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TOP ENERGY LIMITED

INFORMATION FOR DISCLOSURE


PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999

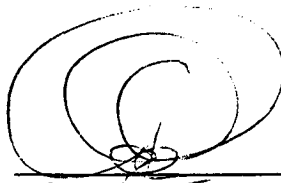
**CERTIFICATION OF FINANCIAL STATEMENTS,
PERFORMANCE MEASURES AND STATISTICS
DISCLOSED BY LINE OWNERS OTHER THAN TRANSPower**

We, Jack Poutsma and Victor Green, directors of Top Energy Limited certify that, having made all reasonable enquiries, 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 1999, comply with the requirements of those regulations; and
- b. The attached information, being the derivation table, 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 15, 16, 21 and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31 March 1999.



J P Poutsma

V Green

Date: 27/8/99

IMPORTANT NOTE

Information disclosed in this 1999 Information Disclosure package issued by Top Energy Limited has been prepared solely for the purposes of the Electricity (Information Disclosure) Regulations 1999.

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 1999**

	<i>Notes</i>	LINE BUSINESS	
		\$	
		1999	1998
Income - continuing activities	1	13,638,706	15,405,883
Less expenses, excluding finance costs	2	10,899,187	11,817,872
Profit before finance, abnormals and taxation		2,739,519	3,588,011
Less net finance costs	3	1,046,680	(23,677)
Profit before taxation		1,692,839	3,611,688
Less taxation	4	287,147	688,261
Profit after taxation		1,405,692	2,923,427

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 1999 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 1999**

	<i>Notes</i>	LINE BUSINESS	
		\$	
		1999	1998
EQUITY AS AT 1 APRIL 1997		50,267,086	47,386,139
Profit after taxation		1,405,692	2,923,427
Plus revaluation of distribution asset		20,945,658	-
Total recognised revenue and expenses for the year		22,351,350	2,923,427
Less dividends	5	45,000	42,480
EQUITY AS AT 31 MARCH 1998		72,573,436	50,267,086
Represented by:			
RETAINED EARNINGS			
Opening balance		13,685,386	10,952,578
Profit after taxation		1,405,692	2,923,427
Dividend paid	5	(45,000)	(42,480)
Transfer to capital contribution reserve		(209,839)	(148,139)
		14,836,239	13,685,386
CAPITAL CONTRIBUTIONS RESERVE	<i>Policy 2</i>		
Opening balance		860,196	712,057
Transferred from retained earnings		209,839	148,139
		1,070,035	860,196
ASSET REVALUATION RESERVE	<i>Policy 6</i>		
Revaluation of distribution infrastructure asset		12,503,524	12,503,524
Revaluation of Distribution asset		20,945,658	
		33,449,182	12,503,524
PAID IN CAPITAL	6	23,217,980	23,217,980
		72,573,436	50,267,086

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TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 1999**

	<i>Notes</i>	LINE BUSINESS	
		\$	
		1999	1998
SHAREHOLDERS' FUNDS		72,573,436	50,267,086
Represented by:			
TERM LIABILITIES	8	8,390,000	496,000
CURRENT LIABILITIES			
Bank balances	11	46,833	87,811
Creditors and accruals	9	2,584,708	1,551,432
Term Liabilities within 12 months	8	2,310,000	16,089,000
Taxation payable		(83,015)	79,825
		4,858,526	17,808,068
TOTAL EQUITY & LIABILITIES		85,821,962	68,571,154
FIXED ASSETS	10	71,816,676	50,867,330
CURRENT ASSETS			
Cash and bank balances	11	283,119	336
Interbusiness current account	12	11,980,843	15,731,051
Accounts receivable	13	1,741,324	1,972,437
		14,005,286	17,703,824
TOTAL ASSETS		85,821,962	68,571,154
		72,573,436	50,267,086

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 1999 and are not intended for any other purpose.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 1999**

