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WEL ENERGY GROUP LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999

Form 5

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


We, Sir Dryden Spring and Rodger Fisher, directors of WEL Energy Group Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached audited financial statements of WEL Energy Group 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 WEL Energy Group 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 1998



Sir Dryden Spring



Rodger Fisher

Date: 16.7.99

Date: 16/7/99

WEL ENERGY GROUP LIMITED

Statement of Financial Performance
For the year ended 31 March 1999

	Note	Line Business	
		1999 (\$000s)	1998 (\$000s)
Total revenue	1	52,490	50,700
Operating expenses	2	(28,600)	(30,568)
Net profit before taxation		<u>23,890</u>	<u>20,132</u>
Taxation expense	4	(9,438)	(7,593)
Surplus attributable to the shareholders of the parent company		<u><u>14,452</u></u>	<u><u>12,539</u></u>

Statement of Movements in Equity
For the year ended 31 March 1999

	Note	Line Business	
		1999 (\$000s)	1998 (\$000s)
Equity as at 1 April		<u>134,225</u>	
Net Surplus for the year		14,452	
Total Recognised Revenue and Expenses		<u>14,452</u>	
Dividends		(6,073)	
Allocation in compliance with Electricity (Information Disclosure) Regulations			
Cash & Bank		85,919	
Fixed assets		(3,022)	
Other		(844)	
		<u>75,980</u>	
Equity as at 31 March		<u><u>224,657</u></u>	

These statements are to be read in conjunction with the attached notes and Certification by the Auditor.

Statement of Financial Position
As at 31 March 1999

	Note	Line Business	
		1999 (\$000s)	1998 (\$000s)
Shareholders' funds	5	<u>224,656</u>	<u>134,225</u>
Represented by:			
Current assets	6	90,404	13,097
Fixed assets	7	142,009	133,934
Other non current assets		-	251
Total assets		<u>232,413</u>	<u>147,282</u>
Current liabilities	8	2,675	10,130
Deferred taxation	4	5,082	2,927
Total liabilities		<u>7,757</u>	<u>13,057</u>
Net assets		<u>224,656</u>	<u>134,225</u>

15 July 1999

These statements are to be read in conjunction with the attached notes and Certification by the Auditor.

Statements of Cash Flows
For the year ended 31 March 1999

	Note	Line Business	
		1999 (\$000s)	1998 (\$000s)
Cash Flows From Operating Activities			
Cash received from operations			
Receipts from customers		58,236	
Dividends received		-	
Interest received		1,001	
Total cash received from operations		<u>59,237</u>	
Cash disbursed on operations			
Payments to employees and suppliers		(26,426)	
Interest paid		(51)	
Income tax paid		(6,256)	
Total cash disbursed on operations		<u>(32,733)</u>	
Net cash flow from operations		<u>26,504</u>	
(refer to reconciliation below)			
Cash Flows From Investing Activities			
Cash received from investing activities			
Sale of fixed assets		-	
Investments maturing		251	
Total cash from investing activities		<u>251</u>	
Cash disbursed on investing activities			
Investments made		-	
Fixed asset purchases		(13,120)	
Total cash disbursed on investing activities		<u>(13,120)</u>	
Net cash flow from/(applied to) investing activities		<u>(12,868)</u>	
Cash Flows From Financing Activities			
Cash received from financing activities			
Allocation in accordance with the Regulations (refer Statement of movements in Equity)		82,053	
Total cash received from financing activities		<u>82,053</u>	
Cash disbursed on financing activities			
Dividend Paid		(9,769)	
Total cash disbursed on financing activities		<u>(9,769)</u>	
Net cash flow from/(applied to) financing activities		<u>72,284</u>	
Net increase/(decrease) in cash held		85,920	
Cash at the beginning of the year		-	
Cash at the end of the year		<u>85,920</u>	

Statements of Cash Flows (continued)**For the year ended 31 March 1999**

	Note	Line Business	
		1999 (\$000s)	1998 (\$000s)
Reconciliation of net cash flows from operating activities with surplus after taxation.			
Surplus after taxation		14,451	
Non cash items			
Depreciation		5,045	
Total non cash items		<u>5,045</u>	
Increase/(decrease) in working capital			
Trade Debtors		6,746	
Other current assets		896	
Trade & other creditors		(3,270)	
Customer deposits		(331)	
Annual and long service leave provision		(216)	
Provision for taxation		1,028	
Deferred tax		2,155	
Net increase/(decrease) in working capital		<u>7,008</u>	
Items classified as investing activities			
Net loss/(gain) on sale of fixed assets		-	
Net cash inflow from operating activities		<u>26,504</u>	

These statements are to be read in conjunction with the attached notes and Certification by the Auditor.

