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MERCURY ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

MERCURY ENERGY LIMITED

INFORMATION DISCLOSURE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1997



Statement of financial performance for the year ended 31 March 1997
 For the purposes of The Electricity (Information Disclosure) Regulations 1994

	Notes	1997				1996				
		Line Activities \$000	Electricity Retailing Activities \$000	Generation Activities \$000	Other Activities \$000	Total Activities \$000	Line Activities \$000	Electricity Retailing Activities \$000	Other * Activities \$000	Total Activities \$000
Operating revenue	2, 3, 4	217,332	533,720	12,468	73,443	580,185	203,148	463,784	68,206	498,113
Operating surplus before taxation	3, 5, 6	46,654	29,490	(1,638)	42,672	117,178	41,360	34,304	23,046	98,710
Taxation expenses	9	(16,905)	(9,746)	540	(13,540)	(39,651)	(13,650)	(11,320)	(8,097)	(33,067)
Operating surplus after taxation	3, 4	29,749	19,744	(1,098)	29,132	77,527	27,710	22,984	14,949	65,643
Tax paid net deficit attributable to minority shareholders in subsidiary companies		-	-	53	-	53	-	-	21	21
Operating surplus attributable to the shareholders of the parent company		29,749	19,744	(1,045)	29,132	77,580	27,710	22,984	14,970	65,664

The accompanying notes form part of these financial statements.

* 1996 comparatives of Other Activities includes Generation Activities.

Statement of movements in equity for the year ended 31 March 1997
For the purposes of The Electricity (Information Disclosure) Regulations 1994

	Notes	1997				1996				
		Line Activities \$000	Electricity Retailing Activities \$000	Generation Activities \$000	Other Activities \$000	Total Activities \$000	Line Activities \$000	Electricity Retailing Activities \$000	Other * Activities \$000	Total Activities \$000
Notional equity at 1 April										
Brought forward		392,339	34,234	21,457	390,944	838,974	313,807	25,050	329,146	668,003
Restatement adjustment							62,822	-	59,618	122,440
Notional equity at 1 April		392,339	34,234	21,457	390,944	838,974	376,629	25,050	388,764	790,443
Net surplus (deficit) attributable to:										
- Parent entity shareholders		29,749	19,744	(1,045)	29,132	77,580	27,710	22,984	14,970	65,664
- Minority shareholders		-	-	(53)	-	(53)	-	-	(21)	(21)
Total recognised revenues and expenses for the year		29,749	19,744	(1,098)	29,132	77,527	27,710	22,984	14,949	65,643
Dividends paid or payable in cash	10	(19,100)	(12,700)	-	(18,700)	(50,500)	(17,000)	(13,800)	(9,200)	(40,000)
Revaluation reserve increase		1,886	-	-	-	1,886	5,000	-	7,388	12,388
Minority interest		-	-	-	(855)	(855)	-	-	10,500	10,500
		12,535	7,044	(1,098)	9,577	28,058	15,710	9,184	23,637	48,531
Notional equity at 31 March		404,874	41,278	20,359	400,521	867,032	392,339	34,234	412,401	838,974

The accompanying notes form part of these financial statements.

* 1996 comparatives of Other Activities includes Generation Activities.

Statement of financial position as at 31 March 1997

For the purposes of The Electricity (Information Disclosure) Regulations 1994

	Notes	1997				1996				
		Line Activities	Electricity Retailing Activities	Generation Activities	Other Activities	Total Activities	Line Activities	Electricity Retailing Activities	Other *	Total Activities
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Equity										
Share capital	11									300,000
ODV revaluation reserve	16									480,719
Notional capital		367,500	20,500	11,855	380,864	780,719				
Revaluation reserve	16	1,886	-	-	-	1,886				
Retained earnings	12	35,488	20,778	(1,067)	19,657	74,856	24,839	13,734	9,203	47,776
Attributable to parent entity shareholders		404,874	41,278	10,788	400,521	857,461	392,339	34,234	401,922	828,495
Minority interest		-	-	9,571	-	9,571	-	-	10,479	10,479
		404,874	41,278	20,359	400,521	867,032	392,339	34,234	412,401	838,974
Notional debt										
Interdivisional loan		375,000	(52,000)	124,000	(447,000)	-	366,000	(40,000)	(326,000)	-
Non current liabilities										
Deferred taxation	20	(493)	(350)	1,716	(443)	430	(87)	(73)	(57)	(217)
Term liabilities	13	-	-	59,603	352,053	411,656	-	-	317,805	317,805
		374,507	(52,350)	185,319	(95,390)	412,086	365,913	(40,073)	(8,252)	317,588
Current liabilities										
Accounts payable and accruals	14	3,312	5,889	1,977	50,161	61,339	16,459	25,556	8,960	50,975
Interdivisional payable		7,769	39,789	-	-	-	-	16,562	-	-
Current portion of term liabilities	13	-	-	-	7,698	7,698	-	-	1,000	1,000
Provision for dividend	10	9,700	6,400	-	9,400	25,500	11,000	8,300	4,700	24,000
		20,781	52,078	1,977	67,259	94,537	27,459	50,418	14,660	75,975
		800,162	41,006	207,655	372,390	1,373,655	785,711	44,579	418,809	1,232,537

The accompanying notes form part of these financial statements.

* 1996 comparatives of Other Activities includes Generation Activities.

Statement of financial position as at 31 March 1997 (Continued)
 For the purposes of The Electricity (Information Disclosure) Regulations 1994

	Notes	1997				1996				
		Line Activities \$000	Electricity Retailing Activities \$000	Generation Activities \$000	Other Activities \$000	Total Activities \$000	Line Activities \$000	Electricity Retailing Activities \$000	Other * Activities \$000	Total Activities \$000
Non current assets										
Fixed assets					564,513				451,861	
ODV revaluation reserve	16				482,605				480,719	
Total fixed assets	15	783,493	139	200,904	62,582	1,047,118	765,746	153	166,681	932,580
Investments	18	-	-	-	258,551	258,551	-	-	210,372	210,372
Prepayments	19	-	-	-	4,801	4,801	-	-	25,987	25,987
		783,493	139	200,904	325,934	1,310,470	765,746	153	403,040	1,168,939
Current assets										
Cash and deposits		495	508	949	3,502	5,454	575	30	1,318	1,923
Receivables and prepayments	21	1,445	38,983	3,788	5,994	50,210	-	41,796	9,581	51,377
Interdivisional receivables		13,799	-	-	33,759	-	16,562	-	-	-
Stores		-	-	-	2,948	2,948	-	-	3,126	3,126
Taxation refund	9	930	1,376	2,014	253	4,573	2,828	2,600	1,744	7,172
		16,669	40,867	6,751	46,456	63,185	19,965	44,426	15,769	63,598
		800,162	41,006	207,655	372,390	1,373,655	785,711	44,579	418,809	1,232,537

The accompanying notes form part of these financial statements.

