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TOP ENERGY LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1994

TOP ENERGY LIMITED

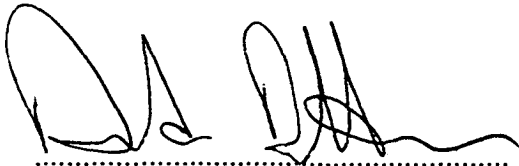
PRICEWATERHOUSECOOPERS 

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**CERTIFICATION BY AUDITORS IN RELATION
TO THE LINE BUSINESS AND ENERGY BUSINESS
FINANCIAL STATEMENTS**

We have examined for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1994, the Top Energy Limited Line and Energy Business financial statements for the year ended 31 March 1998, prepared by Top Energy Limited and set out on the attached pages.

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.



.....
A R BRITTON
PRICEWATERHOUSECOOPERS
CHARTERED ACCOUNTANTS
WHANGAREI
On Behalf Of The Controller And Auditor-General

31 AUGUST 1998

PRICEWATERHOUSECOOPERS 

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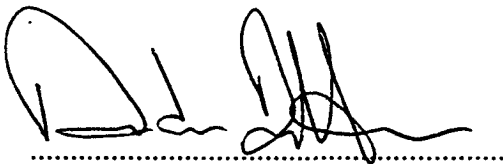
CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

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 Part II of that Schedule,

and having been prepared by Top Energy Limited for the year ended 31 March 1998 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.



A R BRITTON
PRICEWATERHOUSECOOPERS
CHARTERED ACCOUNTANTS
WHANGAREI, N.Z.
On Behalf Of The Controller And Auditor-General

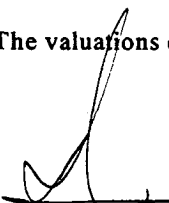
31 AUGUST 1998

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

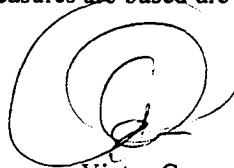
We, Jack Poutsma and Victor Green, directors of Top Energy Limited certify that, having made all reasonable enquires, to the best of our knowledge:

- a. The attached audited financial statements of Top 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 Top 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 1996.



Jack Poutsma
25 August 1998



Victor Green
27 August 1998

IMPORTANT NOTE

Information disclosed in this 1998 Information Disclosure package issued by Top Energy Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1994.

The regulations require the information to be disclosed in the manner it is presented.

The information should not be used for any other purpose than that intended under the regulations.

The information contained in this package may change at any time. Pricing and terms are as at the date of disclosure indicated and are not a quote or estimate of rates or terms that will apply in the future.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 12 MONTHS ENDED 31 MARCH 1998**

	Notes	LINE BUSINESS		ENERGY TRADING	
		\$		\$	
		1998	1997	1998	1997
Income	1	15,405,883	16,037,252	14,637,612	14,291,302
Less expenses, excluding finance costs	2	11,817,872	11,517,996	14,489,131	13,608,772
Profit before finance, abnormals and taxation		3,588,011	4,519,256	148,481	682,530
Less net finance costs	3	(23,677)	841,607	(764)	2,783
Profit before debt restructuring and taxation		3,611,688	3,677,649	149,245	679,747
Plus reassessed debt restructuring provision		-	604,739	-	2,000
Profit after debt restructuring and before taxation		3,611,688	4,282,388	149,245	681,747
Less taxation	4	688,261	790,271	28,441	125,810
Profit after taxation		2,923,427	3,492,117	120,804	555,937

This statement is to be read in conjunction with the accompanying notes, accounting policies and audit report. The Financial Statements have been prepared solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994 and are not intended for any other purpose.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF MOVEMENTS IN EQUITY
FOR THE 12 MONTHS ENDED 31 MARCH 1998**