	LINE BUSINESS
	1999
	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash was provided from:	
Receipts from customers	13,869,819
Interest received	11,224
Dividends received	
GST receivable	1,346,274
	15,227,317
Cash was disbursed to:	
Payments to suppliers and employees	11,002,924
Interest paid	1,057,904
Taxation paid	162,840
GST paid	
	12,223,668
	3,003,649
CASHFLOWS FROM INVESTING ACTIVITIES	
Cash was provided from:	
Sale of fixed assets	231,748
Other businesses	5,250,626
Cash was applied to:	
Purchase and construction of fixed assets	2,232,262
Net cash used in investing activities	3,250,112
CASHFLOWS FROM FINANCING ACTIVITIES	
Cash was provided from:	
Proceeds of Term Loan	
Cash was applied to:	
Dividends paid	45,000
Repayment of loans	5,885,000
Net cash from financing activities	(5,930,000)
NET INCREASE/(DECREASE) IN CASH HELD	323,761
OPENING CASH	(87,475)
Effect of exchange rate changes on cash	
CLOSING CASH	236,286

Note 11

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 1999 and are not intended for any other purpose.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 1999**

		LINE BUSINESS
		1999
		\$
CASH COMPRISES	<i>Note 11</i>	
Cash on hand		
BNZ current account		(46,833)
BNZ US \$ account		
Short term deposits		283,119
		<u>236,286</u>
RECONCILIATION OF NET PROFIT AFTER TAXATION TO CASHFLOW FROM OPERATING ACTIVITIES		
Reported Net Profit after Taxation		1,405,692
Add/(Less) items classified as investing or financing activities		
Net loss/(profit) on disposal of assets		(34,789)
Add/(Less) other non-cash items:		
Change in provisions for leave etc		
Depreciation		356,484
Network maintenance deferred/(recovery)		174,713
		<u>531,197</u>
Add/(Less) movement in other working capital items		
Increase/(decrease) in tax payable		(162,840)
(Increase)/decrease in accounts receivable		231,113
Increase/(decrease) in accounts payable		1,033,276
		<u>1,101,549</u>
NET CASHFLOWS FROM OPERATING ACTIVITIES		<u><u>3,003,649</u></u>

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 1999 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 1999****STATEMENT OF ACCOUNTING POLICIES**

The financial statements are those of the Line business 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 1999.

The period reported is 1 April 1998 to 31 March 1999.

These financial statements are prepared in accordance with Regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1999. 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 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 followed the Electricity Information Disclosure Handbooks dated March 1999, as issued by the Ministry of Commerce.

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 distribution 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 1999****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 at 31 March 1999, which the Directors consider to be a fair value.

The infrastructural asset is revalued on a three-year cyclical basis by independent registered valuers. The business valuation is based on the expected future revenue earning potential of the business. 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 1999

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
Office Equipment, Plant and Furniture	10.00%	SL
Information systems assets	10.00-20.00%	SL
Chainsaws	33.33%	SL
Computer Software	33.33%	SL
Motor Vehicles	20.00%	DV

9 Statement of Cash Flows

The following is the definition of terms used in the Statement of Cash Flows:

"Cash" means coins and notes, demand deposits and other highly liquid investments in which the Company has invested as part of its day-to-day cash management. Cash includes liabilities which are the negative form of the above, such as the bank overdraft. Cash does not include accounts receivable or payable, or any borrowing subject to a term facility.

"Investing activities" are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.

"Financing activities" are those activities which result in changes in the size and capital structure of the Company. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.

"Operating activities" include all transactions and other events that are not investing or financing activities and includes interest and dividends received in relation to investments.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF ACCOUNTING POLICIES
FOR THE 12 MONTHS ENDED 31 MARCH 1999****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 interest. 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.

Changes in Accounting Policies

There were no material changes in accounting policy, with the exception of those mandatory provisions of the Electricity Regulations 1999. In accordance with the Handbook no comparatives have been shown for items required to be disclosed for the first time this year.

