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EGMONT ELECTRICITY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1994

EGMONT ELECTRICITY LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 1996

	Notes	Lines Activity $000		Generation Activity $000		Energy Retailing Activity $000	
		1996	1995	1996	1995	1996	1995
CONTINUING ACTIVITIES							
Revenue		$12,344	$10,934	$8,930	$8,001	$12,612	$13,12
Expenses		$9,596	$9,625	$5,489	$6,382	$11,988	$12,33
SURPLUS BEFORE TAXATION	2	$2,748	$1,309	$3,441	$1,619	$624	$79
Provision for Taxation	3	($54)	$0	($105)	$0	($19)	$
NET SURPLUS FOR THE YEAR	**10**	**$2,694**	**$1,309**	**$3,336**	**$1,619**	**$605**	**$79**

EGMONT ELECTRICITY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1996

	Notes	Lines Activity $000		Generation Activity $000		Energy Retailing Activity $000	
		1996	1995	1996	1995	1996	1995
Assets Employed							
Current Assets		$1,311	$1,471	$1,107	$723	$2,727	$1,828
Investments	5	$2	$11	$1	$11	$1	$11
Fixed Assets	6	$36,282	$30,754	$60,886	$54,273	$74	$68
Total Assets Employed		**$37,595**	**$32,236**	**$61,994**	**$55,007**	**$2,802**	**$1,907**
Funds Employed							
Current Liabilities	7	$1,517	$1,363	$3,506	$1,995	$1,357	$1,067
Long Term Debt	8	$10,417	$12,553	$20,835	$25,107	$0	$0
Total Liabilities		$11,934	$13,916	$24,341	$27,102	$1,357	$1,067
Shareholders' Equity	4,9,10	$25,661	$18,320	$37,653	$27,905	$1,445	$840
Total Funds Employed		**$37,595**	**$32,236**	**$61,994**	**$55,007**	**$2,802**	**$1,907**

The notes form an integral part of these financial statements.

On behalf of the Board

Neil Alexander Taylor
Deputy Chairman

Simon Shera
Director

23 August 1996

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

1. STATEMENT OF ACCOUNTING POLICIES

a. Reporting Entity

These financial statements for Egmont Electricity Limited have been prepared for the purposes of the Electricity (Disclosure Requirements) Act 1994.

b. Measurement Base

The measurement base adopted is that of historical cost except for the revaluation of certain assets. Accrual accounting is used to match expenses and revenue. The accounts have been prepared exclusive of Goods and Services Tax.

c. Specific Accounting Policies

The following specific accounting policies which significantly affect the measurement of profit and of financial position, have been applied:

(i) COMPLIANCE WITH THE DISCLOSURE GUIDELINES

The methodology applied for the allocation of costs, revenues, assets and liabilities has been in accordance with the Guidelines except for the following departures:

- Line losses costs are allocated to the line business on the basis that the losses occur through the transportation of electricity over the line operator's network. The line business compensates the energy business with the value of those losses which are costed at the wholesale price of electricity. The line operator recovers the cost of line losses through the customer network charge.
- Marketing costs are shared between the line business and the energy business. For this financial year, 39% of marketing costs were allocated to the line business. The allocation is made on the basis of benefits derived from expenditure on marketing related activities.
- Inventory is allocated 100% to the line business. The allocation is made at this level to reflect the fact that what is held in the stores are spares for the reticulation system.

(ii) RECOGNITION OF REVENUE

Energy Retailing revenue represents customer usage during the financial period. An allowance has been included in the sales figure for unread meters as at 31 March 1996.

(iii) DEPRECIATION

Depreciation rates for major assets are as follows:-

	Rate	Basis
Buildings	1 to 2.5%	Straight Line
Plant and Equipment	10% to 50%	Diminishing Value/ Straight Line
Dams and Headworks	1%	Straight Line
Office Furniture & EDP Equipment	4% to 40%	Diminishing Value/ Straight Line

Motor Vehicles	13.5% to 25%	Diminishing Value/ Straight Line
Globo Distribution System	4%	Straight Line
Distribution System Assets	5 to 10%	Diminishing Value/ Straight Line
110kV Transmission Line	4%	Straight Line

(iv) ACCOUNTS RECEIVABLE

Accounts Receivable are stated at estimated realisable value after providing against debts where collection is doubtful. All known bad debts have been written off during the year.