* 1996 comparatives of Other Activities includes Generation Activities.

Notes to and forming part of the financial statements for the year ended 31 March 1997

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Mercury Energy Limited is a public company registered under the Companies Act 1993.

The group consists of Mercury Energy Limited and its subsidiaries.

The financial statements are prepared pursuant to Regulation 6 of the Electricity (Information Disclosure) Regulations 1994.

The methodology for the allocation of revenues, costs, assets and liabilities between Line, Electricity Retailing, Generation and Other Activities is publicly disclosed in accordance with Regulation 19 of the Regulations.

Generally Accepted Accounting Principles

There is no GAAP for activity reporting.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis are followed by the group, except for the revaluation of the distribution system.

The activity reporting has been prepared on the basis of a notional 50:50 debt equity ratio in the Line Business.

All costs have been allocated in accordance with either the guidelines issued, or as disclosed by the group.

Specific Accounting Policies

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

a) *Basis of Consolidation - Purchase method*

The consolidated financial statements include the holding company and its subsidiaries, accounted for using the purchase method. All significant inter-company transactions are eliminated on consolidation.

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

1. **STATEMENT OF ACCOUNTING POLICIES** continued

b) Recognition of Revenue

Income from electricity sales includes the value of units assessed as being recorded on meters as at 31 March 1997, but for which invoices had not been rendered.

c) Fixed Assets

The Group has the following classes of fixed assets:

Freehold Land

Freehold Buildings

Distribution System

Generation Plant and Buildings

Other Plant and Equipment

Computer Software, Hardware and Telecommunication Equipment

Motor Vehicles and Mobile Equipment

All fixed assets, other than the distribution system are recorded at cost less accumulated depreciation. The distribution system has been revalued to its Optimised Deprival Value.

d) Depreciation

Depreciation is provided to allocate the assets' cost over their estimated useful lives as follows:

Distribution System Assets

- Straight line basis over 25 years based on historical cost as per the statutory accounts

- The ODV depreciation for the year would have been \$19.722 million

Buildings on Freehold Land

- Straight line basis over 50 years

Leasehold Improvements

- Straight line basis over 5 years

Generation Plant and Buildings

- Straight line basis over life of the project, 13-20 years

Other Plant and Equipment

- Diminishing value method at 20% per annum

Computer Software, Hardware and Telecommunication Equipment

- Straight line basis over 3-5 years

Motor Vehicles and Mobile Equipment

- Diminishing value method at 20% per annum

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

1. STATEMENT OF ACCOUNTING POLICIES continued

e) Accounts Receivable

Receivables are valued at their estimated realisable value.

f) Income Tax

The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effects of timing differences calculated using the liability method. Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

g) Stores

Stores are valued on the basis of weighted average cost price.

h) Leases

Group entities lease certain land and buildings.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased assets, are included in the determination of the operating profit in equal installments over the lease term.

The cost of improvements to leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

1. **STATEMENT OF ACCOUNTING POLICIES** *continued*

i) Foreign Currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction.

Short-term transactions covered by forward exchange contracts are measured and reported at the forward rates specified in those contracts.

At balance date foreign monetary assets and liabilities are translated to NZ dollars at the balance date exchange rate and exchange variations arising from these translations are included in the statement of financial performance.

The exchange differences on hedging transactions undertaken to establish the price of particular sales or purchases, together with any costs associated with the hedge transactions, are deferred and included in the measurement of the purchase or sale of the transaction.

j) Financial Instruments

The group is party to financial instruments with off balance sheet risk to meet financing needs and to reduce exposure to fluctuations in foreign currency exchange rates. These financial instruments include foreign exchange forward contracts, forward rate agreements and swaps.

The group is also party to financial instruments with off-balance sheet risk for the primary purpose of reducing its exposure to electricity spot market prices. While all of these financial instruments are subject to the risk that market rates may change subsequent to acquisition, such changes will generally be offset by opposite effects on the items being hedged.

The group enters into foreign currency forward exchange contracts to hedge foreign currency transactions. Any exposure to gains or losses on these forward contracts is generally offset by a loss or gain on the item being hedged. Gains and losses on contracts which hedge specific short-term foreign currency denominated commitments are recognised as a component of the related transaction in the period in which the transaction is completed. The group is not involved in foreign exchange speculating.

The group has entered into electricity price hedging contracts in order to minimise the risk of price fluctuations on electricity spot market. Assets, liabilities, and any unrealised revenues and expenses associated with these instruments as at balance date are not recognised in the financial statements. Realised revenues and expenses are recognised in the statement of financial performance on maturity of the hedging contracts and are incorporated as part of the cost of wholesale electricity.

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

1. STATEMENT OF ACCOUNTING POLICIES continued

k) Joint Ventures

The group is party to several joint venture arrangements. The group has accounted for its interest in these ventures by recognising its share of revenue, expenses, assets and liabilities.

l) Other Investments

Investments in other companies are stated at cost.

m) Long Term Prepayments

The group has entered into several contracts for the supply of gas. These are recorded at cost as long term prepayments.