	Notes	LINE BUSINESS		ENERGY TRADING	
		\$		\$	
		1,998	1,997	1,998	1,997
EQUITY AS AT 1 APRIL 1997		47,386,139	43,936,457	1,106,301	550,904
Profit after taxation		2,923,427	3,492,117	120,804	555,937
Plus revaluation of distribution asset		-	-	-	-
Total recognised revenue and expenses for the year		2,923,427	3,492,117	120,804	555,937
Less dividends	5	42,480	42,435	990	540
EQUITY AS AT 31 MARCH 1998		50,267,086	47,386,139	1,226,115	1,106,301
Represented by:					
RETAINED EARNINGS					
Opening balance		10,952,578	7,767,440	1,035,553	480,156
Profit after taxation		2,923,427	3,492,117	120,804	555,937
Dividend paid	5	(42,480)	(42,435)	(990)	(540)
Transfer to capital contribution reserve		(148,139)	(264,544)	-	-
		13,685,386	10,952,578	1,155,367	1,035,553
CAPITAL CONTRIBUTIONS RESERVE	Policy 2				
Opening balance		712,057	447,513	-	-
Transferred from retained earnings		148,139	264,544	-	-
		860,196	712,057	-	-
ASSET REVALUATION RESERVE	Policy 6				
Revaluation of distribution infrastructure asset		12,503,524	12,503,524	-	-
PAID IN CAPITAL	6	23,217,980	23,217,980	70,748	70,748
		50,267,086	47,386,139	1,226,115	1,106,301

This statement is to be read in conjunction with the accompanying notes, accounting policies and audit report. The Financial Statements have been prepared solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994 and are not intended for any other purpose.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1998**

	Notes	LINE BUSINESS		ENERGY TRADING	
		\$		\$	
		1998	1997	1998	1997
SHAREHOLDERS' FUNDS		50,267,086	47,386,139	1,226,115	1,106,301
Represented by:					
TERM LIABILITIES	9	496,000	727,786	16,000	2,406
CURRENT LIABILITIES					
Bank balances	12	87,811	379,378	2,833	1,254
Creditors and accruals	10	1,551,432	2,056,852	1,885,756	1,775,744
Term Liabilities within 12 months	9	16,089,000	5,003,532	519,000	16,544
Taxation payable		79,825	94,482	3,299	15,041
		17,808,068	7,534,244	2,410,888	1,808,583
INTER DIVISIONAL CURRENT ACCOUNTS		15,731,051	4,108,599	1,708,988	727,481
FIXED ASSETS	11	50,867,330	49,244,586	148,088	164,949
INVESTMENTS	8	-	-	-	180,395
CURRENT ASSETS					
Cash and bank balances	12	336	182,204	148	743
Accounts receivable	13	1,972,437	2,112,780	1,795,779	1,843,722
		1,972,773	2,294,984	1,795,927	1,844,465
		50,267,086	47,386,139	1,226,115	1,106,301

This statement is to be read in conjunction with the accompanying notes, accounting policies and audit report. The Financial Statements have been prepared solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994 and are not intended for any other purpose.

TOP ENERGY LIMITED

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS STATEMENT OF ACCOUNTING POLICIES FOR THE 12 MONTHS ENDED 31 MARCH 1998

STATEMENT OF ACCOUNTING POLICIES

The financial statements are those of the Line and Energy Trading businesses of Top Energy Limited. Top Energy Limited is owned 100% by the Bay of Islands Electric Power Trust and these organisations are in a "Prescribed Business Relationship" as defined by Regulation 3(1)(a)(ii) of the Electricity (Information Disclosure) Regulations 1994.

The period reported is 1 April 1997 to 31 March 1998.

These financial statements are prepared in accordance with Regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1994. The financial statements have not been prepared for the purpose of the Financial Reporting Act 1993, or the Energy Companies Act 1992.

GENERAL ACCOUNTING POLICIES

The general accounting policies recognised as appropriate for the measurement and reporting of results and financial position under the historic cost method, as modified by revaluation of the distribution system, have been followed in the preparation of these financial statements.

Methodology of Separation of Business

Top Energy Limited has generally followed the Electricity Disclosure Guidelines dated 23 June 1994, as issued by the Ministry of Commerce, with the exceptions in the Allocations Methodologies Disclosure which is available on request in accordance with Regulation 19.

PARTICULAR ACCOUNTING POLICIES

The following particular accounting policies, which significantly affect the measurement of financial performance and financial position, have been applied.

1 Sales

Sales shown in the Statement of Financial Performance comprise the amounts received and receivable by the Company for electricity and goods and services supplied to customers in the ordinary course of business. Sales are stated exclusive of Goods and Services Tax collected from customers.

2 Capital Contributions

Funds received from customers, as a contribution towards the cost of uneconomic supply facilities, are recognised in the statement of financial performance as soon as any obligations attaching to the contributions have been met.

Where within 10 years of receipt a customer's circumstances change such that a part or all of the contribution is refunded then a separately established reserve has been set up for this purpose.