(v) INVENTORIES

Inventories are valued at weighted average cost price as landed in the store. Obsolete items of inventory have been written off.

(vi) VALUATION OF FIXED ASSETS

Land is valued at cost. Buildings have been revalued to market value as at 1 April 1992. The building valuations were determined by the registered valuers, Larmers of New Plymouth.

The distribution system has been revalued to its Optimised Deprival Value (ODV) as at 31 March 1996 by Coopers & Lybrand and this value is not in excess of the recoverable value. The system is revalued on a two yearly cycle.

The Patea dam and generation assets were revalued as at 31 March 1996 up to a value determined by the Southpac Corporation Limited of Wellington, using the net current value method. The Patea dam and generation asset is revalued annually.

All other Fixed Assets are shown at cost less accumulated depreciation calculated as stated in Policy (ii), above.

(vii) INCOME TAX

The provision for income tax is calculated using the liability method prepared on a partial basis. A debit balance in the deferred tax account arising from timing differences or income tax benefits arising from income tax losses is only recognised if there is virtual certainty of realisation.

(viii) FINANCIAL INSTRUMENTS

Egmont Electricity Limited is party to financial instrument arrangements as part of its everyday operations, including both instruments which have been recognised in these financial statements and those which are off-balance sheet.

The financial instruments which have been recognised in the financial statements include bank balances, short term deposits, receivables, payables and term loans. Revenues and expenses in relation to these are recognised in the Statement of Financial Performance. The financial instruments themselves are recognised in the Statement of Financial Position.

The financial instruments which are off-balance sheet comprise interest rate swaps. These are employed for the primary purpose of reducing exposure to fluctuations in interest rates. While these financial instruments are subject to risk that market rates may change subject to acquisition, such changes would generally be offset by opposite effects on the items being hedged. For interest rate swap agreements, the differential to be paid or received is accrued as interest rates change and is recognised as a component of interest expense over the life of the agreement.

(ix) ACCOUNTING POLICIES

The policy on the allocation of inventory has changed from the previous year (see note c (i), above). In 1995, the inventory was allocated in accordance with the Guidelines, that is on the basis of fixed assets. The change has been made to reflect the commercial reality of the situation. All other policies have been applied on bases consistent with those used in prior years.

2. SURPLUS BEFORE TAXATION AND ABNORMAL ITEMS

The Surplus Before Taxation is stated:

	Lines $000		Generation $000		Energy Trading $000	
	1996	1995	1996	1995	1996	1995
After Charging:						
Audit Fees	23	36	2	2	1	6
Board Members fees and expenses	57	46	36	31	10	14
Depreciation	1,999	1,378	702	1,235	27	10
Interest	958	1,201	1,946	2,438	0	0
Bad Debts written off	8	14	0	0	9	15
After Crediting:						
Investment Income	35	25	8	1	3	31
Foreign Currency Gains	0	0	7	0	0	0
Gain on sale of Investment	0	0	0	0	1	0
Gain on Sale of Asset	20	0	0	0	0	0

3. PROVISION FOR TAXATION

	Lines $000		Generation $000		Energy Trading $000	
	1996	1995	1996	1995	1996	1995
Accounting Profit/(Loss) before Taxation	2,748	1,309	3,441	1,619	624	790
Prima Facie Taxation	907	432	1,136	534	206	261
Effect of Timing Differences:						
Financial Depreciation	660	455	232	408	9	3
Depreciation at Tax Rates	(520)	(488)	(183)	(187)	(7)	(1)
Effect of Permanent Differences:						
Capitalised Maintenance	(321)	0	0	0	0	0
Provision for Remedial Work on Patea Dam	0	0	297	495	0	0
Non-deductible Legal Expenses	0	0	145	0	0	0
	726	399	1,627	1,250	208	263
Tax losses utilised	672	399	1,522	1,250	189	263
Tax Charge for the Year	54	0	105	0	19	0

The cumulative tax losses of Egmont Electricity Limited amounting to $7,217,000 (representing a tax benefit of $2,382,000) brought forward at 1 April 1995 have been fully utilised in the year.