Changes in Accounting Policies

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

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

2. OPERATING REVENUE

	1997					1996			
	Line	Electricity	Generation	Other	Total	Line	Electricity	Other	Total
	Activities	Retailing Activities	Activities	Activities	Activities	Activities	Retailing Activities	Activities	Activities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Comprises:									
Sales									
- External	3,466	528,925	395	-	532,786	967	460,666	-	461,633
- Interdivisional	213,821	4,583	-	-	-	201,446	1,046	-	-
Interest revenue									
- External	-	-	-	2,966	2,966	-	-	1,395	1,395
- Interdivisional	-	4	-	38,370	-	-	1,900	32,633	-
Dividend revenue	-	-	-	27,280	27,280	-	-	13,741	13,741
Joint ventures	-	-	12,073	-	12,073	-	-	5,142	5,142
Miscellaneous income	28	208	-	2,568	2,804	735	172	15,295	16,202
Gain on sale of fixed assets	17	-	-	2,259	2,276	-	-	-	-
	217,332	533,720	12,468	73,443	580,185	203,148	463,784	68,206	498,113

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

3. LINE ACTIVITIES

	Notes	1997 \$000	1996 \$000
Revenue:	2	<u>217,332</u>	<u>203,148</u>
Expenses:			
Transmission cost		67,884	63,032
Operations & maintenance		24,972	23,816
Infrastructure mapping		5,179	-
Depreciation		16,507	16,235
Interest		35,074	34,533
Administration and other		13,738	12,333
Non recurring	6	7,324	11,839
		<u>170,678</u>	<u>161,788</u>
Operating surplus before taxation		46,654	41,360
Taxation		(16,905)	(13,650)
Operating surplus after taxation		<u>29,749</u>	<u>27,710</u>
Operating surplus before interest, depreciation and tax		<u>98,235</u>	<u>92,128</u>
Operating surplus after tax plus after tax effect of depreciation		40,809	38,589
Average total funds employed		<u>768,816</u>	<u>685,001</u>
Average shareholders' funds		<u>398,607</u>	<u>353,073</u>
Cash tax	9a	<u>15,413</u>	<u>14,763</u>
Interest tax shield		<u>11,574</u>	<u>11,396</u>
Revaluation	16	<u>1,886</u>	<u>117,200</u>

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

- Ratios:*
- Accounting return on total assets:
(Earnings before interest, depreciation and tax divided by average total funds employed)

 - Accounting return on equity:
(Net profit after tax plus after tax effect of depreciation divided by average total shareholders' funds)

 - Accounting rate of profit:
(Earnings before interest, depreciation, and tax less cash tax less interest tax shield plus revaluation divided by average total funds employed minus half revaluation)

*These financial performance ratios are set out in the First Schedule, Part II

4. CONTINUING & DISCONTINUED ACTIVITIES

	1997					1996			
	Line Activities \$000	Electricity Retailing Activities \$000	Generation Activities \$000	Other Activities \$000	Total Activities \$000	Line Activities \$000	Electricity Retailing Activities \$000	Other Activities \$000	Total Activities \$000
Continuing activities									
Operating revenue	217,332	533,720	12,468	73,444	580,185	203,148	463,784	68,206	498,113
Operating surplus after tax	29,749	19,744	(1,098)	29,132	77,527	27,710	22,984	14,949	65,643
Totals									
Operating revenue	217,332	533,720	12,468	73,444	580,185	203,148	463,784	68,206	498,113
Operating surplus after tax	29,749	19,744	(1,098)	29,132	77,527	27,710	22,984	14,949	65,643

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

5. SURPLUS BEFORE TAXATION

	1997				1996				
	Line Activities \$000	Electricity Retailing Activities \$000	Generation Activities \$000	Other Activities \$000	Total Activities \$000	Line Activities \$000	Electricity Retailing Activities \$000	Other Activities \$000	Total Activities \$000
After charging:									
Change in provision for doubtful debts	-	270	-	(110)	160	-	115	213	328
Depreciation	16,507	31	2,679	10,676	29,893	16,235	35	9,010	25,280
Bad debts written off	221	2,218	-	-	2,439	182	1,709	-	1,891
Interest	-	-	1,720	20,408	22,128	-	-	17,476	17,476
Interest - interdivisional	35,074	-	454	2,845	-	34,533	-	-	-
Loss on sale of fixed assets	-	-	-	260	260	(10)	-	875	865
Rental and operating lease costs	-	-	-	1,068	1,068	-	-	857	857
Foreign currency losses	-	-	-	-	-	-	-	126	126
After crediting:									
Rents	28	-	-	616	644	-	-	691	691
Dividends	-	-	-	27,280	27,280	-	-	13,741	13,741
Interest income	-	-	-	2,966	2,966	-	-	1,395	1,395
Interest - interdivisional	-	4	-	-	-	-	1,900	32,633	-

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

6. NON RECURRING ITEMS

	1997					1996			
	Line	Electricity	Generation	Other	Total	Line	Electricity	Other	Total
	Activities	Retailing Activities	Activities	Activities	Activities	Activities	Retailing Activities	Activities	Activities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Restructuring costs	7,324	-	-	1,120	8,444	11,839	1,962	-	13,801
Prepayment written off	-	-	-	-	-	-	-	11,000	11,000
Prior years provisions no longer required	-	-	-	-	-	-	-	(16,391)	(16,391)
	7,324	-	-	1,120	8,444	11,839	1,962	(5,391)	8,410

7. AUDITOR'S REMUNERATION

Amounts payable or due and payable to the auditors for:	1997 Other Activities \$000	1996 Other Activities \$000
Audit services		
Parent entity auditor	100	95
Other services		
Parent entity auditor	342	410

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

8. DIRECTORS' REMUNERATION

	1997			1996	
	Generation	Other	Total	Other	Total
	Activities	Activities	Activities	Activities	Activities
	\$000	\$000	\$000	\$000	\$000
Fees paid to directors	21	350	371	262	262

9. TAXATION

	1997					1996			
	Line	Electricity	Generation	Other	Total	Line	Electricity	Other	Total
	Activities	Retailing	Activities	Activities	Activities	Activities	Retailing	Activities	Activities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating surplus before taxation	46,654	29,490	(1,638)	42,672	117,178	41,360	34,304	23,046	98,710
Prima facie taxation @ 33%	15,396	9,732	(540)	14,081	38,669	13,650	11,320	7,605	32,575
Plus(less) taxation effect of permanent differences:									
Non deductible entertainment expenses	24	14	-	19	57	-	-	38	38
Non deductible legal and consulting fees	-	-	-	-	-	-	-	164	164
Other permanent differences	1,485	-	-	(560)	925	-	-	290	290
Taxation expense	16,905	9,746	(540)	13,540	39,651	13,650	11,320	8,097	33,067
The taxation charge is represented by:									
Current taxation payable	17,188	9,938	(2,256)	13,813	38,683	13,650	11,320	7,130	32,100
Future taxation benefit	(283)	(192)	1,716	(273)	968	-	-	967	967
Prior period adjustments	-	-	-	-	-	-	-	-	-
	16,905	9,746	(540)	13,540	39,651	13,650	11,320	8,097	33,067