**Statement of Accounting Policies
For the Year Ended 31 March 1999**

These financial statements are prepared and presented in accordance with the Electricity (Information Disclosure) Regulations 1999.

A. General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of results and the financial position have been followed in the preparation of these financial statements.

The historical cost method, as modified by the revaluation of certain assets, has been followed.

The Electricity Information Disclosure Handbook 1999 has been followed in the preparation of these financial statements.

B. Particular Accounting Policies

The particular accounting policies which have a significant effect on the financial performance and financial position are as follows:

(a) Income Tax

The income tax expense charged to the Statement of Financial Performance includes both current and deferred tax. Deferred tax is calculated using the liability method, and is accounted for using the comprehensive basis, except that deferred tax is not provided on asset revaluations of the distribution system.

(b) Trade Debtors

Trade debtors are stated at their estimated realisable value after adequate provision for doubtful debts. Bad debts are written off in the period they are identified.

(c) Revenue Recognition

Line revenues include an accrual for charges incurred by customers but not billed at balance date.

(d) Inventories

Inventories are valued at the lower of weighted average cost and net realisable value. Work in Progress is valued at cost comprising direct labour, materials, freight and a proportion of production overheads based on a normal level of activity.

(e) Fixed Assets

The distribution system is revalued by independent valuers every three years based on an optimised deprival value basis. Additions to the distribution system are stated at cost.

Land and buildings are revalued by independent valuers every three years on the basis of open market value for existing use.

Cost for internally constructed assets comprise direct labour, materials, freight, and a proportion of production overheads based on a normal level of activity. All other fixed assets are recorded at cost less accumulated depreciation.

(f) Depreciation of Fixed Assets

Depreciation of the distribution system and buildings is provided for on a straight line basis over their estimated useful lives as follows:

Buildings	3.0%
Distribution system	2.9%

Depreciation of other fixed assets is provided for on a diminishing value basis as follows:

Furniture	20 - 25%
Plant and Equipment	20 - 30%
Vehicles	25%

(g) Principles of Line Business Split

The line business forms a segment of the operations of the Group. The allocation of costs, revenue, assets and liabilities was carried out on a basis which reflects the items attributable to this segment of the Group.

Where possible, financial statement items were allocated directly to the line business. In those instances where direct allocation was not possible, the avoidable cost allocation methodology was employed, which has resulted in allocations as follows:

Corporate Overheads

Corporate overhead costs were allocated as follows:

Directors fees and associated costs	Weighted fixed assets
Chief executive and associated costs	Weighted fixed assets
Consultants and business analysts	Weighted fixed assets
All other costs	Weighted staff numbers

Items have been weighted by multiplying the value attributable to Other by 33%

Property Costs

Allocated using market based rentals.

Expenditure

Where a segment of the Group performs line activities in addition to other functions each item of expenditure incurred by that segment has been allocated to the line business in proportion to the total level of line business activity undertaken by the segment. This has been achieved using the following methodologies:

Customer services/billing	10% Lines
Marketing	Revenue

Bank Balances

Cash and bank balances have been allocated based on 50% fixed assets and 50% revenue.

Fixed Assets

Fixed assets used by both the line and another activity have been allocated to the line business on the following basis:

Motor vehicles	Weighted staff numbers
Plant, Furniture and equipment	Weighted staff numbers

Items have been weighted by multiplying the value attributable to Other by 33%

Creditors

Creditors not directly attributable to the line business have been allocated in proportion to the expenditure allocation as noted above.

Provision for Annual and Long Service Leave

The amount of the provision attributable to employees working on both the line business and other activities has been allocated to the line business in proportion to wages expenditure.

Comparatives

Comparative numbers have not been restated to comply with the current regulations. As a result where new disclosures are required no comparative numbers have been disclosed.

The Directors consider the principles outlined above are in accordance with the methodologies set out in the Electricity Information Disclosure Handbook.