4. CAPITAL RESERVES

	Lines $000		Generation $000		Energy Trading $000	
	1996	1995	1996	1995	1996	1995
Share Premium:						
Opening Balance	1,488	1,488	2,855	2,855	1	1
Movements in the year	0	0	0	0	0	0
	1,488	1,488	2,855	2,855	1	1
Asset Revaluation Reserve:						
Opening Balance	0	0	3,288	0	0	0
Movements:	4,647	0	6,412	3,288	0	0
	4,647	0	9,700	3,288	0	0
TOTAL CAPITAL RESERVES	6,135	1,488	12,555	6,143	1	1

5. INVESTMENTS

	Lines $000		Generation $000		Energy Trading $000	
	1996	1995	1996	1995	1996	1995
PowerBuy Group Limited	0	5	0	5	0	5
Staff Housing Loans	2	6	1	6	1	6
TOTAL INVESTMENTS	2	11	1	11	1	11

6. FIXED ASSETS

	As at 31/3/96			As at 31/3/95		
	Cost or Valuation	Accum. Depreciation	Book Value	Cost or Valuation	Accum. Depreciation	Book Value
	$000	$000	$000	$000	$000	$000
Lines						
Land	240	0	240	240	0	240
Buildings	821	97	724	806	82	724
Vehicles & Boats	1,247	668	579	1,150	631	519
Plant, Furniture & Equipment	3,847	2,368	1,479	5,194	2,840	2,354
Reticulation System	33,260	0	33,260	28,064	1,147	26,917
Generation Systems	0	0	0	0	0	0
	39,415	3,133	36,282	35,454	4,700	30,754
Generation						
Land	596	0	596	595	0	595
Buildings	0	0	0	0	0	0
Vehicles & Boats	56	43	13	12	10	2
Plant, Furniture & Equipment	25	11	14	109	66	43
Reticulation System	0	0	0	0	0	0
Generation Systems	60,341	78	60,263	53,689	56	53,633
	61,018	132	60,886	54,405	132	54,273
Energy Trading						
Land	0	0	0	0	0	0
Buildings	0	0	0	0	0	0
Vehicles & Boats	93	28	65	136	111	25
Plant, Furniture & Equipment	20	11	9	109	66	43
Reticulation System	0	0	0	0	0	0
Generation Systems	0	0	0	0	0	0
	113	39	74	245	177	68

7. ACCOUNTS PAYABLE AND ACCRUALS

Included in Accounts Payable and Accruals are the following:-

	Lines $000		Generation $000		Energy Trading $000	
	1996	1995	1996	1995	1996	1995
Accounts Payable	1,139	904	653	45	1,164	983
Accrual for Remedial Work at Patea Dam	0	0	2,343	1,500	0	0
Accrued Interest	154	218	308	435	0	0
Short Term Loans	0	7	0	1	0	7
Income Tax Payable	54	0	105	0	19	0
Provision for Holiday Pay	88	194	49	12	89	34
Other	82	40	48	2	85	43
	1,517	1,363	3,506	1,995	1,357	1,067

8. TERM LIABILITIES

The Term Liabilities mature as follows:-

	Lines $000		Generation $000		Energy Trading $000	
	1996	1995	1996	1995	1996	1995
Repayable within 12 months	4,168	5,685	8,338	11,370	0	0
One to Two Years	2,282	0	4,565	0	0	0
Two to Five Years	2,966	5,867	5,931	11,736	0	0
Beyond Five Years	1,001	1,001	2,001	2,001	0	0
	10,417	12,553	20,835	25,107	0	0

Interest rates payable on the above Term Liabilities are:-

	Lines $000		Generation $000		Energy Trading $000	
	1996	1995	1996	1995	1996	1995
Floating Rates	1,879	3,620	3,758	7,240	0	0
Fixed Rates 5.35% - 18.25%	8,538	8,933	17,077	17,867	0	0
	10,417	12,553	20,835	25,107	0	0

A small portion of the Term Liabilities is secured by a Special Rating Security which allows a special rate to be assessed to the rate payers by the South Taranaki District Council, should the Company default on any of the loans.