9. TAXATION continued

	1997	1996
	Other	Other
	Activities	Activities
	\$000	\$000
Imputation credit account		
Balance as at 31 March 1996	38,543	15,179
Prior period adjustment	47	-
Income tax payments during year	27,370	33,160
Imputation credits attaching to dividends received in year	9,002	4,535
Imputation credits attaching to dividends paid in year	(24,134)	(14,284)
Transfer of tax to subsidiary	(646)	(47)
Balance as at 31 March 1997	50,182	38,543
At balance date the imputation credits available to the shareholder of the parent company were:		
Through direct shareholding in the parent company	50,182	38,543
Through indirect interests in subsidiaries and in-substance subsidiaries	646	47
	50,828	38,590

9a TAXATION PAYABLE

	1997					1996			
	Line Activities	Electricity Retailing Activities	Generation Activities	Other Activities	Total Activities	Line Activities	Electricity Retailing Activities	Other Activities	Total Activities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance brought forward	(2,828)	(2,600)	-	(1,744)	(7,172)	255	-	(32)	223
Restatement adjustment	-	-	-	-	-	(1,812)	-	-	-
Transfer from statement of financial performance	16,905	9,746	(540)	13,540	39,651	13,650	11,320	8,097	33,067
Cash tax:									
- Paid	(15,413)	(8,799)	242	(12,435)	(36,405)	(14,763)	(13,993)	(9,903)	(38,659)
- Restatement adjustment	123	85	-	113	321	1,812	-	-	-
Transfer from deferred tax	283	192	(1,716)	273	(968)	(1,970)	73	94	(1,803)
Tax payable (refund)	(930)	(1,376)	(2,014)	(253)	(4,573)	(2,828)	(2,600)	(1,744)	(7,172)

10. DIVIDENDS

	1997					1996			
	Line Activities	Electricity Retailing Activities	Generation Activities	Other Activities	Total Activities	Line Activities	Electricity Retailing Activities	Other Activities	Total Activities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Interim distributions:									
Dividends paid									
- on ordinary shares	9,400	6,300	-	9,300	25,000	6,000	5,500	4,500	16,000
	9,400	6,300	-	9,300	25,000	6,000	5,500	4,500	16,000
Proposed distributions:									
Proposed dividends									
- on ordinary shares	9,700	6,400	-	9,400	25,500	11,000	8,300	4,700	24,000
	9,700	6,400	-	9,400	25,500	11,000	8,300	4,700	24,000
Total distributions paid or payable in cash	19,100	12,700	-	18,700	50,500	17,000	13,800	9,200	40,000

11. SHARE CAPITAL

	1997 Total Activities \$000	1996 Total Activities \$000
Authorised capital		
102,020,202 Ordinary class A shares of \$1 each	102,020	102,020
197,979,798 Ordinary class B shares of \$1 each	197,980	197,980
200,000,000 Ordinary class C shares of \$1 each	200,000	200,000
	500,000	500,000
Issued and paid up capital		
Ordinary class A shares		
102,020,202 issued and fully paid shares	102,020	102,020
Ordinary class B shares		
197,979,798 issued and fully paid shares	197,980	197,980
Ordinary class C shares		
6 issued and uncalled shares	-	-
	300,000	300,000

The ordinary class A shares and the ordinary class B shares can only be held by the Auckland Energy Consumer Trust and may only be dealt with pursuant to the Trust Deed.

The ordinary class A shares and the ordinary class C shares are voting securities.

The Ordinary class B shares are non voting securities.

Otherwise all ordinary shares rank equally.

12. RETAINED EARNINGS

	1997					1996			
	Line	Electricity	Generation	Other	Total	Line	Electricity	Other	Total
	Activities	Retailing	Activities	Activities	Activities	Activities	Retailing	Activities	Activities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 April	24,839	13,734	(22)	9,225	47,776	14,129	4,550	3,433	22,112
Operating surplus attributable to the shareholders of the parent company	29,749	19,744	(1,045)	29,132	77,580	27,710	22,984	14,970	65,664
Total available for appropriation	54,588	33,478	(1,067)	38,357	125,356	41,839	27,534	18,403	87,776
Dividends	(19,100)	(12,700)	-	(18,700)	(50,500)	(17,000)	(13,800)	(9,200)	(40,000)
Balance as at 31 March	35,488	20,778	(1,067)	19,657	74,856	24,839	13,734	9,203	47,776

13. TERM LIABILITIES

	Interest Rates	1997			1996
		Generation	Other	Total	Other
		Activities	Activities	Activities	Activities
		\$000	\$000	\$000	\$000
Maturing:					
Within one year	5.8% to 11.7%	-	7,698	7,698	1,000
One to two years	6.3%	-	53	53	6,946
Two to five years	7.4% to 8.8%	59,603	352,000	411,603	310,859
Total term liabilities		59,603	359,751	419,354	318,805
Less current portion of term liabilities			7,698	7,698	1,000
Total term liabilities		59,603	352,053	411,656	317,805

Debt issued prior to 1 October 1993 of \$6.946 million is secured by a right to levy pursuant to the Auckland Electric Power Board Act 1978.

Other debt issued of \$352 million is secured by way of negative pledge over the assets of the group.

The classification of \$352 million of debt as term liabilities is based on the availability of a 60 month facility, which was undrawn at balance date.

Convertible Notes of \$0.805 million are redeemable at par value by note holders up to 31 July 1997.

The Group's share of the Southdown Cogeneration joint venture loan is \$59.603 million.