C. Changes in Accounting Policy

There have been no changes in accounting policies during the year except for those required by the new regulations. The effect of these changes is to increase equity by \$82,053,000 as disclosed in the Statement of Movements in Equity.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1999

		Line Business	
		1999	1998
		(\$000s)	(\$000s)
1	Revenue		
	Line rental	49,704	49,995
	Interest	1,001	127
	AC Rental Rebates	1,785	
	Other income	-	578
	Total Income	52,490	50,700
2	Operating Expenditure		
	Net profit before tax is stated after charging:		
	Transmission charges	10,910	
	Payments to other for asset maintenance	3,827	
	Employee salaries and redundancies	2,539	
	Customer billing & Information System expense	177	
	Depreciation on:		
	Distribution system	3,956	
	other assets	1,087	
	Total depreciation	5,044	
	Corporate & administration	396	
	Human resource expenses	190	
	Marketing & advertising	289	
	Merger and acquisition	497	
	Research & development	8	
	Consultancy & legal	2,566	
	Interest	51	37
	Directors' Fees	124	
	Audit Fees	20	
	Other Fees paid to the auditors	-	
	Net loss/(gain) on sale of fixed assets	25	
	Bad Debts	298	
	Other expenditure	1,639	
	Total expenditure	28,600	

	Line Business	
	1999 (\$000s)	1998 (\$000s)
3 Earnings Before Interest & Tax (EBIT)	22,940	
4 Taxation		
Profit before taxation	23,889	20,132
Tax on profit at 33%	7,884	6,644
Tax effect of permanent differences	1,554	950
Total taxation expense	<u>9,438</u>	<u>7,593</u>
Represented by:		
Deferred income tax liability	2,155	494
Current taxation provision	7,283	7,099
	<u>9,438</u>	<u>7,593</u>
Deferred income tax liability		
Balance at the beginning of the year	2,927	2,433
Current year timing differences	2,155	494
Balance at the end of the year	<u>5,082</u>	<u>2,927</u>
The tax effect of timing differences arising from asset revaluations of the distribution system approximating \$8,700,000, which would only crystallise on disposal, have not been recognised.		
5 Shareholders Funds		
Asset revaluation reserve	82,799	82,799
Retained earnings	19,902	11,523
Other Reserves	121,955	39,903
	<u>224,656</u>	<u>134,225</u>
Asset Revaluation Reserve		
Balance at the beginning of the year	82,799	63,835
Asset revaluations	-	18,964
Balance at the end of the year	<u>82,799</u>	<u>82,799</u>
Retained Earnings		
Balance at the beginning of the year	11,523	9,419
Net surplus after tax	14,452	12,539
Dividends	(6,073)	(10,435)
Balance at the end of the year	<u>19,902</u>	<u>11,523</u>
Other Reserves		
Balance at the beginning of the year	39,903	39,903
Allocation in compliance with Regulations (refer Statement of Movements in Equity)	82,052	
Balance at the end of the year	<u>121,955</u>	<u>39,903</u>

		Line Business	
		1999 (\$000s)	1998 (\$000s)
6	Current assets		
	Cash and Bank	85,919	-
	Trade debtors	4,467	5,240
	Due from parent	-	5,974
	Other assets	18	914
	Tax recoverable	-	969
		<u>90,404</u>	<u>13,097</u>
7	Fixed Assets		
	Freehold Land and Buildings		
	Land At cost	85	-
	At valuation	744	754
	Buildings At cost	1,355	1,355
	At valuation	<u>1,366</u>	<u>2,252</u>
		3,550	4,361
	Accumulated depreciation At cost	(393)	(250)
	At valuation	<u>(41)</u>	<u>(200)</u>
	Net book value	<u>3,116</u>	<u>3,911</u>
	Vehicles		
	Cost	525	395
	Accumulated depreciation	<u>(282)</u>	<u>(339)</u>
	Net book value	<u>243</u>	<u>56</u>
	Furniture, Plant and Equipment		
	Cost	7,056	2,142
	Accumulated depreciation	<u>(3,892)</u>	<u>(1,485)</u>
	Net book value	<u>3,164</u>	<u>657</u>
	Distribution System		
	Cost	10,438	1,930
	Valuation	<u>127,380</u>	<u>127,380</u>
		137,818	129,310
	Accumulated depreciation At cost	(207)	-
	At Valuation	<u>(3,694)</u>	<u>-</u>
	Net book value	<u>133,917</u>	<u>129,310</u>

	Line Business	
	1999 (\$000s)	1998 (\$000s)
Capital assets under construction		
Subtransmission	479	
Zone substations	508	
Distribution lines & cables	442	
Medium Voltage switchgear		
Distribution Transformers	45	
Distribution substations	22	
Low voltage reticulation	73	
Other		
Total	1,569	
Total net book value	142,009	133,934

Land and Buildings were revalued on 31 March 1998 by Ford Valuations Limited Registered Valuers.