9. SHARE CAPITAL

	Lines $000		Generation $000		Energy Trading $000	
	1996	1995	1996	1995	1996	1995
Authorised Capital						
35,000,000 ordinary of $1 each	15,279	15,279	19,715	19,715	6	6
Issued and Paid Up Capital						
Ordinary Shares of $1 Each						
35,000,000 issued shares	15,279	15,279	19,715	19,715	6	6
Total paid up Ordinary Capital	15,279	15,279	19,715	19,715	6	6

10. RETAINED EARNINGS

	Lines $000		Generation $000		Energy Trading $000	
	1996	1995	1996	1995	1996	1995
Opening Balance	1,553	244	2,047	428	833	43
Net Surplus for the Year	2,694	1,309	3,336	1,619	605	790
	4,247	1,553	5,383	2,047	1,438	833

11. CONTINGENCY LIABILITY

Egmont Electricity Limited has committed itself to partially funding the development of a covered swimming pool in Hawera. It is not known when the funding will be required, but the expected amount is $150,000.

12. CAPITAL COMMITMENTS

At 31 March 1996 there was no capital expenditure contracted for which had not been provided for in the accounts for the twelve months ended 31 March 1996.

13. FINANCIAL INSTRUMENTS

Credit Risk

Financial instruments which potentially subject the Company to credit risk principally consist of bank balances and accounts receivable.

The Company performs credit evaluations on all customers requiring credit and generally does not require collateral.

Maximum exposures to credit risk as at balance date are:

	Lines $000		Generation $000		Energy Trading $000	
	1996	1995	1996	1995	1996	1995
Bank Balances	(625)	(155)	365	429	531	(163)
Short Term Deposits	0	0	0	265	902	0
Receivables	1,206	1,235	691	61	1,232	1,343

Concentrations of Credit Risk

The Company is not exposed to any concentrations of credit risk.

Credit Facilities

The Company has total term liabilities of $31,252,000 at 31 March 1996 as detailed in Note 8.

Fair Values

The estimated fair values of the financial instruments are as follows:

	Lines $000		Generation $000		Energy Trading $000	
	1996	1995	1996	1995	1996	1995
Bank Balances:						
Carrying Amount	(625)	(155)	365	429	531	(163)
Fair Value	(625)	(155)	365	429	531	(163)
Short Term Deposits:						
Carrying Amount	0	0	0	265	902	0
Fair Value	0	0	0	265	902	0
Receivables:						
Carrying Amount	1,206	1,235	691	61	1,232	1,343
Fair Value	1,206	1,235	691	61	1,232	1,343
Payables:						
Carrying Amount	1,517	1,281	3,506	1,988	1,357	1,157
Fair Value	1,517	1,281	3,506	1,988	1,357	1,157
Term Loans:						
Carrying Amount	10,417	12,553	20,835	25,107	0	0
Fair Value	10,417	12,553	20,835	25,107	0	0
Interest Rate Swap:						
Carrying Amount	0	0	0	0	0	0
Fair Value	(308)	(445)	(615)	(889)	0	0

The methods and assumptions used are that the carrying amount in the financial statements reflects the estimated fair value of the financial instruments including receivables, bank and short term deposits, payables and term loans. The fair value of interest rate swaps is estimated based on the quoted market prices of these instruments.

14. RELATED PARTIES

In accordance with Section 44(5)(f)(i) of the Energy Companies Act 1992, we disclose details of all transactions entered into between Egmont Electricity Limited and its local authority Shareholder, the South Taranaki District Council.

Electricity Sales attributable to Energy Trading made to the South Taranaki District Council for the twelve months ended 31 March 1996:

$97,140 (1995 - $35,793)

Value of work done on behalf of Generation on the Patea Dam Reserve for the South Taranaki District Council for the twelve months ended 31 March 1996:

$10,274 (1995 - $11,052)

Rates and other costs paid to the South Taranaki District Council for the twelve months ended 31 March 1996:

Generation	$97,625	(1995 - $166,517)
Lines	$44,246	(1995 - $29,566)

Intercompany Balances

	As at 31/3/96 $000	As at 31/3/95 $000
Owing by South Taranaki District Council	12	21
Owing to South Taranaki District Council	0	13
	$ 12	$ 8

Disclosure of financial performance measures and efficiency performance measures pursuant to regulation 13 and part II of the first schedule of the Electricity (Information Disclosure) Regulations

1. Financial Performance Measures

(a) Accounting return on total assets, being earnings before interest and tax, divided by average total funds employed:

11.1% (1995 - 9.5%)

(b) Accounting return on equity, being net profit after tax, divided by average total shareholders' funds:

12.3% (1995 - 10.1%)

(c) Accounting rate of profit which is calculated in accordance with the following formula:

$$\frac{a-b-c+d}{e}$$

where:-

a is earnings before interest and tax
b is cash tax
c is interest tax shield
d is revaluations
e is total funds employed, minus half the amount of revaluations.