TOP ENERGY LIMITED

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS STATEMENT OF ACCOUNTING POLICIES FOR THE 12 MONTHS ENDED 31 MARCH 1998

3 Taxation

The taxation charged against the profit for the year is the estimated liability in respect of that profit after allowance for permanent differences and timing differences not expected to reverse in the foreseeable future. This is the partial basis for the calculation of deferred taxation.

The Company follows the liability method of accounting for deferred taxation. Future taxation benefits attributable to timing differences or to losses carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the losses will be utilised by the Company.

4 Accounts Receivable

Accounts receivables are stated at estimated realisable value after providing against debts where collection is doubtful.

5 Inventories

Stocks are stated at the lower of cost and net realisable value. Cost is principally determined on a weighted average cost basis and, in the case of manufactured goods, includes direct materials, labour and production overheads.

6 Fixed Assets

Fixed assets held by the former Bay of Islands Electric Power Board were vested in the Company, Top Energy Ltd, on 1 May 1993 under the Energy Companies Act 1992. Fixed assets were vested at book value as at 1 May 1993, and represent "cost" to the Company.

The cost of fixed assets purchased after 1 May 1993 is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The infrastructural asset is valued at a business valuation, which the Directors consider to be a fair value.

Independent registered valuers revalue the infrastructural asset on a three-year cyclical basis. A business valuation is based on the ODV valuation and this results in the revised infrastructural asset valuation. Additions to the infrastructure are incorporated at cost in the intervening time between revaluations.

Capital work-in-progress includes materials, and a portion of direct labour and production overhead appropriate to the stage of completion attained.

Land and Buildings relating to substations are "owned" by the lines business.

TOP ENERGY LIMITED

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS STATEMENT OF ACCOUNTING POLICIES FOR THE 12 MONTHS ENDED 31 MARCH 1998

7 Renewal Accounting - Distribution Network

Assets comprising the distribution network system are reported using the renewal accounting method and are stated at valuation. These infrastructural assets include all items directly involved in the delivery of electricity, but exclude substation land, buildings, transformers, circuit breakers and load management control equipment. All expenditure that extends or enhances the infrastructure is capitalised. Expenditure incurred in maintaining the infrastructure's capacity is treated as an expense in the period in which it is incurred. The actual amount expended is compared with a predetermined benchmark level and any shortfall or excess is adjusted through the Statement of Financial Performance. Similarly the value of the infrastructure asset is increased or decreased by the same amount.

8 Depreciation

Land, infrastructure distribution system and work-in-progress assets are not depreciated. As noted below, other fixed assets are depreciated on a straight line (Cost) or diminishing value (DV) basis that has regard to their historical cost, estimated useful life and expected residual value:

Non-infrastructure Distribution Assets	2.50%	SL
Buildings	2.00%	SL
Plant, Equipment and Furniture	10.00%	SL
Plant and Equipment - Electronic	10.00-20.00%	SL
Chainsaws	33.33%	SL
Computer Software	33.33%	SL
Motor Vehicles	20.00%	DV

9 Long Term Debt

A debt restructuring provision, created by the Bay of Islands Electric Power Board to recognise that its long-term debt rates were materially higher than market rates prevailing at the time of vesting, was vested in the Company on 1 May 1993. The balance of the provision was written back to profit in 1997 upon repayment of substantially all of the long-term debt to which it related.

10 Financial Instruments

All financial instruments are recognised in the Statement of Financial Position except for off balance sheet instruments such as guarantees.

Financial instruments including cash, bank, accounts receivable, accounts payable, and term debt are generally carried at their estimated fair value.

Top Energy Ltd has entered into various financial instruments with off-balance sheet risk for the primary purpose of reducing its exposure to fluctuations in foreign currency exchange rates, interest rates, and electricity spot market prices. While these financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
STATEMENT OF ACCOUNTING POLICIES
FOR THE 12 MONTHS ENDED 31 MARCH 1998****10 Financial Instruments (continued)**

Top Energy Ltd has entered into electricity price hedging contracts with electricity generators in order to minimise the risk of price fluctuations on the 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.

Full disclosure of information about electricity price hedging contracts to which Top Energy Ltd is a party is provided in note 15.

Changes in Accounting Policies

There were no material changes in accounting policy.