14. ACCOUNTS PAYABLE AND ACCRUALS

	1997					1996			
	Line Activities	Electricity Retailing Activities	Generation Activities	Other Activities	Total Activities	Line Activities	Electricity Retailing Activities	Other Activities	Total Activities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Trade and other creditors	3,312	4,407	1,951	46,273	55,943	15,006	23,116	7,753	45,875
Interest payable	-	-	-	946	946	-	-	494	494
Customer deposits	-	1,356	-	-	1,356	-	1,378	-	1,378
Employee entitlements	-	126	26	2,942	3,094	1,453	1,062	713	3,228
	3,312	5,889	1,977	50,161	61,339	16,459	25,556	8,960	50,975

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

15. FIXED ASSETS

	1997					1996			
	Line	Electricity	Generation	Other	Total	Line	Electricity	Other	Total
	Activities	Retailing Activities	Activities	Activities	Activities	Activities	Retailing Activities	Activities	Activities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Freehold land at cost	4,170	-	-	7,413	11,583	4,170	-	14,509	18,679
Revaluation to ODV	3,494	-	-	-	3,494	3,494	-	-	3,494
	7,664	-	-	7,413	15,077	7,664	-	14,509	22,173
Freehold buildings	-	-	-	21,287	21,287	-	-	27,223	27,223
Leasehold improvements	-	-	-	-	-	-	-	773	773
	-	-	-	21,287	21,287	-	-	27,996	27,996
Accumulated depreciation	-	-	-	(4,728)	(4,728)	-	-	(6,639)	(6,639)
Net book value	-	-	-	16,559	16,559	-	-	21,357	21,357
Distribution system	451,123	-	-	-	451,123	418,731	-	-	418,731
Accumulated depreciation	(157,705)	-	-	-	(157,705)	(141,212)	-	-	(141,212)
	293,418	-	-	-	293,418	277,519	-	-	277,519
Adjustment to ODV	479,111	-	-	-	479,111	477,225	-	-	477,225
ODV	772,529	-	-	-	772,529	754,744	-	-	754,744
Generation plant and buildings	-	-	207,487	-	207,487	-	-	99,676	99,676
Accumulated depreciation	-	-	(6,583)	-	(6,583)	-	-	(3,907)	(3,907)
Net book value	-	-	200,904	-	200,904	-	-	95,769	95,769

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

15. FIXED ASSETS continued

	1997					1996			
	Line	Electricity	Generation	Other	Total	Line	Electricity	Other	Total
	Activities	Retailing Activities	Activities	Activities	Activities	Activities	Retailing Activities	Activities	Activities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Plant and equipment									
Motor vehicles and mobile equipment	-	-	-	13,807	13,807	-	-	14,103	14,103
Computer and telecommunication equipment	1	8	-	49,926	49,935	-	-	38,247	38,247
Miscellaneous plant and equipment	110	526	-	10,026	10,662	1,057	528	11,112	12,697
	111	534	-	73,759	74,404	1,057	528	63,462	65,047
Accumulated depreciation	(14)	(395)	-	(35,149)	(35,558)	-	(375)	(28,416)	(28,791)
Net book value	97	139	-	38,610	38,846	1,057	153	35,046	36,256
Capital work in progress									
	3,203	-	-	-	3,203	2,281	-	-	2,281
Total fixed assets									
At cost	941,212	534	207,487	102,459	1,251,692	906,958	528	205,643	1,113,129
Provision for depreciation	(157,719)	(395)	(6,583)	(39,877)	(204,574)	(141,212)	(375)	(38,962)	(180,549)
Net book value	783,493	139	200,904	62,582	1,047,118	765,746	153	166,681	932,580

The latest Government valuations of freehold land total \$27.302 million (1996: \$26.725 million)
The latest Government valuations of buildings total \$25.222 million (1996: \$24.087 million)

16. ODV REVALUATION

	1997	1996
	\$000	\$000
ODV 31 March 1996		
- As audited	765,746	621,021
- Increase in economic lives	-	120,720
	<u>765,746</u>	<u>741,741</u>
Net assets acquired	15,863	27,524
ODV revaluation	1,886	(3,520)
ODV as at 31 March 1997	<u>783,495</u>	<u>765,745</u>
ODV revaluation reserve		
Balance 31 March 1996	480,719	345,891
Revaluation for increased economic lives	1,886	117,200
Change in accumulated net book value	-	17,628
	<u>482,605</u>	<u>480,719</u>

17. INVESTMENTS IN SUBSIDIARIES

	1997	1996
	Other	Other
	Activities	Activities
	\$000	\$000
Shares in subsidiaries (unlisted)	-	-
Advances to subsidiaries	121,842	112,106
	121,842	112,106

All advances are interest bearing and repayable on demand.

	Percentages held		Balance Date
	1997	1996	
Significant subsidiaries			
Mercury Generation Ltd	100%	100%	31 March
- MEL Silverstream Ltd	100%	100%	31 March
- MEL Stratford Ltd	100%	100%	31 March
- MEL Southdown Ltd	100%	100%	31 March
- Mercury Network Ltd	100%	100%	31 March
- Mercury Geotherm Ltd	55.82%	51.16%	31 March
- Poihipi Land Ltd	55.82%	51.16%	31 March
- Caduceus Equities No 1 Ltd	100%	100%	31 March

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

17. INVESTMENTS IN SUBSIDIARIES continued

	Percentages Held		Balance Date
Non trading subsidiaries			
Mercury Power Ltd	100%	100%	31 March
Auckland Electricity Ltd	100%	100%	31 March
Auckland Energy Ltd	100%	100%	31 March
Energy North Ltd	100%	100%	31 March

The principal activity of the subsidiaries is the generation and/or sale of electricity.

18. INVESTMENTS

	1997 Other Activities \$000	1996 Other Activities \$000
Shares listed on the Stock Exchange, at cost	220,330	186,940
Other investments	38,221	23,432
	258,551	210,372
Shares listed on the Stock Exchange, at market value	404,694	288,199

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

18. INVESTMENTS continued
Joint Ventures
1997
Generation
Activities

The group has interests in the following joint ventures:

	% Interest	Balance Date	Principal Activity
Rosedale/Greenmount	87.4	31 March	Energy Generation
Silverstream	46.5	31 March	Energy Generation
Southdown	47.5	31 March	Energy Generation

Southdown started operations in December 1996.

Ownership of and responsibility for the assets of the Rosedale/Greenmount and Silverstream are retained by the party contributing those assets. The net book value of the assets used by the joint ventures included in the financial statements of the group is Generation Plant and Buildings \$76.355 million (1996: \$41.359 million)

The group's share of revenue and expenses of joint ventures which have been included in the financial statements are:

	Rosedale/Greenmount	Silverstream	Southdown
Share of revenue	2.589 million	0.544 million	8.940 million
Share of expenses	1.290 million	0.226 million	9.074 million

The financial statements of Rosedale/Greenmount and Silverstream are unaudited.