The distribution system was revalued on 31 March 1998 by Sinclair Knight Merz (NZ) Limited (trading as Leyland Consultants).

Buildings at cost represents the amount paid to Hamilton City Council in 1989 for the use of substations buildings. This amount is being depreciated over a period of 33 years.

8 Current liabilities

Trade creditors	1,363	4,999
Customer deposits	-	331
Provision for annual and long service leave	163	380
Provision for dividend	724	4,420
Provision for tax	59	
Other current liabilities	366	
	2,675	10,130

9 Contingencies

There are no contingent liabilities.

10 Capital commitments

There are no capital commitments in the line business (1998 \$2,108,000).

11 Financial Instruments**(a) Risk**

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

(ii) Concentrations of Credit Risk

In the normal course of its business, the Group incurs credit risk from trade receivables from customers and transactions with financial institutions. A provision has been set up for trade receivables which are unlikely to be collected.

The Group has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposures with counterparties have been set and are monitored on a regular basis.

Prior to the sale of the Energy Business on 1 March 1999 there were no significant concentrations of credit risk. Since the sale the Group has in excess of 90% of its trade debtors owing from the incumbent retailer. This debt is subject to a written agreement and regular credit checks. The Group does not require any collateral.

(b) Fair Values

The Directors estimate that the carrying amounts of financial instruments in the Statement of Financial Position equal their fair values.

12 Related Party Transactions

The Lines Business has received services from WEL Energy Operations Division. Both entities form part of WEL Energy Group. All transactions between the two parties are at arms length and at market rates. There have been no transactions at nil or nominal value.

There are no outstanding balances between the two parties. No debts were forgiven or written off.

Details of the transactions are as follows:

WEL Energy has had a major network expansion program operating during the year ended 31 March 1999. Overhead lines have been removed and replaced with underground supply. This has mainly been completed in conjunction with realignment or upgrading of roading in its area.

Line Business	
1999	1998
(\$000s)	(\$000s)

The costs involved with these projects were:

(a)	Construction of subtransmission assets Approximately 20 km of 33kv underground cable laid.	2,436
(b)	Construction of zone substations Upgrading of six substations	3,159

(c)	Construction of distribution lines and cables. Cost of undergrounding 11 kv cable	1,624
	WEL Energy was involved in Krone 11 kv switch gear replacement.	
(d)	Construction of medium voltage switchgear	157
	WEL Energy increased the size of its network by putting in reticulation into new subdivisions. The costs involved in this area were:	
(e)	Construction of distribution transformers.	588
(f)	Construction of distribution substations	537
(g)	Construction of Low voltage reticulation	652
	WEL Energy was involved in connecting new consumers to its network and the following costs were incurred:	
(h)	Relays for new connections	368
	Consumer connections	931
(i)	Maintenance of distribution system	3,827
		14,279

In some cases estimates have been used to apportion costs between the categories listed above.

13 Additional disclosures

Revenue from Other	-
Electricity Hedges Revenue	-
Payments to Other for:	-
Disconnections/Reconnection	-
Meter data	-
Load control	-
Avoided transmission	-
Other goods/services	-
Payments to non related parties for:	-
Asset maintenance	-
Disconnections/Reconnection	-
Meter data	-
Load control	-
Takeover defence	-
Electricity Hedges expenditure	-
Amortised Goodwill	-
Subvention payments	-

14 Imputation Credit Memorandum Account

Balance at the beginning of the year	10,380
Dividends allocated	(2,634)
Taxation paid	3,712
Balance at the end of the year	<u>11,457</u>

Statement of Performance Measures
For the year ended 31 March 1999

	1999	1998	1997	1996
Financial measures				
Return on Funds	12.6%	16.2%	15.8%	14.2%
Return on Equity	8.1%	10.5%	8.9%	9.6%
Return on Investment	7.4%	27.9%	8.8%	9.9%
Efficiency Measures				
Direct Line cost per Kilometre	\$1,613	\$1,885	\$1,795	\$1,608
Indirect line costs per Electricity Customer	\$84.79	\$49.60	\$54.57	\$61.85

The latest available ODV Valuation was prepared by Sinclair Knight Merz (NZ) Limited (trading as Leyland Consultants) as at 31 March 1998 and amounted to \$129,438,500 (1 July 1995 \$104,383,000).

Comparative numbers have not been restated to comply with the current regulations.