25.8% (1995 - 8.1%)

2. Efficiency Performance Measures

(a) Direct line costs per kilometre, which are calculated in accordance with the following formula:

$$\frac{a}{b}$$

where:-

a is direct expenditure (in dollars)
b is system length in kilometres

$3,872 (1995 - $2,910)

(b) Indirect line costs per electricity customer, which are calculated in accordance with the following formula:

$$\frac{a}{b}$$

where:-

a is indirect expenditure (in dollars)
b is total customers

$100 (1995 - $142)

Disclosure of reliability performance measures pursuant to regulation 16 Electricity (Information Disclosure) Regulations 1994

1. Total number of interruptions , together with a breakdown of that total according to interruption class

	1996	1995
Classes A, E-G	**0**	**0**
Class B	**227**	**260**
Class C	**325**	**459**
Class D	**3**	**0**
TOTAL	**555**	**719**

2. Total number of faults per 100 circuit kilometres of prescribed voltage electric line

32.77 (1995 - 50.64)

3. The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line, together with a breakdown of that total according to different line voltages

	1996	1995
33kV	**0**	**0**
11kV	**12.5**	**6.93**
Overall	**10.0**	**4.69**

4. The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line, together with a breakdown of that total according to different line voltages

	1996	1995
33kV	**7.64**	**3.36**
11kV	**37.52**	**59.40**
Overall	**33.10**	**51.44**

5. The SAIDI for the total of interruptions, is calculated in accordance with the following formula:

$$\frac{a}{b}$$

where:-

a is the sum obtained by adding together the interruption duration factors for all interruptions
b is the total customers

333.66 (1995 - 250.91)

6. The SAIDI for the total number of interruptions within each interruption class, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where:-

a is the sum obtained by adding together the interruption duration factors for all interruptions within the particular interruption class

b is the total customers

	1996	1995
Classes A, E-G	**0**	**0**
Class B	**112.42**	**115.78**
Class C	**161.02**	**135.13**
Class D	**60.22**	**0**
TOTAL	**333.66**	**250.91**

7. The SAIFI for the total number of interruptions, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where:-

a is the sum obtained by adding together the number of electricity customers affected by each of those interruptions

b is the total customers

6.29 (1995 - 5.79)

8. The SAIFI for the total number of interruptions within each interruption class, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where:-

a is the sum obtained by adding together the number of electricity customers affected by each of those interruptions within that interruption class

b is the total customers

	1996	1995
Classes A, E-G	**0**	**0**
Class B	**0.89**	**1.18**
Class C	**3.82**	**4.61**
Class D	**1.58**	**0**
TOTAL	**6.29**	**5.79**

9. The CAIDI for the total of all interruptions, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where:-

a is the sum obtained by adding together the interruption duration factors for all interruptions

b is the sum obtained by adding together the number of electricity customers affected by each of those interruptions

53.01 (1995 - 50.09)

10. The CAIDI for the total of all interruptions within each interruption class, which shall be calculated in accordance with the following formula:

$$\frac{a}{b}$$

where:-

a is the sum obtained by adding together the interruption duration factors for all interruptions within the particular interruption class

b is the sum obtained by adding together the number of electricity customers affected by each of those interruptions

	1996	1995
Classes A, E-G	**0**	**0**
Class B	**126.91**	**108.27**
Class C	**42.02**	**33.11**
Class D	**38.21**	**0**
TOTAL	**207.14**	**141.38**

Disclosure of energy delivery efficiency measures and statistics pursuant to regulation 15 of the Electricity (Information Disclosure) Regulations 1994

1. Energy delivery efficiency performance measures

(a) Load factor, which is calculated in accordance with the following formula:

$$\frac{a}{b \times c} \times 100\%$$

where:-

a is the amount of electricity (in kilowatt hours) entering the system during the financial year
b is the maximum demand
c is the total number of hours in the financial year