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1999**

	LINE BUSINESS	
	\$	
	1999	1998
1 INCOME		
Electricity Line revenue	12,835,182	15,179,808
Other sales revenue	-	40,882
Total sales revenue	12,835,182	15,220,690
AC loss rental rebate	519,343	
Other income		10,079
Capital contributions	284,181	175,114
Total income	13,638,706	15,405,883
2 NET PROFIT BEFORE TAXATION		
The net profit before taxation is stated after charging:		
Loss/(Profit) on disposal of fixed assets	(34,789)	2,062
Depreciation	356,484	419,528
Auditors - audit services	14,988	14,813
- other services	8,802	4,425
Directors' fees	98,875	40,920
Infrastructural maintenance - adjustment	174,713	(33,863)
Transmission charges	4,457,071	
Avoided transmission to embedded generator	423,000	
Asset maintenance service	3,402,408	
Employee salaries	1,377,806	
Customer Billing & Information systems	113,928	
Corporate & administration	343,348	
Human resource expenses	82,129	
Marketing/advertising	129,449	
Consultancy & legal expenses	152,938	-
Merger & acquisition expenses	-	-
Takeover & defence expenses	-	-
Research & development expenses	-	-
Amortised goodwill	-	-
Subvention payments	-	-
Provision of Meter data, Consumer based load control & dis-connection/reconnection cost	-	-

Asset maintenance & Avoided transmission costs are wholly performed by Related parties (see Note 14)

Total Depreciation charge analysis:

System fixed assets

228,528

Capital works under construction

-

Other assets

127,956

356,484

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1999**

	LINE BUSINESS	
	\$	
	1999	1998
3 NET FINANCE COSTS		
Comprise:		
Interest - term debt	1,046,898	978,891
Interest - other	11,006	7,370
Gross finance costs	1,057,904	986,261
Less - investment income		(1,009,938)
Less - interest on short term deposits	(5,099)	
Less - interest from IRD	(6,125)	-
Net finance costs	1,046,680	(23,677)
4 TAXATION		
The taxation provision has been calculated as follows:		
Profit for the period	1,692,839	3,611,688
Taxation for the period at 33%	558,637	1,191,857
Plus/(Less) tax effect of:		
Non deductible items	16,705	95,261
Prior year adjustment	-	(256,733)
Unrecognised timing differences	(288,195)	(342,124)
	287,147	688,261
The taxation charge is represented by:		
Prior year adjustment	-	(256,733)
Taxation payable in respect of the current period	287,147	944,994
Deferred taxation	-	-
	287,147	688,261
The Company has not recognised a deferred tax liability of \$2,222,705 (1998:\$1,240,328) on timing differences of \$6,735,469 (1998:\$3,758,570), as these are not expected to reverse in the foreseeable future.		
5 DIVIDENDS		
Ordinary dividend paid (.0018 cents per share)	45,000	42,480
Ordinary dividend recommended		
Total dividends paid or provided	45,000	42,480

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1999**

	LINE BUSINESS	
	\$	
	1999	1998
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
Net assets vested in the Company 1 May 1993	23,217,980	23,217,980
7 IMPUTATION CREDIT ACCOUNT		
Opening balance	3,043,294	2,355,033
Plus income tax paid	283,957	688,261
Imputation credits attached to dividends received	-	-
Closing Balance	3,327,251	3,043,294

TOP ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE 12 MONTHS ENDED 31 MARCH 1999

				LINE BUSINESS	
				\$	
8 TERM LIABILITIES	Interest Rate %	Repayable	Fair Value	1999	1998
Facility Ag. 15.03.1999	4.647	14.4.1999	471,366	471,366	
Facility Ag. 15.03.1999	4.845	14.6.1999	471,366	471,366	
Facility Ag. 15.03.1999	4.958	15.9.1999	471,366	471,366	
Facility Ag. 26.03.1999	*5.455	27.3.2000	896,056	895,595	
Facility Ag. 25.09.1998	*7.155	25.9.2000	2,408,281	2,356,828	
Renewal Loan 34	16.000	1.10.2000	432,868	377,093	496,000
Facility Ag. 07.08.1998	*7.695	7.8.2001	4,865,400	4,713,656	
Facility Ag. 04.11.1998	*6.775	4.11.2002	953,845	942,730	
BNZ loans					16,089,000
				10,700,000	16,585,000
Less current portion				2,310,000	16,089,000
Term liabilities				8,390,000	496,000
Repayable as follows:					
Due after 1 but before 2 years				2,733,820	-
Due after 2 but before 5 years				5,656,180	496,000
				8,390,000	496,000

* Effective interest rate under interest rate swap agreements

The Company repurchased term liabilities of \$3,600,000 (1998: \$3,600,000) 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.