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1998**

	LINE BUSINESS		ENERGY TRADING	
	\$		\$	
	1,998	1,997	1,998	1,997
1 INCOME				
Sales of electricity	15,179,808	15,385,821	14,567,079	14,087,047
Other sales revenue	40,882	42,363	40,882	42,273
Total sales revenue	15,220,690	15,428,184	14,607,961	14,129,320
Other income	10,079	353,503	29,651	62,305
Capital contributions	175,114	255,565	-	-
Dividends received	-	-	-	99,677
Total income	15,405,883	16,037,252	14,637,612	14,291,302
2 NET PROFIT BEFORE TAXATION				
The net profit before taxation is stated after charging:				
Loss/(Profit) on disposal of fixed assets	2,062	70,031	38,870	2,280
Depreciation	419,528	405,169	42,500	42,095
Bad debts	51,740	80,998	50,500	72,179
Doubtful debts	41,038	1,940	40,054	1,729
Auditors - audit services	14,813	14,013	3,707	3,503
- other services	4,425	12,426	1,103	3,107
Directors' fees	66,190	40,920	16,548	10,230
Infrastructural maintenance - adjustment	(33,863)	(364,844)	-	-
3 NET FINANCE COSTS				
Comprise:				
Interest - term debt	978,891	920,321	31,577	3,043
Interest - other	7,370	20,589	238	68
Gross finance costs	986,261	940,910	31,815	3,111
Less - investment income	1,009,938	99,303	32,579	328
Net finance costs	(23,677)	841,607	(764)	2,783

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1998**

	LINE BUSINESS		ENERGY TRADING	
	\$		\$	
	1998	1997	1998	1997
4 TAXATION				
The taxation provision has been calculated as follows:				
Profit for the period	3,611,688	4,282,388	149,245	681,747
Taxation for the period at 33%	1,191,856	1,413,188	49,252	224,977
Plus/(Less) tax effect of:				
Non deductible items	95,262	83,874	3,936	13,353
Prior year adjustment	(256,733)	-	(10,609)	-
Losses utilised	-	-	-	-
Unrecognised timing differences	(342,124)	(706,791)	(14,138)	(112,520)
	688,261	790,271	28,441	125,810
The taxation charge is represented by:				
Prior year adjustment	(256,733)	-	(10,609)	-
Taxation payable in respect of the current period	944,994	790,271	39,050	125,810
Deferred taxation	-	-	-	-
	688,261	790,271	28,441	125,810

The Company has not recognised a deferred tax liability of \$1,240,328 (1996:\$497,395) on timing differences of \$3,758,570 (1996:\$1,507,257), as these are not expected to reverse in the foreseeable future.

5 DIVIDENDS

Ordinary dividend paid (.0018 cents per share)
Ordinary dividend recommended
Total dividends paid or provided

42,480	42,435	990	540
42,480	42,435	990	540

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1998**

	LINE BUSINESS		ENERGY TRADING	
	\$		\$	
	1998	1997	1998	1997
6 SHARE CAPITAL				
23,042,500 ordinary shares issued to the trustees of the Bay of Islands Electric Power Trust for a consideration of	23,217,980	23,217,980	70,748	70,748
Net assets vested in the Company 1 May 1993	23,217,980	23,217,980	70,748	70,748
7 IMPUTATION CREDIT ACCOUNT				
Opening balance	2,355,033	1,369,521	374,917	224,349
Plus income tax paid	688,261	985,512	28,441	101,473
Imputation credits attached to dividends received	-	-	-	49,095
Closing Balance	3,043,294	2,355,033	403,358	374,917
8 INVESTMENTS				
179,981 shares in PowerBuy Group Limited fully paid	-	-	-	180,395
	-	-	-	180,395

TOP ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE 12 MONTHS ENDED 31 MARCH 1998

	LINE BUSINESS		ENERGY TRADING	
	\$		\$	
	1998	1997	1998	1997
9 TERM LIABILITIES				
Facility Ag. 14.03.1997	2,356,000		76,000	
Facility Ag. 27.03.1997	682,000		22,000	
Facility Ag. 16.03.1998	620,000		20,000	
Facility Ag. 02.03.1998	3,379,000		109,000	
Facility Ag. 02.03.1998	2,449,000		79,000	
Facility Ag. 29.08.1997	992,000		32,000	
Facility Ag. 16.03.1998	1,333,000		43,000	
Facility Ag. 21.03.1998	868,000		28,000	
Facility Ag. 05.01.1998	3,410,000	5,003,532	110,000	16,544
Renewal Loan 34	496,000	727,786	16,000	2,406
	16,585,000	5,731,319	535,000	18,950
Less current portion	16,089,000	5,003,532	519,000	16,544
Term liabilities	496,000	727,786	16,000	2,406
Repayable as follows:				
Due after 1 but before 2 years	-	-	-	-
Due after 2 but before 5 years	496,000	727,786	16,000	2,406
	496,000	727,786	16,000	2,406

No securities have been given in respect of liabilities.