61.8% (1995 - 58.8%)

(b) Loss ratio, which is calculated in accordance with the following formula:

$$\frac{a}{b} \times 100\%$$

where:-

a is losses of electricity (expressed in kilowatt hours)
b is the amount of electricity (in kilowatt hours) entering the system during the financial year

5.64% (1995 - 4.9%)

(c) capacity utilisation, which is calculated in accordance with the following formula:

$$\frac{a}{b} \times 100\%$$

where:-

a is maximum demand
b is transformer capacity (in kilowatt amperes)

43.7% (1995 - 41.8%)

2. Statistics

(a) System length, together with a breakdown of that length according to different nominal line voltages:

	1996	1995
110 kV	**23**	**23**
33kV	**148**	**156**
11kV	**1,018**	**1,063**
400V	**567**	**631**
	1,756	**1,873**

(b) The total circuit length (in kilometres) of the overhead electric lines that form part of the system (which length is calculated on the same basis as system length is calculated), together with a breakdown of that length according to different nominal line voltages:

	1996	1995
110 kV	**23**	**23**
33kV	**144**	**149**
11kV	**1,002**	**1,049**
400V	**529**	**601**
	1,698	**1,822**

(c) The total circuit length (in kilometres) of the overhead electric lines that form part of the system (which length is calculated on the same basis as system length is calculated), together with a breakdown of that length according to different nominal line voltages:

	1996	1995
33kV	4	7
11kV	16	14
400V	38	30
	58	51

(d) Transformer capacity, in kilovolt amperes: **112,500**
(1995 - 117,000)

(e) Maximum demand, in kilowatts: **49,196**
(1995 - 48,917)

(f) Total electricity supplied from the system in kilowatt hours: **252,138,614**
(1995 - 239,431,088)

(g) The total amount of electricity (in kilowatt hours) conveyed through the system during the relevant financial year on behalf of other persons that are electricity generators or electricity retailers, or both, not being persons that are in a prescribed business relationship with the line owner

709,451
(1995 - 262,760)

(h) Total customers: **12,386**
(1995 - 12,494)

CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY EGMONT ELECTRICITY LIMITED

We, Neil Alexander Taylor and Simon Shera, directors of Egmont Electricity Limited, certify that, having made all reasonable enquiry, to the best of our knowledge,-

(a) The attached audited financial statements of Egmont Electricity 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 Egmont Electricity 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 1996.

.....
NEIL ALEXANDER TAYLOR
23 AUGUST 1996

.....
SIMON SHERA
23 AUGUST 1996

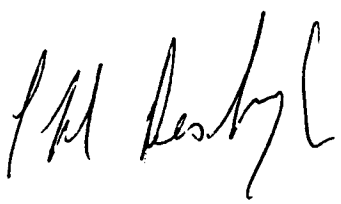
Audit New Zealand

Certification by Auditor in Relation to Financial Statements

Report of the Audit Office

We have examined the attached financial statements prepared by Egmont Electricity Limited and dated 31 March 1996 for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

We hereby certify that, having made all reasonable enquiry, to the best of our 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.



L H Desborough
Audit New Zealand
On behalf of the Controller and Auditor-General
27 August 1996
Palmerston North, New Zealand

Audit New Zealand

Certification of Performance Measures by Auditors

Report of the Audit Office

We 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 that Schedule,

and having been prepared by Egmont Electricity Limited and dated 31 March 1996 for the purposes of Regulation 13 of those regulations.

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

L H Desborough
Audit New Zealand
On behalf of the Controller and Auditor-General
27 August 1996
Palmerston North, New Zealand

Coopers &Lybrand

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125 years of innovation

The Directors
Egmont Electricity Limited
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HAWERA 4800

CERTIFICATION BY AUDITOR IN RELATION TO ODV VALUATION OF EGMONT ELECTRICITY'S LIMITED'S LINE BUSINESS

I have examined the valuation report prepared by Coopers & Lybrand and dated 10 April, 1996, which report contains valuations as at 31 March, 1996.

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

W. M. Cook.

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W MURRAY COOK
2 MAY 1996

DEPARTMENT OF INTERNAL AFFAIRS
TE TARI TAIWHENUA

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