TOP ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE 12 MONTHS ENDED 31 MARCH 1999

9 CREDITORS AND ACCRUALS	LINE BUSINESS	
	\$	
	1999	1998
Trade Creditors	644,194	932,353
Provision for retirement payments	21,592	22,223
Provision for holiday pay	90,101	114,956
Accrued payroll	17,054	-
Other Accruals	1,811,767	481,900
Dividend provision	-	-
	2,584,708	1,551,432

10 FIXED ASSETS	Net Book Value			
	Cost or Valuation	Accumulated Depreciation	1999	
			1999	1998
Land & Buildings	402,335	(26,261)	376,074	415,611
Distribution system at valuation			-	
Infrastructure	60,428,000	-	60,428,000	41,158,681
Non infrastructure	10,035,320	-	10,035,320	7,747,504
Centralised load control equipment	120,120		120,120	
Office equipment & furniture	67,442	(25,014)	42,428	543,422
Information system & billing assets	718,310	(446,769)	271,541	
Vehicles	-	-	-	66,682
Capital work in progress	543,193	-	543,193	935,430
Total fixed assets	72,314,720	(498,044)	71,816,676	50,867,330

i) There is no Goodwill or other intangible fixed asset in Line business Fixed assets.

ii) Capital work in progress comprises:

Subtransmission assets	-
Zone substations	-
Distribution lines & cables	405,947
Medium voltage switchgear	-
Distribution transformers	-
Distribution substations	-
Low voltage lines & cables	137,246
Total capital work in progress	543,193

iii) The latest Government Valuations by Quotable Value New Zealand of land and improvements are:

	Land	Improvements	Total
1 September 1998	295,000	305,500	600,500

The Directors have had an independent valuation at March 1999 which places a market value on the Land & buildings of \$625,000.

iv) The Distribution system is revalued by independent registered valuers, Ernst & Young. The valuation is at 31 March 1999 and the report is dated 21 June 1999. The valuation is a Business valuation and is equal to Optimised Deprival Value also prepared by the valuers

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1999**

	LINE BUSINESS	
	\$	
	1999	1998
11 CASH AND BANK BALANCES		
CURRENT ASSETS		
Comprise		
Cash on hand	300	336
BNZ current account	282,819	-
	283,119	336
CURRENT LIABILITIES		
BNZ current account	(46,833)	(87,811)
Net cash & Bank position	236,286	(87,475)
12 INTERBUSINESS CURRENT ACCOUNT		
Represents notional net funds advanced from the Lines business to 'Other businesses'. These amounts would be repaid if the Other business were sold, or forgiven if the Other business were transferred to a Mirror trust.		
	11,980,843	15,731,051
13 ACCOUNTS RECEIVABLE		
Comprise:		
Trade debtors	1,623,110	1,215,570
Accruals and prepayments	118,214	756,867
	1,741,324	1,972,437

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1999****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:

Top Energy Ltd is wholly owned by Bay of Islands Electric Power Trust. For the period ended 31 March 1999, Top Energy Ltd paid \$45,000 (31 March 1998: \$45,000) in the form of a dividend to the above Trust. This payment is reflected in the Statement of Financial Performance of Top Energy Ltd.

During the period Top Energy processed transactions on an agency basis on behalf of the Trust in order to settle routine business dealings. As at 31 March 1999, a balance of \$12,810 (31 March 1998 : \$2,503) owing by the Trust to the Company has been included in accounts receivable in the statement of financial position. All transactions with the Trust were made on normal business terms.

ii. Transfer Payments between Line & 'Other' business:

The following related party transactions occurred in the year between the Line & Other businesses.