Interest Rate	Repayable	Fair Value
%		
16.00	01.10.2000	979,879

Renewal Loan 34

The Company repurchased term liabilities of \$3,600,000 (1997: \$5,600,000) at 31 March 1995 and the resulting financial asset has been offset against the relevant financial liability in these accounts. No risk attaches to this repurchase. During the period and in the future, interest received from the investment will be deducted from the interest paid on the liability when disclosed by way of note in the financial statements, until such time as the loan is fully cancelled.

The Company's total term debt has been allocated to the sections of the business based upon the value of the total assets. Expansion of the total business has involved the raising of debt and the directors have allocated the amount across all business sections to produce financial structures, which would be considered usual gearing levels, for individual businesses. This allocation means that the lines business will have a debt:equity ratio of 60:40.

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1998**

10 CREDITORS AND ACCRUALS	LINE BUSINESS		ENERGY TRADING	
	\$		\$	
	1998	1997	1998	1997
	932,353	644,716	1,718,666	1,639,729
Trade Creditors	22,223	20,391	4,987	4,245
Provision for retirement payments	114,956	122,302	25,798	25,464
Provision for holiday pay	481,900	1,269,443	136,304	106,306
Other Accruals	1,551,432	2,056,852	1,885,756	1,775,744

11 FIXED ASSETS	Cost or Valuation	Accumulated Depreciation	LINE BUSINESS	
			\$	
			Net Book Value	
			1998	1997
Land	215,435	-	215,435	235,500
Buildings	222,000	21,824	200,176	204,609
Distribution system at valuation				
Infrastructure	41,158,681	-	41,158,681	39,899,864
Non infrastructure	8,176,673	429,169	7,747,504	7,666,307
Plant, furniture & software	1,125,766	582,344	543,422	593,409
Vehicles	99,116	32,434	66,682	36,417
Capital work in progress	935,430	-	935,430	608,480
Total fixed assets	51,933,101	1,065,771	50,867,330	49,244,586

	Cost or Valuation	Accumulated Depreciation	ENERGY TRADING	
			\$	
			Net Book Value	
			1998	1997
Land				
Buildings				
Distribution system at valuation				
Infrastructure				
Non infrastructure				
Plant, furniture & software	268,435	145,947	122,488	151,953
Vehicles	33,482	7,882	25,599	12,996
Capital work in progress			-	-
Total fixed assets	301,917	153,829	148,088	164,949

The latest Government Valuations by the Valuation Department of land and improvements are:

	Land	Improvements	Total
1 September 1995	307,368	556,951	864,319

The Directors accept that government valuations provide a fair value for the land and buildings.

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1998**

	LINE BUSINESS		ENERGY TRADING	
	\$		\$	
	1998	1997	1998	1997
12 CASH AND BANK BALANCES				
CURRENT ASSETS				
Comprise				
Cash on hand	336	259	148	141
BNZ current account	-	-	-	-
Short term deposits	-	181,945	-	602
	336	182,204	148	743
CURRENT LIABILITIES				
BNZ current account	(87,811)	(379,378)	(2,833)	(1,254)
Net cash & Bank position	(87,475)	(197,174)	(2,685)	(511)
13 ACCOUNTS RECEIVABLE				
Comprise:				
Trade debtors	1,215,570	1,380,012	1,107,787	1,225,526
Accruals and prepayments	756,867	732,768	687,992	618,196
	1,972,437	2,112,780	1,795,779	1,843,722

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1998****14. RELATED PARTY TRANSACTIONS**

There have been no material related party transactions requiring disclosure in accordance with SSAP 22 "Related Party Disclosures", apart from the following:

i. Bay of Islands Electric Power Trust:

For the period ended 31 March 1998, Top Energy Limited paid \$45,000 (Line Business \$42,660, Energy Trading \$1,035) in the form of a dividend to the above Trust (1997: \$45,000). This payment is reflected in the statement of financial performance of Top Energy Limited.

During the period Top Energy processed transactions on an agency basis on behalf of the Trust in order to settle routine business dealings. At 31 March 1998, a balance of \$2,503 (1997: \$5,732) owing by the Trust to the Company has been included in accounts receivable in the statement of financial position.

ii. PowerBuy Group Limited:

The shares held by the Company were sold during the period.

All transactions with PowerBuy and with the Power Trust were made on normal business terms.