19. LONG TERM PREPAYMENTS

	1997	1996
	Other	Other
	Activities	Activities
	\$000	\$000

Deposits on fixed asset purchases	-	19,420
Forward energy supply contracts	4,801	6,567
	4,801	25,987

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

20. DEFERRED TAXATION

	1997					1996			
	Line	Electricity	Generation	Other	Total	Line	Electricity	Other	Total
	Activities	Retailing	Activities	Activities	Activities	Activities	Retailing	Activities	Activities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 April	87	73	-	57	217	2,057	-	930	2,987
Transfer to statement of financial performance	283	192	(1,716)	273	(968)	-	-	(967)	(967)
Prior period adjustment	-	-	-	-	-	-	-	-	-
Transfer to current tax	123	85	-	113	321	(1,970)	73	94	(1,803)
Balance as at 31 March	493	350	(1,716)	443	(430)	87	73	57	217

21. RECEIVABLE AND PREPAYMENTS

	1997					1996			
	Line	Electricity	Generation	Other	Total	Line	Electricity	Other	Total
	Activities	Retailing	Activities	Activities	Activities	Activities	Retailing	Activities	Activities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Trade debtors	-	45,830	-	-	45,830	-	45,938	4,124	50,062
Provision for doubtful debts	-	(750)	-	(765)	(1,515)	-	(485)	(870)	(1,355)
Provision for discounts	-	(6,185)	-	-	(6,185)	-	(3,657)	-	(3,657)
	-	38,895	-	(765)	38,130	-	41,796	3,254	45,050
Other debtors	1,173	80	4	4,354	5,611	-	-	3,198	3,198
Prepayments	272	8	3,784	2,405	6,469	-	-	3,129	3,129
	1,445	38,983	3,788	5,994	50,210	-	41,796	9,581	51,377

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

22. FINANCIAL INSTRUMENTS

Revenue - electricity price hedging contracts

The group has entered into electricity price hedges which establish a fixed price (hedge price) for a percentage of its estimated electricity needs. It is the group's current policy to hedge at least 50% of its estimated needs six months out.

On maturity of the electricity price hedges any difference between the hedge price and the spot market price is settled between the parties. Settlement occurs irrespective of the amount of electricity actually supplied.

Credit risk

Financial instruments which potentially subject the group to credit risk principally consist of bank balances, money market deposits and accounts receivable.

The group performs credit evaluations on all customers and requires a bond from customers who have yet to establish a suitable credit history with the company.

The group monitors the credit quality of the major financial institutions that are counterparts to its off balance sheet financial instruments and does not anticipate non performance by the counterparts.

With respect to electricity price hedges, the group has a potential credit risk exposure to the counter party dependent on the spot market price at settlement, and does not anticipate any non-performance of any obligations which may exist on maturity of these agreements.

Maximum exposures to credit risk as at balance date are:

	1997				1996				
	Line Activities \$000	Electricity Retailing Activities \$000	Generation Activities \$000	Other Activities \$000	Total Activities \$000	Line Activities \$000	Electricity Retailing Activities \$000	Other Activities \$000	Total Activities \$000
Bank balances	495	508	949	3,502	5,454	575	30	1,318	1,923
Accounts receivable	1,173	38,975	4	3,589	43,741	-	41,796	6,452	48,248
Foreign exchange contracts	-	-	-	17,619	17,619	-	-	-	-

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

22. FINANCIAL INSTRUMENTS continued

The above maximum exposures are net of any recognised provision for losses on these financial instruments. Collateral in the form of customer bonds totaling \$1.356 million is held in respect of the above amounts.

Concentrations of Credit Risk

	1997					1996			
	Line Activities	Electricity Retailing Activities	Generation Activities	Other Activities	Total Activities	Line Activities	Electricity Retailing Activities	Other Activities	Total Activities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Bank balances	495	508	949	3,502	5,454	575	30	1,318	1,923

The group is not exposed to any other concentrations of credit risk.

Foreign exchange contracts

At balance date the group entered into foreign exchange contracts maturing during 1997 to purchase the equivalent of NZ\$17.619 million in foreign currency.

Interest rate risk

Interest rates on debt issued in the current year are generally fixed for periods of between one and three months at rates from 7.4% to 8.8%. The interest rates are based on the BkBM rate plus a margin.

Interest rates on debt issued prior to 1 October 1993 are fixed until maturity at rates from 5.8% to 11.7%

Fair values

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Accounts receivable, bank balances, money market deposits, accounts payable, short term liabilities, long term liabilities, investments (except listed equities).

The carrying amount is the fair value for each of these classes of financial instrument and accordingly they are excluded from the table below.

Listed equity investments

The fair value of this class of financial instrument is equal to the quoted market price.

Foreign currency forward exchange contracts

The fair value of this class of financial instrument is based on the quoted market price of comparable instruments.

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

22. FINANCIAL INSTRUMENTS continued

	Carrying Amount 1997					Carrying Amount 1996			
	Line	Electricity	Generation	Other	Total	Line	Electricity	Other	Total
	Activities	Retailing	Activities	Activities	Activities	Activities	Retailing	Activities	Activities
		Activities					Activities		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Share investments				258,551	258,551			210,372	210,372

	Fair Value 1997					Fair Value 1996			
	Line	Electricity	Generation	Other	Total	Line	Electricity	Other	Total
	Activities	Retailing	Activities	Activities	Activities	Activities	Retailing	Activities	Activities
		Activities					Activities		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Bank balances	495	508	949	3,502	5,454	575	30	1,318	1,923
Accounts receivable	1,173	38,975	4	3,589	43,741	-	41,796	6,452	48,248
Accounts payable	3,312	5,889	1,977	50,161	61,339	16,459	25,556	8,960	50,975
Short term liabilities	-	-	-	7,698	7,698	-	-	1,000	1,000
Long term liabilities	-	-	59,603	352,053	411,656	-	-	317,805	317,805
Forward exchange contracts to buy									
- Amounts receivable	-	-	-	-	-	-	-	47,076	47,076
- Amounts payable	-	-	-	17,619	17,619	-	-	47,413	47,413
Share investments	-	-	-	404,694	404,694	-	-	288,199	288,199

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

22. FINANCIAL INSTRUMENTS continued
Electricity price hedging contracts

The fair value of electricity price hedging contracts can vary from day to day as the spot market price for electricity varies. As at balance date the secondary market for electricity price hedging contracts was not sufficiently active in order to obtain a reliable measure of the fair value of the group's hedging contracts. As at balance date the contract amount of the electricity hedging activity amounted to \$916.156 million. Of this amount, \$893.604 million relates to hedge contracts from six months to twelve years.