	NOTE	(Income)/ cost
Transfer Payment Revenue to Line:		
Line revenue invoiced to final consumer	a	(8,331,365)
Line revenue invoiced to retailer	b	(4,503,817)
Line revenue for goods & services provided to 'other'.		nil
Transfer Payment Cost to Line:		
Asset maintenance services	c	3,402,408
Avoided transmission charges	d	423,000
Property rental	e	38,004
Payment for meter data		nil
Consumer based load control		nil
Disconnection/reconnection services		nil
Asset construction	f	
Subtransmission assets		54,046
Zone substations		-
Distribution lines & cable		1,214,970
Medium voltage switchgear		-
Distribution transformers		-
Distribution substations		-
Low voltage lines & cables		1,067,116
Other system fixed assets		-

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1999****14 RELATED PARTY TRANSACTIONS**

- a. Line revenue for line access/charges invoiced to the final consumer was based on published tariff rates. The tariff comprises a fixed network charge and, a variable charge in respect of the volume of units distributed. The revenue was provided from 1 April 1998 to 15 December 1998, the later being the date of sale of Top Energy's retail business. There is no outstanding balance at 31 March 1999.
- b. Line revenue for line access/charges invoiced to retailers was based on published tariff rates. The tariff comprises a fixed network charge and, a variable charge in respect of the volume of units distributed. This revenue was provided throughout the year. At 31 March 1999 an amount of \$1,623,110 was outstanding.
- c. Asset maintenance services are provided by the Contracting Division in respect of the System fixed asset. Services are provided as contracted by the Line business and are charged on a full cost recovery basis. Services were provided throughout the year. There is no outstanding balance at 31 March 1999.
- d. Avoided Transmission charges are paid in respect of embedded generation provided by Ngawha Construction Limited (NCL). Charges are based on the Transpower market rate. The service was provided from 1 July 1998 to 31 March 1999. There is an outstanding balance at 31 March 1999 of \$475,875 which is represented by Intercompany debt from NCL to Top Energy.
- e. Property facilities are provided to the Line business by the Property Division. Rentals are at market rates for the specific sites. Services were provided throughout the year. There is no outstanding balance at 31 March 1999.
- f. Asset construction services are provided by the Contracting Division in respect of the System fixed asset. Services are provided as contracted by the Line business and are charged on a full cost recovery basis. Services were provided throughout the year. There is no outstanding balance at 31 March 1999.

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

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

i. Currency

The Group has undertaken foreign currency transactions from time to time in connection with its activities. To manage the foreign currency risk the Group has used forward exchange contracts. There are no contracts in place at 31 March 1999.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1999****15 FINANCIAL INSTRUMENTS****ii. Interest Rate**

The Company has a \$30m revolving Facility Agreement with the Bank of New Zealand. This allows borrowings to be made over variable periods. At balance date \$22.7m was advanced and these advances will be renewed to coincide with funding requirements. The expected repayment dates are as disclosed in Note 8.

The notional principal or contract amounts of interest rate contracts outstanding at 31 March 1999 for the Group & Company are \$18.9m (1998: \$14.1m). The effective interest rates are disclosed in Note 8.

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

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 which 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. *Investments*

The investment of the Company is for shares in unlisted Companies. They are recorded at cost.

- iii. *Term Liabilities* – see Note 8.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 1999****16 SEGMENT INFORMATION**

The Group operates primarily in one industry: the electricity generation and conveyance industry, and in one geographic location: Northland, New Zealand.

17 CAPITAL EXPENDITURE COMMITMENTS

Top Energy Ltd has material commitments for capital expenditure at 31 March 1999 of \$37,749 (31 March 1998: \$160,294).

18 CONTINGENT LIABILITIES

The Company has contingent liabilities, not exceeding \$2.75 million at 31 March 1999, for refundable capital contributions. (As at 31 March 1998, the same contingent liabilities applied).



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REPORT OF THE AUDIT OFFICE

TO THE READERS OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS OF TOP ENERGY LIMITED FOR THE YEAR ENDED 31 MARCH 1999

We have audited the accompanying Special Purpose financial statements of Top Energy Limited. The financial statements provide information about the past financial performance of Top Energy Limited and its financial position as at 31 March 1999. This information is stated in accordance with the accounting policies set out in pages 7 to 10.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of Top Energy Limited as at 31 March 1999, and result of the operations and cash flows for the year then ended.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Top Energy Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also

evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship or interests in Top Energy Limited except that we have audited the financial statements prepared under the Financial Reporting Act 1993.