15. FINANCIAL INSTRUMENTS**a. Currency and Interest Rate Risk**

Nature of activities and management policies with respect to financial instruments:

i. Currency

The Company has undertaken foreign currency transactions from time to time in connection with its activities.

ii. Interest Rate

The Company has a \$27m revolving Facility Agreement with the Bank of New Zealand. This allows borrowings to be made at fixed or floating interest rates and over variable periods.

The Company has not entered into forward agreements or futures transactions.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1998****15. FINANCIAL INSTRUMENTS (continued)****b. Concentration of Credit Risk**

In the normal course of its business, the Company incurs credit risk from trade debtors and transactions with financial institutions.

The Company has a credit policy that is used to manage its exposure to credit risk. As part of this policy, limits on exposures with counterparties have been set and approved by the Board of Directors and are monitored on a regular basis.

The Company does not have any significant concentrations of credit risk. The Company does not require any collateral or security to support financial instruments as it only deposits with, or lends to, banks and other financial institutions of recognised quality. The Company does not expect the non-performance of any material obligations at balance date.

c. Fair Values

The following methods were used to estimate the fair values of these classes of financial instruments:

- i. Cash and liquid deposits, debtors and other accounts receivable including sundry debtors, creditors and other accounts payable including sundry creditors, loans payable within twelve months.

The carrying value of these items is equivalent to their fair value.

- ii. *Term Liabilities*

For these Financial Statements Term liabilities are largely repayable shortly after balance date, or were acquired shortly before balance date - it follows that revaluation is not appropriate at 31 March 1998.

d. Electricity Price Hedging Contracts

The Company has entered into electricity price hedges with its suppliers. Under these agreements the Company agrees, with its electricity suppliers, a fixed price (hedge price) for a percentage of its estimated electricity needs. It is the Company's current policy to hedge the majority of its estimated electricity needs. It is the Company's policy not to enter into any speculative position in relation to electricity price hedging contracts.

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. If the spot market price is greater than the hedge price, electricity suppliers must settle the difference with the Company. Conversely, if the spot market price is less than the hedge price the Company must settle the difference with electricity suppliers.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1998****15. FINANCIAL INSTRUMENTS (continued)****d. Electricity Price Hedging Contracts (continued)***Credit Risk*

With respect to electricity price hedges, the Company's exposure is on any potential difference between the spot price and the hedge price, where on maturity of these agreements the spot price is greater than the hedge price. The Company does not anticipate any non-performance of any obligations that may exist on maturity of these agreements.

Fair Value

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 Company's hedging contracts. On maturity of these agreements there is potentially an asset or liability in relation to the electricity price hedges which has not been recognised in the financial statements.

16. SEGMENT INFORMATION

The Company operates primarily in one industry: the electricity supply industry, and in one geographic location: Northland, New Zealand.

17. CAPITAL EXPENDITURE COMMITMENTS

The Company has material commitments for capital expenditure at 31 March 1998 of \$160,294 (1997: \$92,333).

18. CONTINGENT LIABILITIES

The Company has contingent liabilities, not exceeding \$2.75 million at 31 March 1998, for refundable capital contributions. (As at 31 March 1997, the same contingent liabilities applied).

Ngawha Construction Ltd has a construction contract that provides for a performance bonus to be paid if the output from the station exceeds a contracted level. In such an event the increased output would increase the revenue to be derived from the operation of the station representing an equivalent value of benefit. It is not possible at this time to determine whether such a liability will arise.

The group has provided the Bank of New Zealand with a standby Letter of Credit amounting to \$4,246,596 in relation to the construction program undertaken by Ngawha Construction Ltd.

Top Energy Ltd have presently underwritten the deficit within the subsidiary companies shareholders funds until such time as share capital is called to cover any shortfall.

19. ROMALPA CLAUSE

Some inventories are subject to restriction of title (ie Romalpa clauses).

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1998****20. EVENTS OCCURRING AFTER BALANCE DATE**

The revolving credit facility with the Bank of New Zealand has been extended to 31 December 2000.

Industry Restructuring

The ODV Handbook issued under the Electricity Information Disclosure Regulations 1994 has been changed. This handbook affects the basis upon which the network asset is valued in relation to the "Lines Business", and is used for the disclosure regime required under the Electricity Act 1992. The directors resolved in 1996 to link the valuation of the company's network asset to a percentage of the ODV value. Any change in the ODV value, as a result of a change in the valuation methodology, would need to be considered in relation to the carrying value of the network asset. Due to the timing of the change the company has not yet undertaken a full review of its ODV. The revaluation as at 31 March 1996 has been revised to reflect the changes in economic lives of assets in existence as at that time. A full revaluation will be undertaken as at 31 March 1999.