23. COMMITMENTS

	1997					1996			
	Line	Electricity	Generation	Other	Total	Line	Electricity	Other	Total
	Activities	Retailing	Activities	Activities	Activities	Activities	Retailing	Activities	Activities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Capital expenditure commitments									
Estimated capital expenditure contracted for at balance date but not provided for:									
Stratford power station	-	-	120,000	-	120,000				
Other commitments	33,195	-	-	-	33,195	4,303	-	28,269	32,572
	33,195	-	120,000	-	153,195	4,303	-	28,269	32,572
Operating lease commitments									
On land and buildings were:									
Within one year	-	-	-	55	55	-	-	333	333
One to two years	-	-	-	71	71	-	-	247	247
Two to five years	-	-	-	14	14	-	-	625	625
Beyond five years	-	-	-	-	-	-	-	541	541
	-	-	-	140	140	-	-	1,746	1,746

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

24. CONTINGENT LIABILITIES

	Other Activities \$000	Other Activities \$000
Performance bonds	64	74

25. REMUNERATION OF EMPLOYEES (\$)

	1997 Total Activities \$000
100,001 - 110,000	3
110,001 - 120,000	1
120,001 - 130,000	6
130,001 - 140,000	3
140,001 - 150,000	4
150,001 - 160,000	1
210,001 - 220,000	2
240,001 - 250,000	2
250,001 - 260,000	1
260,001 - 270,000	2
270,001 - 280,000	1
460,000 - 470,000	1

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

25. REMUNERATION OF EMPLOYEES (\$) continued

The above remuneration includes termination payments for 3 employees as follows:

120,001 - 130,000	1
130,001 - 140,000	1
140,001 - 150,000	1

26. TRANSACTIONS WITH RELATED PARTIES

During the year Mercury Energy Limited had the following transactions with the Auckland Energy Consumer Trust, which is the majority shareholder of Mercury Energy Limited:

Payment of dividends \$49 million.

No related party debts have been written off or forgiven during the year. All transactions for subsidiary companies, Mercury Geotherm Ltd and MEL Southdown Ltd, are financed by Mercury Energy Ltd.

The intercompany receivables are disclosed in note 17.

27. SEGMENT INFORMATION

The company operates in the electricity supply, generation and distribution business. All operations are carried out within New Zealand.

Notes to and forming part of the financial statements for the year ended 31 March 1997 continued

28. SIGNIFICANT EVENT AFTER BALANCE DATE

	1997
	Line
	Activites
	\$000
<hr/>	
Operating surplus before taxation:	
Group financial statements	121,723
Provision for loss on disposal of property	4,545
Electricity (Information Disclosure) Regulations	<u>117,178</u>

After balance date it was decided to dispose of the Banks Road property. Banks Road has been valued independently at a valuation which is significantly lower than its book value as at 31 March 1997. Therefore a provision for loss on sale has been created which has been reflected in the Electricity (Information Disclosure) Regulations accounts.

Performance Measures and Statistics for the year ended 31 March 1997
 For the Purposes of The Electricity (Information Disclosure) Regulations 1994

FIRST SCHEDULE - PART II

1. Financial performance measures	1997	1996	1995
(a) Accounting return on total assets	12.78%	13.45%	14.65%
(b) Accounting return on equity	10.24%	10.93%	13.27%
(c) Adjusted accounting rate of profit		8.58%	8.31%
Restatement adjustment		20.66%	2.54%
Accounting rate of profit	9.52%	29.24%	10.85%
2. Efficiency performance measures			
(a) Direct line cost per kilometre	\$2,927.33	\$2,775.00	\$3,526.00
(b) Indirect line cost per electricity customer	\$55.69	\$50.63	\$52.74

FIRST SCHEDULE - PART III

1. Energy delivery efficiency performance measures			
(a) Load factor	55.46%	62.42%	64.25%
(b) Loss ratio	4.34%	4.25%	3.96%
(c) Capacity utilisation	35.95%	30.04%	29.57%

Performance Measures and Statistics for the year ended 31 March 1997 continued
 For the Purposes of The Electricity (Information Disclosure) Regulations 1994

FIRST SCHEDULE - PART III continued

2. Statistics

(a)	System length (in kilometres)	1997	1996	1995
	400V	4,714.19	4,685.18	4,655.20
	6.6kV	419.40	421.47	421.47
	11kV	2,944.89	2,924.83	2,902.65
	22kV	249.90	249.65	249.36
	33kV	240.46	240.46	241.08
	110kV	60.86	60.86	60.86
	Total	8,629.70	8,582.45	8,530.62
(b)	Total circuit length (in kilometres) of overhead electric lines			
	400V	1,823.96	1,831.76	1,834.45
	6.6kV	97.25	99.00	99.00
	11kV	1,216.90	1,216.31	1,214.17
	22kV	-	-	-
	33kV	64.66	64.66	64.66
	110kV	-	-	-
	Total	3,202.76	3,211.73	3,212.28
(c)	Total circuit length (in kilometres) of underground electric lines			
	400V	2,890.23	2,853.42	2,820.75
	6.6kV	322.15	322.47	322.47
	11kV	1,727.99	1,708.52	1,688.48
	22kV	249.90	249.65	249.36
	33kV	175.80	175.80	176.42
	110kV	60.86	60.86	60.86
	Total	5,426.93	5,370.72	5,318.34

Performance Measures and Statistics for the year ended 31 March 1997 continued
 For the Purposes of The Electricity (Information Disclosure) Regulations 1994

FIRST SCHEDULE - PART III continued
2. Statistics continued

	1997	1996	1995
(d) Transformer capacity (MVA)	2,613.45	2,835.24	2,535.58
(e) Maximum demand (in kilowatts)	939,662	851,656	749,826
(f) Total electricity supplied from the system (in kilowatt hours)	4,367,119,190	4,453,647,269	4,052,907,567
(g) Total amount of electricity (in kilowatt hours) conveyed through the system on behalf of other persons, that are electricity retailers or generators, not being persons that are in a prescribed business relationship with Mercury Energy	107,232,001	24,953,175	4,323,226
(h) Total customers (average)	246,684	243,765	242,859