Schedule 1 Part 4 Energy Delivery Efficiency Performance Measures and Statistics

	1999	1998	1997	1996
1 a) Load factor	62.5%	62.0%	58.0%	58.0%
b) Loss ratio	5.5%	5.5%	5.5%	5.0%
c) Capacity utilization	33.8%	34.3%	36.0%	34.7%
2 a) Circuit km (total)				
33 kV	264.00	251.40	248.00	248.00
11 kV	2,279.00	2,131.10	2,120.30	2,113.70
400 V	1,661.00	1,230.90	1,215.60	1,193.40
TOTAL	<u>4,204.00</u>	<u>3,613.40</u>	<u>3,583.90</u>	<u>3,555.10</u>
b) Circuit km (overhead)				
33 kV	196.50	188.50	186.40	186.40
11 kV	1,912.00	1,776.60	1,772.60	1,772.80
400 V	972.00	840.80	840.80	840.70
TOTAL	<u>3,080.50</u>	<u>2,805.90</u>	<u>2,799.80</u>	<u>2,799.90</u>
c) Circuit km (underground)				
33 kV	67.50	62.90	61.60	61.60
11 kV	367.00	354.50	347.70	340.90
400 V	689.00	390.10	374.80	352.70
TOTAL	<u>1,123.50</u>	<u>807.50</u>	<u>784.10</u>	<u>755.20</u>
d) Transformer capacity (kVA)	487,500	479,202	468,317	471,980
e) Maximum demand (kW)	164,700	164,330	167,380	163,700
f) Total electricity supplied from the system (kWh) (excluding losses)	851,690,000	845,085,000	811,599,531	791,882,000
g) Electricity conveyed through the system for other ER's and generators (kWh)				
A	826,000			
B	3,590,000			
C	2,447,000			
D	4,052,000			
E	2,596,000			
F	3,800,000			
G	25,265,000			
H	71,640,000			
	<u>114,216,000</u>	<u>27,176,000</u>	<u>37,700,000</u>	<u>50,967,000</u>
h) Total customers	68,580	67,265	65,985	64,961

Schedule 1 Part 5 Reliability Performance Measures to be Disclosed by Line Owners Other Than Transpower

	Target 2000 to 2004	Target 2000	Actual 1999	Actual 1998	Actual 1997	Actual 1996
1,2,3 Total Interruptions						
Class A Planned outages TransPower			-	-	-	-
Class B Planned outages WEL	33	40	46	50	36	117
Class C Unplanned outages WEL	190	230	258	261	263	238
Class D Unplanned outages TransPower			1	1	-	3
Class E Unplanned Interruption ECNZ			-	-	-	-
Class F Unplanned Interruption other generator			-	-	-	-
Class G Other Interruption			-	-	-	-
Total			305	312	299	358
4 Class C interruptions not restored within 3 hours			20.9%			
Class C interruptions not restored within 24 hours			0.4%			
5 Faults per 100 km (Total)						
33 kV	1.06	1.52	2.27	10.08	15.02	14.10
11 kV	7.70	9.70	11.01	16.56	15.35	9.70
TOTAL	7.05	8.87	10.11	15.73	15.17	10.20
6 Faults per 100 km (Overhead)						
33 kV			2.04	10.08	15.02	16.30
11 kV			12.60	12.89	12.75	11.20
TOTAL			11.62	12.62	12.97	11.60

Schedule 1 Part 5 Reliability Performance Measures to be Disclosed by Line Owners Other Than TransPower

		Target 2000 to 2004	Target 2000	Actual 1999	Actual 1998	Actual 1997	Actual 1996
7	Faults per 100 km (Underground)						
	33 kV			2.96	-	-	8.50
	11 kV			2.72	3.67	2.60	2.40
	TOTAL			2.99	3.11	2.20	3.20
8,9	SAIDI						
	Class A Planned outages TransPower			-	-	-	-
	Class B Planned outages WEL	4.15	4.50	5.05	4.51	2.98	22.00
	Class C Unplanned outages WEL	98.07	119.00	132.27	143.25	172.81	141.00
	Class D Unplanned outages TransPower			47.29	43.43	-	36.00
	Class E Unplanned Interruption ECNZ			-	-	-	-
	Class F Unplanned Interruption other generator			-	-	-	-
	Class G Other Interruption			-	-	-	-
	TOTAL			184.61	191.19	175.79	199.00

Schedule 1 Part 5 Reliability Performance Measures to be Disclosed by Line Owners Other Than Transpower