Fundamental Uncertainty

In forming our qualified opinion, we have considered the adequacy of the disclosures made in the financial report concerning the collectibility of the Inter-business Account.

This account represents funds advanced to other “businesses” within the company, including the business investing in subsidiary companies of the Group. These subsidiaries include Top Generation Limited, Ngawha Construction Limited, and Ngawha Geothermal Power Nominee Limited.

Ngawha Construction Limited owns and operates the Ngawha Geothermal Power Station. An exemption, lodged with the Commerce Commission under the Electricity Industry Reform Act 1998, to allow ownership of the above companies to be retained by Top Energy Limited has been denied and the decision is now subject to judicial review. If this is unsuccessful Top Energy Limited will be required to dispose of their investment in the above companies. This disposal could result in the lines business “forgiving” part of the debt of \$11,980,843.

Details of the circumstances relating to this fundamental uncertainty are described in note 12.

Qualified Opinion – Comparative Figures Omitted

Paragraph 2.18 of the Electricity Information Disclosure Handbook issued by the Ministry of Commerce permits energy companies to exclude comparative figures where disclosures are made for the first time for the current disclosure year. Top Energy Limited has taken advantage of this exemption and has not disclosed comparative figures in these circumstances. To this extent, the financial statements of Top Energy Limited do not comply with Financial Reporting Standard No. 2, *Presentation of Financial Reports*, or the Electricity (Information Disclosure) Regulations 1999.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by Top Energy Limited as far as appears from our examination of those records.

In our opinion, except for the omission of comparative figures referred to above, the financial statements of Top Energy Limited on pages 2 to 20:

- comply with generally accepted accounting practice; and
- give a true and fair view of:
 - the financial position as at 31 March 1999; and
 - the results of its operations and cash flows for the year ended on that date; and
- comply with the Energy (Information Disclosure) Regulations 1999.

Our audit was completed on 27 August 1999 and our qualified opinion is expressed as at that date.



A R BRITTON
PRICEWATERHOUSECOOPERS
On behalf of the Controller and Auditor-General
Whangarei, New Zealand