FIRST SCHEDULE - PART IV
Reliability performance measures
Interruptions
1. Total number of Interruptions according to class:

Class A	Planned Trans Power interruption	-	-	-
Class B	Planned interruption by a Line Operator (other than Trans Power)	104	239	454
Class C	Unplanned interruption originating within the principal Line Owners works	662	475	466
Class D	Unplanned Trans Power interruption	8	48	2
Class E	Unplanned ECNZ interruption	-	-	-
Class F	Unplanned interruption originating from a generator other than ECNZ	-	-	-
Class G	Other	-	-	-
Total		774	762	992

Performance Measures and Statistics for the year ended 31 March 1997 continued
 For the Purposes of The Electricity (Information Disclosure) Regulations 1994

FIRST SCHEDULE - PART IV continued
Reliability performance measures continued

Faults	1997	1996	1995
2. Total number of faults per 100 circuit kilometres of prescribed voltage electric lines	15.17	13.42	12.70
3. Number of faults per 100 circuit kilometres of prescribed voltage underground cables.			
6.6kV	0.93	0.93	0.93
11kV	10.24	7.14	5.26
22kV	2.40	4.81	2.41
33kV	4.55	1.14	3.41
110kV	14.79	4.93	3.29
Total	8.00	5.64	4.24
4. Number of faults per 100 circuit kilometres of prescribed voltage overhead lines.			
6.6kV	7.20	7.07	10.10
11kV	29.75	30.05	30.30
22kV	-	-	-
33kV	34.02	4.64	13.92
110kV	-	-	-
Total	28.36	27.61	28.02

Performance Measures and Statistics for the year ended 31 March 1997 continued
For the Purposes of The Electricity (Information Disclosure) Regulations 1994

FIRST SCHEDULE - PART IV continued
Reliability performance measures continued

SAIDI (System Average Interruption Duration Index)

	1997	1996	1995
5. The SAIDI for the total interruptions	123.77	120.77	125.83
6. The SAIDI for the total interruptions within each interruption class:			
Class A Planned Trans Power interruption	-	-	-
Class B Planned interruption by a Line Operator (other than Trans Power)	12.34	21.07	39.73
Class C Unplanned interruption originating within the principal Line Owners works	95.34	94.71	82.48
Class D Unplanned Trans Power interruption	16.10	5.00	3.63
Class E Unplanned ECNZ interruption	-	-	-
Class F Unplanned interruption originating from a generator other than ECNZ	-	-	-
Class G Other	-	-	-

SAIFI (System Average Interruption Frequency Index)

7. The SAIFI for the total interruptions	2.19	1.95	1.78
8. The SAIFI for the total interruptions within each interruption class:			
Class A Planned Trans Power interruption	-	-	-
Class B Planned interruption by a Line Operator (other than Trans Power)	0.22	0.16	0.33
Class C Unplanned interruption originating within the principal Line Owners works	1.62	1.75	1.31
Class D Unplanned Trans Power interruption	0.36	0.05	0.14
Class E Unplanned ECNZ interruption	-	-	-
Class F Unplanned interruption originating from a generator other than ECNZ	-	-	-
Class G Other	-	-	-

Performance Measures and Statistics for the year ended 31 March 1997 continued
For the Purposes of The Electricity (Information Disclosure) Regulations 1994

FIRST SCHEDULE - PART IV continued
Reliability performance measures continued

CAIDI (Electricity Customer Average Interruption Duration Index)		1997	1996	1995
9.	The CAIDI for the total interruptions	56.39	61.91	70.72
10.	The CAIDI for the total interruptions within each interruption class:			
	Class A Planned Trans Power interruption	-	-	-
	Class B Planned interruption by a Line Operator (other than Trans Power)	56.82	133.80	120.39
	Class C Unplanned interruption originating within the principal Line Owners works	58.81	54.27	63.11
	Class D Unplanned Trans Power interruption	45.11	103.40	25.45
	Class E Unplanned ECNZ interruption	-	-	-
	Class F Unplanned interruption originating from a generator other than ECNZ	-	-	-
	Class G Other	-	-	-


CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES
AND STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN
TRANSPOWER

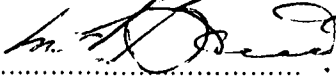
We, JEFFREY LUPHANE JACKSON and MICHAEL FRANCIS BARNETT directors, of Mercury Energy Limited, certify that, having made all the reasonable enquiry, to the best of our knowledge:

- a) The attached audited Financial Statements of Mercury Energy Limited prepared for the purposes of regulation 6 of the Electricity (information Disclosure) Regulations 1994, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations; and
- b) The attached information, being Financial Performance Measures, Efficiency Performance Measures, Energy Delivery Efficiency Performance Measures, Statistics and Reliability Performance Measures in relation to Mercury Energy Limited, and having been prepared for the purposes of regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1994, comply with the requirements of the Electricity (Information Disclosure) Regulations 1994.

The valuations on which those Financial Performance Measures are based are as at 31 March 1997.

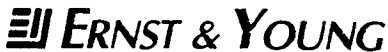
Signature of Directors:

.....



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Date:

.....
 24 JULY 1997
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■ Chartered Accountants

**To the Directors
Mercury Energy Limited**

Certification of Performance Measures by Auditors

Auditors Report

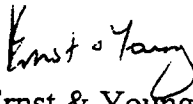
We have examined the attached information on page 37 being:

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

and having been prepared by Mercury Energy Limited as at 31 March 1997 and dated 24 July 1997 for the purposes of regulation 13 of those regulations.

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

This report is issued for the purposes of the Electricity (Information Disclosure) Regulations 1994 and is not to be used for any other purpose without our prior written consent.


Ernst & Young
Auckland

24 July 1997



■ Chartered Accountants

**To the Directors
Mercury Energy Limited**

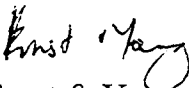
Certification by Auditor in Relation to Financial Statements

Auditors Report

We have examined the financial statements for the year ended 31 March 1997 on pages 1 to 36 prepared by Mercury Energy Limited and dated 24 July 1997 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.

This report is issued for the purposes of the Electricity (Information Disclosure) Regulations 1994 and is not to be used for any other purpose without our prior written consent.


Ernst & Young
Auckland

24 July 1997