		Target 2000 to 2004	Target 2000	Actual 1999	Actual 1998	Actual 1997	Actual 1996
10,11	SAIFI						
	Class A			-	-	-	-
	Class B	0.05	0.05	0.05	0.06	0.04	0.10
	Class C	1.55	1.75	1.84	2.12	3.15	2.40
	Class D			0.59	0.14	-	0.50
	Class E			-	-	-	-
	Class F			-	-	-	-
	Class G			-	-	-	-
	TOTAL			2.48	2.32	3.19	3.00
12,13	CAIDI						
	Class A			-	-	-	-
	Class B	83.00	90.00	94.71	79.58	84.93	182.00
	Class C	63.00	68.00	71.97	67.73	54.83	58.00
	Class D			80.07	301.34	-	77.00
	Class E			-	-	-	-
	Class F			-	-	-	-
	Class G			-	-	-	-
	TOTAL			74.39	82.56	55.16	66.00

FORM FOR DERIVATION OF FINANCIAL AND EFFICIENCY MEASURES FROM THE FINANCIAL STATEMENTS

	Symbol in formula	ROF	ROE	ROI
Earnings before interest and tax (EBIT)	a	22,940		22,940
Net profit after tax (NPAT)	n		14,452	
Amortised Goodwill	g			
Subvention Payment	s			
Depreciation of SFA at BV	d	3,956	3,956	3,956
Depreciation of SFA at ODV		(3,956)	(3,956)	(3,956)
ODV Depreciation tax adjustment	b		-	-
Subvention Payment tax adjustment			-	-
Interest Tax Shield	q			(17)
Revaluations	r			-
Income Tax	p			(9,438)
Numerator (as adjusted)		22,940	14,452	13,485
Fixed Assets at year beginning (FA0)		133,934		133,934
Fixed Assets at year end (FA1)		140,440		140,440
Net Working Capital at year beginning (NWC0)		2,967		2,967
Net Working Capital at year end (NWC1)		87,729		87,729
Average total funds employed (ATFE)	c	182,535		182,535
Total Equity at year beginning (TE0)			134,225	
Total Equity at year end (TE1)			224,656	
Average total equity	k		179,440	
Works under construction at year beginning (WUC0)		-	-	-
Works under construction at year end (WUC1)		1,569	1,569	1,569
Average total Works under construction	e	785	785	785
Revaluations	r			-
Goodwill asset at year beginning (GW0)			-	
Goodwill asset at year end (GW1)			-	
Average Goodwill asset	m		-	
Subvention payment for previous year (S0)			-	
Subvention payment this year (S1)			-	
Subvention payment tax adjustment for previous year			-	
Subvention payment tax adjustment for this year			-	
Average subvention payment & related tax adjustment	v		-	
System Fixed assets at year beginning at book value (SFA _{bv0})		129,310	129,310	129,310
System Fixed assets at year end at book value (SFA _{odv1})		133,917	133,917	133,917
Average value of system fixed assets at book value	f	131,614	131,614	131,614
System Fixed assets at year end at ODV value (SFA _{odv0})		129,310	129,310	129,310
System Fixed assets at year end at ODV value (SFA _{odv1})		133,917	133,917	133,917
Average value of system fixed assets at ODV value	h	131,614	131,614	131,614
Denominator (as adjusted)		181,750	178,656	182,535
Financial Performance Measure:		12.6%	8.1%	7.4%



AUDITOR'S REPORT

To the readers of the financial statements of WEL Energy Group Limited.

We have audited the accompanying financial statements of WEL Energy Group Limited. The financial statements provide information about the past financial performance of WEL Energy Group Limited and its financial position as at 31 March 1999. This information is stated in accordance with the accounting policies set out in the Statement of Accounting Policies.

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 WEL Energy Group Limited as at 31 March 1999, and the results of 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 WEL Energy Group 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 auditors, tax advisers and consultants we have no relationship with or interests in WEL Energy Group Limited.



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. WEL Energy Group Limited has applied this exemption and has not disclosed comparative figures in these circumstances. To this extent, the financial statements of WEL Energy Group 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 WEL Energy Group 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 attached financial statements of WEL Energy Group Limited:

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

Our audit was completed on 30 August 1999 and our opinion is expressed as at that date.

A handwritten signature in cursive script that reads "Price Waterhouse Coopers".

Chartered Accountants
Auckland



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 WEL Energy Group 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 handwritten signature in black ink that reads "Price Waterhouse Coopers". The signature is written in a cursive, flowing style.

Chartered Accountants
Auckland

