | 0   |
| Interest tax shield  | 252,282                | q                 |        |                                |        |                                    | deduct | 252,282   |
| Revaluations   | 0                      | r                 |        |                                |        |                                    | add    | 0   |
| Income tax   | 316,199                | p                 |        |                                |        |                                    | deduct | 316,199   |
| <b>Numerator</b>   |                        |                   |        | 1,501,488                      |        | 420,797                            |        | 933,007   |
|  |                        |                   |        | $OSBIIT^{ADJ} = a + g + s + d$ |        | $NSAT^{ADJ} = n + g + s - s*t + d$ |        | $SBIIT^{ADJ} = a + g - q + r + s + d - p - s*t$ |
| Fixed assets at end of previous financial year (FA <sub>0</sub> )                            | 44,721,268             |                   |        |                                |        |                                    |        |   |
| Fixed assets at end of current financial year (FA <sub>1</sub> )                             | 46,647,035             |                   |        |                                |        |                                    |        |   |
| Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )          | 769,660                |                   |        |                                |        |                                    |        |   |
| Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )           | -678,113               |                   |        |                                |        |                                    |        |   |
| Average total funds employed (ATFE)<br>(or regulation 33 time-weighted average)              | 45,729,925             | c                 |        | 45,729,925                     |        |                                    |        | 45,729,925                                      |
| Total equity at end of previous financial year (TE <sub>0</sub> )                            | 38,387,621             |                   |        |                                |        |                                    |        |   |
| Total equity at end of current financial year (TE <sub>1</sub> )                             | 40,222,168             |                   |        |                                |        |                                    |        |   |
| Average total equity<br>(or regulation 33 time-weighted average)                             | 39,304,895             | k                 |        |                                |        | 39,304,895                         |        |   |
| WUC at end of previous financial year (WUC <sub>0</sub> )                                    | 0                      |                   |        |                                |        |                                    |        |   |
| WUC at end of current financial year (WUC <sub>1</sub> )                                     | 0                      |                   |        |                                |        |                                    |        |   |
| Average total works under construction<br>(or regulation 33 time-weighted average)           | 0                      | e                 | deduct | 0                              | deduct | 0                                  | deduct | 0   |

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|--|------------------------|-------------------|--------|---|---|---|--------|---|
| Revaluations   | 0                      | r                 |        |   |   |   |        |   |
| Half of revaluations   | 0                      | r/2               |        |   |   |   | deduct | 0   |
| Intangible assets at end of previous financial year (IA <sub>0</sub> )                         | 0                      |                   |        |   |   |   |        |   |
| Intangible assets at end of current financial year (IA <sub>1</sub> )                          | 0                      |                   |        |   |   |   |        |   |
| Average total intangible asset<br>(or regulation 33 time-weighted average)                     | 0                      | m                 |        |   | add   | 0   |        |   |
| Subvention payment at end of previous financial year   | 0                      |                   |        |   |   |   |        |   |
| Subvention payment at end of current financial year  | 0                      |                   |        |   |   |   |        |   |
| Subvention payment tax adjustment at end of previous financial year                            | 0                      |                   |        |   |   |   |        |   |
| Subvention payment tax adjustment at end of current financial year                             | 0                      |                   |        |   |   |   |        |   |
| Average subvention payment & related tax adjustment  | 0                      | v                 |        |   | add   | 0   |        |   |
| System fixed assets at end of previous financial year at book value (SFA <sub>bv0</sub> )      | 43,794,114             |                   |        |   |   |   |        |   |
| System fixed assets at end of current financial year at book value (SFA <sub>bv1</sub> )       | 45,713,490             |                   |        |   |   |   |        |   |
| Average value of system fixed assets at book value<br>(or regulation 33 time-weighted average) | 44,753,802             | f                 | deduct | 44,753,802  | deduct  | 44,753,802  | deduct | 44,753,802  |
| System Fixed assets at year beginning at ODV value (SFA <sub>odv0</sub> )                      | 44,944,031             |                   |        |   |   |   |        |   |
| System Fixed assets at end of current financial year at ODV value (SFA <sub>odv1</sub> )       | 45,472,246             |                   |        |   |   |   |        |   |
| Average value of system fixed assets at ODV value<br>(or regulation 33 time-weighted average)  | 45,208,139             | h                 | add    | 45,208,139  | add   | 45,208,139  | add    | 45,208,139  |
| <b>Denominator</b>   |                        |                   |        | 46,184,262  |   | 39,759,231  |        | 46,184,262  |
|  |                        |                   |        | ATFE <sup>ADJ</sup> = c - e - f + h                   | Ave TE <sup>ADJ</sup> = k - e - m + v - f + h |   |        | ATFE <sup>ADJ</sup> = c - e - ½r - f + h              |
| <b>Financial Performance Measure:</b>  |                        |                   |        | 3.25  |   | 1.06  |        | 2.02  |
|  |                        |                   |        | ROF = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100 |   | ROE = NSAT <sup>ADJ</sup> /ATE <sup>ADJ</sup> x 100 |        | ROI = OSBIT <sup>ADJ</sup> /ATFE <sup>ADJ</sup> x 100 |

t = maximum statutory income tax rate applying to corporate entities    bv = book value    ave = average    odv = optimised deprival valuation    subscript '0' = end of the previous financial year  
 subscript '1' = end of the current financial year    ROF = return on funds    ROE = return on equity    ROI = return on investment