Derivation Table	Symbol in formula	Input Column	ROF	ROE	ROI
Earnings before interest and tax (EBIT)	a	2,739,519	2,739,519	N/A	2,739,519
Net profit after tax (NPAT)	n	1,405,692	N/A	1,405,692	N/A
Amortised Goodwill	o	0	add	add	add
Subvention Payment	s	0	add	add	add
Depreciation of SFA at BV	d	228,528	add	add	add
Depreciation of SFA at ODV	o	0	deduct	deduct	deduct
ODV Depreciation tax adjustment	b	75,414	N/A	deduct	deduct
Subvention Payment tax adjustment	q	0	N/A	deduct	deduct
Revaluations	r	345,404	N/A	N/A	deduct
Income tax	p	1,386,583	N/A	N/A	deduct
Numerator (as adjusted)		287,147	N/A	N/A	deduct
Fixed Assets at year beginning (FA ₀)		No entry	= a + g + s + d	= n + g + s - s*1 + d - b	= a + g - q + r + s + d - p - s*1 - b
Fixed Assets at year end (FA ₁)		71,166,534	71,166,534	N/A	71,166,534
Net Working Capital at year beginning (NWC ₀)		71,816,677	add	N/A	add
Net Working Capital at year end (NWC ₁)		-104,244	add	N/A	add
Average total funds employed (ATFE)		9,146,760	add	N/A	add
Total Equity at year beginning (TE ₀)		No entry	divide by 2	N/A	divide by 2
Total Equity at year end (TE ₁)		70,566,330	N/A	70,566,330	N/A
Average total equity	k	72,573,436	N/A	add	add
WUC at year beginning (WUC ₀)		No entry	divide by 2	divide by 2	divide by 2
WUC at year end (WUC ₁)		935,430	N/A	935,430	935,430
Average total Works under Construction		543,193	add	add	add
Revaluations	r	No entry	divide by 2	divide by 2	divide by 2
Goodwill asset at year beginning (GW ₀)		1,386,583	N/A	N/A	1,386,583
Goodwill asset at year end (GW ₁)		0	N/A	0	N/A
Average Goodwill asset	m	0	N/A	0	N/A
Subvention payment at year beginning (S ₀)		0	N/A	0	N/A
Subvention payment at year end (S ₁)		0	N/A	0	N/A
Subvention payment tax adjustment at year beginning		0	N/A	deduct	N/A
Subvention payment tax adjustment at year end		0	N/A	deduct	N/A
Average subvention payment & related tax adjustment	v	0	N/A	divide by 2	N/A
System Fixed assets at year beginning at book value (SFA _{0(b)})		48,906,185	48,906,185	48,906,185	48,906,185
System Fixed assets at year end at book value (SFA _{1(b)})		70,463,320	add	add	add
Average value of system fixed assets at book value	f	No entry	divide by 2	divide by 2	divide by 2
System Fixed assets at year beginning at ODV value (SFA _{0(odv)})		69,205,389	add	add	add
System Fixed assets at year end at ODV value (SFA _{1(odv)})		70,463,320	add	add	add
Average value of system fixed assets at ODV value	h	No entry	divide by 2	divide by 2	divide by 2
Denominator (as adjusted)		85,423,154	= c - e - f + h	= k - e - m + v - f + h	= c - e - 1/2r - f + h
Financial Performance Measure:		3.47%	EBIT ^{ADJ} /ATFE ^{ADJ} x 100/1 =	1.92%	EBIT ^{ADJ} /ATFE ^{ADJ} x 100/1 =
					4.30%

TOP ENERGY LIMITED

Performance Measures and Statistics
For the Year Ended 31 March 1999Regulations 15 and 16

i. Financial Performance Measures

	Actual 1999	Actual 1998	Actual 1997	Actual 1996
a. Return on Funds	3.47%	4.49%	6.34%	6.08%
b. Return on Equity	1.92%	4.23%	5.35%	4.52%
c. Return on Investment	4.30%	3.91%	4.71%	6.12%

ii. Efficiency Performance Measures

	Actual 1999	Actual 1998	Actual 1997	Actual 1996
	\$	\$	\$	\$
a. Direct Line Costs per kilometre	876	1202	1,211	1,105
b. Indirect Line Costs per Electricity Customer	62	72	72	78

Optimised Deprival Valuation

The Optimised Deprival Valuation (established as at 31 March 1999) is \$70,836,319.

Regulation 21

i. Energy Delivery Efficiency Performance Measures

	1999	1998	1997	1996
	%	%	%	%
a. Load Factor	60	63	67	66
b. Loss Ratio	9.9	10.3	10.5	9.6
c. Capacity Utilisation	33	32	32	31

ii. Statistics

See table below for the following statistics:

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

Kilometres

	(c) Overhead Circuit				(b) Underground Circuit				(a) Total System			
	1999	1998	1997	1996	1999	1998	1997	1996	1999	1998	1997	1996
33kV	239	239	239	239	0	0	0	0	239	239	239	239
11kV	3051	3,044	3,040	3,031	46	41	37	36	3097	3,085	3,077	3,067
400V	870	872	878	880	494	471	445	431	1364	1,343	1,323	1,311
	<u>4,160</u>	<u>4,155</u>	<u>4,157</u>	<u>4,150</u>	<u>540</u>	<u>512</u>	<u>482</u>	<u>467</u>	<u>4,700</u>	<u>4,667</u>	<u>4,639</u>	<u>4,617</u>

	1999	1998	1997	1996
d. Transformer Capacity (kVA)	161,045	156,089	152,479	148,475
e. Maximum Demand (kW)	53,580	50,680	48,217	46,224
f. Total Electricity supplied by System	252,450,000	254,673,000 *	251,432,000 *	240,024,000 *
g. Total Electricity conveyed by System for other persons (kWh)	89,919,619	24,807,000	10,978,000	13,785,000
Retailer 1 estimate	61,678,000			
Retailer 2 estimate	20,968,619			
Retailer 3 estimate	7,273,000			
h. Total Customers (average for year)	24,779	24,980	24,337	23,870

* Denotes a revised comparative figure.