On 3 July 1998 Parliament passed a bill to restructure the electricity industry. The Act provides for a number of changes. It is required that the ownership of the monopoly network business be separated from the ownership of energy trading, generation and other activities. In implementing this split, a number of options are available. At the time of completion of these accounts the company has not made any decision as to which particular option it will use. Other effects on the business have not yet been determined.

A possible consequence of the industry restructuring may be to affect the value of hedges presently held by Top Energy Ltd (refer note 17d). Uncertainty arising from contractual terms, market trends and government intentions mean that the likely effect of these changes can not be reasonably quantified.

The allocation of assets and liabilities to business units in these accounts is made solely in compliance with the Electricity Information Disclosure Regulations 1994 and for no other purpose. The allocation of particular assets and liabilities, to put into effect, the requirements of the Electricity Industry Reform Act 1998 will be made by the directors of the company, based upon their judgment. This allocation could be quite different from the allocations made for the purposes of these accounts.

Renewals Accounting

The Institute of Chartered Accountants released exposure draft ED-82 in March 1998. This exposure draft is concerned with the treatment of fixed assets and depreciation thereof. In particular, it considers the accounting treatment called renewals accounting (alternatively infrastructure accounting). The discussion paper explicitly proposes that renewals accounting be disallowed, although the exposure draft does not set out this requirement. The directors are opposed to the proposed treatment of infrastructural assets. If this exposure draft is adopted by the Institute there will be a period of 2 years during which an entity can progress through the steps to achieve implementation.

TOP ENERGY LIMITED

Performance Measures and Statistics
For the Year Ended 31 March 1998

Regulations 13 and 14

i. Financial Performance Measures

	Actual 1998	Actual 1997	Actual 1996	Actual 1995
a. Accounting Return on Total Assets	4.49%	6.34%	6.08%	3.67%
b. Accounting Return on Equity	4.23%	5.35%	4.52%	3.83%
c. Accounting Rate of Profit	3.91%	4.71%	6.12%	2.08%

Financial performance measures a,b & c are calculated using ODV valuation of Infrastructure assets. The special purpose financial statements include the Infrastructure assets at Business valuation as at 31 March 1996 adjusted for asset additions/disposals at historic cost (see Policy 6).

ii. Efficiency Performance Measures

	Actual 1998	Actual 1997	Actual 1996	Actual 1995
a. Direct Line Costs per kilometre	\$ 1,202	\$ 1,211	\$ 1,105	\$ 1,477
b. Indirect Line Costs per Electricity Customer	72	72	78	91

Optimised Deprival Valuation

The Optimised Deprival Valuation (established as at 31 March 1996) is \$66,286,692, and revised (as at 31 March 1998) to \$69,621,000 for changes in the ODV Hand Book.

Regulation 15

i. Energy Delivery Efficiency Performance Measures

	1998	1997	1996	1995
a. Load Factor	% 63	% 67	% 66	% 64.5
b. Loss Ratio	10.3	10.5	9.6	9.55
c. Capacity Utilisation	32	32 *	31 *	32

ii. Statistics

See table below for the following statistics:

- System Length (kms) and breakdown by nominal line voltage.
- Underground circuit length (kms) and breakdown by nominal line voltage.
- Overhead circuit length (kms) and breakdown by nominal line voltage.

	Kilometres											
	(c) Overhead Circuit				(b) Underground Circuit				(a) Total System			
	1998	1997	1996	1995	1998	1997	1996	1995	1998	1997	1996	1995
33kV	239	239	239	239	0	0	0	0	239	239	239	239
11kV	3,044	3,040	3,031	3,015	41	37	36	33	3,085	3,077	3,067	3,048
400V	872	878	880	885	471	445	431	416	1,343	1,323	1,311	1,301
	<u>4,155</u>	<u>4,157</u>	<u>4,150</u>	<u>4,139</u>	<u>512</u>	<u>482</u>	<u>467</u>	<u>449</u>	<u>4,667</u>	<u>4,639</u>	<u>4,617</u>	<u>4,588</u>

	1998	1997	1996	1995
d. Transformer Capacity (kVA)	156,089	152,479 *	148,475 *	141,919 *
e. Maximum Demand (kW)	50,680	48,217	46,224	46,190
f. Total Electricity supplied by System	229,866,000	240,454,000	226,239,000	235,000,000
g. Total Electricity conveyed by System for other persons (kWh)	24,807,000	10,978,000	13,785,000	0
h. Total Customers (average for year)	24,980	24,337	23,870	23,339

* Denotes a revised comparative figure.