TOP ENERGY LIMITED

Performance Measures and Statistics
For the Year Ended 31 March 1999

Regulation 22

Reliability Performance Measures

i. Total number of interruptions and breakdowns by interruption class

Class Type of Interruption	5 Yr Target		1999	1998	1997	1996
	Average	2000				
A Planned - Transpower			No	No	No	No
B Planned - Top Energy	350	350	0	0	1	1
C Unplanned - Top Energy	160	180	278	363	356	324
D Unplanned - Transpower			250	133	210	198
E Unplanned - Embedded Generation			7	0	2	8
F Unplanned - Other Generation			0	0	0	0
G Unplanned - Another Line owner			0	0	0	0
H Planned - Another Line owner			0	0	0	0
I Any other interruption			0	0	0	0
Total - All interruptions			535	496	569	531

Class C Interruptions not restored:

- a Within 3 hours
b Within 24 hours

%
37%
0%

ii. Number of faults per 100 circuit kms

Line Voltage	Total				Underground				Overhead			
	1999	1998	1997	1996	1999	1998	1997	1996	1999	1998	1997	1996
100kV												
66kV												
33kV	0.42	0.42	2.93	2.93	0	0	0	0	0.42	0.42	2.93	2.93
11kV	4.26	4.28	4.52	4.53	0	0	0	0	4.33	4.34	4.57	4.59
6.6kV												
3.3kV												
Total	3.99	4.00	4.40	4.42	0	0	0	0	4.04	4.05	4.45	4.46
Target Faults:	5 Yr Average	Target 2000			5 Yr Average	Target 2000			5 Yr Average	Target 2000		
33kV	5.0	0.5			0	0			0.5	0.5		
11kV	4.3	4.3			0	0			4.3	4.3		
Total	4.0	4.0			0	0			4.0	4.0		

iii. Breakdown of statistics by interruption class

Class Type of Interruption	SAIDI (Minutes)			SAIFI (Interruptions)			CAIDI (Minutes)					
	1998	1997	1996	1998	1997	1996	1998	1997	1996			
A Planned - Transpower	0	0	45	152	0.0	0.0	0.3	0.5	0.0	0.0	167.0	261.4
B Planned - Top Energy	163	189	179	110	1.4	2.2	5.4	5.0	121.0	86.0	33.0	21.8
C Unplanned - Top Energy	574	243	412	355	8.4	3.6	8.0	7.0	69.0	68.0	52.0	50.9
D Unplanned - Transpower	391	0	75	16	6.0	0.0	1.6	1.3	66.0	0.0	45.0	12.9
E Unplanned - Embedded Generation	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
F Unplanned - Other Generation	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
G Unplanned - Another Line owner	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
H Planned - Another Line owner	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
I 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	1128	432	711	633	15.8	5.8	15.3	13.8	72.0	74.0	46.0	46.0
Targets:	5 Yr Average	Target 2000			5 Yr Average	Target 2000			5 Yr Average	Target 2000		
B Planned - Top Energy	175	180			3.5	4.5			50	40		
C Unplanned - Top Energy	385	410			7.0	7.5			55	55		

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CERTIFICATION OF PERFORMANCE MEASURES BY AUDITORS

We have examined the attached information, being:

- (a) The derivation table specified in regulation 16; and
- (b) Financial performance measures specified in clause 1 of Part 3 of Schedule 1 of the Electricity (Information Disclosure) Regulations 1999; and
- (c) Financial components of the efficiency performance measures specified in clause 2 of Part 3 of that Schedule,

and having been prepared by Top Energy Limited and dated 31 March 1999 for the purposes of regulation 15 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 1999.



A R BRITTON
PRICEWATERHOUSECOOPERS
On behalf of the Controller and Auditor-General
Whangarei, New Zealand

27 August 1999