TOP ENERGY LIMITED

Performance Measures and Statistics
For the Year Ended 31 March 1998

Regulation 16

Reliability Performance Measures

i. Total number of interruptions and breakdowns by interruption class

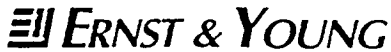
Class Type of Interruption	1998	1997	1996	1995
	No	No	No	No
A Planned - Transpower	0	1	1	0
B Planned - Top Energy	363	356	324	351
C Unplanned - Top Energy	133	210	198	294
D Unplanned - Transpower	0	2	8	2
E Unplanned - ECNZ	0	0	0	0
F Unplanned - Other	0	0	0	0
G Any other interruption	0	0	0	0
Total - All interruptions	496	569	531	647

ii. Number of faults per 100 circuit kms

Line Voltage	Total				Underground				Overhead			
	1998	1997	1996	1995	1998	1997	1996	1995	1998	1997	1996	1995
100kV												
66kV												
33kV	0.42	2.93	2.93	2.51	0	0	0	0	0.42	2.93	2.93	2.51
11kV	4.28	4.52	4.53	4.78	0	0	0	0	4.34	4.57	4.59	4.78
6.6kV												
3.3kV												
Total	4.00	4.40	4.42	3.27	0	0	0	0	4.05	4.45	4.46	3.27

iii. Breakdown of statistics by interruption class

Class Type of Interruption	SAIDI (Minutes)				SAIFI (Interruptions)				CAIDI (Minutes)			
	1998	1997	1996	1995	1998	1997	1996	1995	1998	1997	1996	1995
A Planned - Transpower	0	45	152	0	0.0	0.3	0.5	0.0	0.0	167.0	261.4	0.0
B Planned - Top Energy	189	179	110	242	2.2	5.4	5.0	6.6	86.0	33.0	21.8	36.7
C Unplanned - Top Energy	243	412	355	340	3.6	8.0	7.0	5.0	68.0	52.0	50.9	68.6
D Unplanned - Transpower	0	75	16	38	0.0	1.6	1.3	2.9	0.0	45.0	12.9	13.6
E Unplanned - ECNZ	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
F Unplanned - Other	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
G Any other interruption	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total - All interruptions	432	711	633	620	5.8	15.3	13.8	14.5	74.0	46.0	46.0	42.0



■ Chartered Accountants

**To the Directors
Top Energy Limited**

Certification by Auditor in Relation to ODV Valuation

Auditors Report

We have examined the attached valuation report prepared by Top Energy Limited which is based on the valuation as at 31 March 1996, adjusted for changes in standard asset lives required by the second edition of the ODV Handbook dated 28 May 1998, and identifies the ODV value of the system fixed assets at \$69,621,000.

We hereby certify that, having made all reasonable enquiry, to the best of our knowledge, the adjusted 31 March 1996 valuation contained in the report has in our opinion been made in accordance with the second edition of the ODV Handbook.

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 prior written consent.

A handwritten signature in cursive script that reads 'Ernst & Young'. The signature is written in dark ink and is positioned above a horizontal line.

**Ernst & Young
Auckland**

26 August 1998

Top Energy 1996 ODV Summary
Disclosure for 1997 -1998 Financial Year
 (Uses Handbook 2nd Edition)

	Replacement Cost	ORC	ODRC	ODV
HV Lines				
Wood	11.948	11.776	1.308	1.308
Concrete	47.794	47.106	31.404	31.404
Hv Switches Fuses Cables	7.903	7.489	4.150	4.150
Low Voltage Lines				
Overhead				
Wood	9.315	9.315	1.035	1.035
Concrete -	9.315	9.315	6.986	6.986
Underground	21.334	21.334	11.852	11.852
Customer Connections				
Connections 1ph	1.470	1.470	0.817	0.817
Connections 3ph	0.522	0.522	0.290	0.290
Transformers	19.519	19.519	10.549	10.549
Substation Equipment	1.811	1.811	0.837	0.837
Substation Land	0.235	0.235	0.132	0.132
Substation buildings	0.681	0.681	0.260	0.260
Total SM	131.847	130.573	89.621	69.621

