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MARLBOROUGH LINES LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999

MARLBOROUGH LINES LIMITED
FINANCIAL STATEMENTS PREPARED IN ACCORD WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 31 March 1999	1999 \$	1998 \$
REVENUE	<u>13,517,508</u>	<u>14,259,479</u>
NET SURPLUS BEFORE TAX	1,562,233	4,170,662
LESS TAXATION EXPENSE	586,825	1,271,736
NET SURPLUS AFTER TAX	<u>975,408</u>	<u>2,898,926</u>

STATEMENT OF MOVEMENTS IN EQUITY

For the Year Ended 31 March 1999		
EQUITY AT BEGINNING OF YEAR	<u>15,533,974</u>	
Net surplus for Year	975,408	
Total Recognised Revenues and Expenses For The Period	<u>975,408</u>	
Reduction in Equity due to removal of Metering Assets	(1,631,444)	
EQUITY AT END OF YEAR	<u>14,877,938</u>	

STATEMENT OF FINANCIAL POSITION

As at 31 March 1999

EQUITY		
Share capital	7,104,699	8,736,142
Retained earnings	7,773,239	6,797,832
TOTAL EQUITY	<u>14,877,938</u>	<u>15,533,974</u>
Represented By:		
CURRENT ASSETS		
Cash and Bank	1,757,656	1,450,328
Receivables and prepayments	393,925	1,063,338
Inventories	1,191,641	1,304,381
Provision for tax and deferred tax	<u>553,591</u>	<u>64,499</u>
	3,896,813	3,882,546
CURRENT LIABILITIES		
Creditors	2,280,952	1,810,374
Provision for tax		(61,742)
Term Debt - External		2,375,000
Term Debt - Internal	3,200,000	2,200,000
Employee entitlements	<u>96,940</u>	<u>66,811</u>
	<u>5,577,892</u>	<u>6,390,443</u>
NET CURRENT ASSETS	(1,681,079)	(2,507,897)
NON-CURRENT ASSETS		
Fixed assets	16,559,017	18,041,871
NET ASSETS	<u>14,877,938</u>	<u>15,533,974</u>

STATEMENT OF CASH FLOWS

For the Year Ended 31 March 1999

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Was Provided From:	
Receipts from customers	13,400,730
Interest Received	<u>(2,570)</u>
	13,398,160
Cash was applied to:	
Payments to Suppliers and Employees	9,662,959
Interest Paid	18,081
Income Tax Paid	<u>1,011,017</u>
	10,692,057
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>2,706,103</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash was provided from:	
Proceeds From Sale of Fixed Assets	10,194
Cash was Applied To:	
Purchase of Fixed Assets	<u>1,033,969</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(1,023,775)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash Was Provided From:	
Internal Debt Raised	(1,000,000)
Cash Was Applied to:	
Settlement of Term Debt	<u>2,375,000</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>1,375,000</u>
Net Increase (Decrease) in Cash Held	<u>307,328</u>
Cash at Beginning of Year	<u>1,450,328</u>
CASH AT END OF YEAR	<u>1,757,656</u>

STATEMENT OF FINANCIAL PERFORMANCE

		Year Ended 31 March 1999	Year Ended 31 March 1998
	NOTES	\$	\$
INCOME			
Sales	2	12,682,042	14,096,149
Other Income External		234,376	163,330
Internal Transfers		<u>601,090</u>	<u>(65,664)</u>
TOTAL INCOME		<u>13,517,508</u>	<u>14,193,815</u>
EXPENDITURE			
Transmission Charges from Transpower	2	4,128,268	2,886,747
Transmission Charges from MEL Generation		1,259,162	1,259,163
Operation & Maintenance		3,672,705	3,153,048
Administration & General		1,715,257	1,391,999
Interest		18,081	231,715
Depreciation		<u>1,161,802</u>	<u>1,332,196</u>
TOTAL EXPENDITURE		<u>11,955,275</u>	<u>10,254,868</u>
OPERATING SURPLUS BEFORE TAX		<u>1,562,233</u>	<u>3,938,947</u>
Taxation Expense		<u>586,825</u>	<u>1,271,736</u>
OPERATING SURPLUS AFTER TAX		<u>975,408</u>	<u>2,667,211</u>
Dividend Provision		-	-
TRANSFERRED TO RETAINED EARNINGS		<u>975,408</u>	<u>2,667,211</u>

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 1999

	NOTES	<u>As at 31 March</u> <u>1999</u>	<u>As at 31 March</u> <u>1998</u>
		\$	\$
CURRENT ASSETS			
Cash and Bank Balances		1,757,656	1,450,328
Accounts Receivable	4	393,925	1,063,338
Inventories	5	1,191,641	1,304,381
provision for tax and deferred tax		553,591	
TOTAL CURRENT ASSETS		<u>3,896,813</u>	<u>3,818,047</u>
CURRENT LIABILITIES			
Creditors and Accruals	6	2,280,952	1,810,374
Provision for Tax			(61,742)
TOTAL CURRENT LIABILITIES		<u>2,280,952</u>	<u>1,748,632</u>
WORKING CAPITAL		<u>1,615,861</u>	<u>2,069,415</u>
NON CURRENT ASSETS			
Fixed assets	8	16,559,017	18,041,871
Future Income Tax Benefits		-	64,499
TOTAL NON CURRENT ASSETS		<u>16,559,017</u>	<u>18,106,370</u>
NON CURRENT LIABILITIES			
Inter-divisional Loans		3,200,000	2,200,000
Term Debt	7		2,375,000
Employee Entitlements	6	96,940	66,811
TOTAL NON CURRENT LIABILITIES		<u>3,296,940</u>	<u>4,641,811</u>
NET ASSETS		<u>14,877,938</u>	<u>15,533,974</u>
REPRESENTED BY SHAREHOLDERS EQUITY			
Issued & Paid up Capital	3	7,104,699	8,736,142
Retained Earnings		7,773,239	6,797,832
TOTAL SHAREHOLDERS EQUITY		<u>14,877,938</u>	<u>15,533,974</u>

The accompanying notes form an integral part of these financial statements.

MARLBOROUGH LINES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with and for the sole purpose of the requirements of regulation 6 of Electricity (Information Disclosure) Regulations 1999. These accounts are not comparable with the consolidated financial statements prepared and published with the Company's Annual Report.

Contracting, maintenance and construction, and metering with their associated revenue and costs have been separated out of these Financial Statements in accordance with the Electricity (Information Disclosure) Regulations 1999. These and other business activities are required to function separately and produce commercial rates of return and will continue to be a core part of Marlborough Lines activities.

The financial statements have been prepared on the basis of historical cost with the exception of certain items for which specific accounting policies identified.

The financial statements comprise separate statements of financial performance and financial position for Network Operations

1.1 GOODS AND SERVICES TAX (GST)

The statement of financial performance has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST with the exception of receivables and payables which include GST invoiced.

1.2 INCOME TAX

Income tax expense recognises the current obligations and all amounts arising from differences between the accounting results and assessable income for the period. This is the liability method applied on a comprehensive basis.

1.3 RECEIVABLES

Receivables are stated at the amount they are expected to realise. An estimate for doubtful debts is made and bad debts are written of during the year in which they are

1.4 INVENTORIES

Inventories are valued on the basis of the lower of cost and net realisable value. Cost is determined on the basis of weighted average of purchase costs. Due allowance is made for damaged and obsolete inventory. Work in progress comprises the cost of direct materials and labour together with chargeable overheads.

1.5 FIXED ASSETS AND DEPRECIATION

All fixed assets are recorded at cost. The cost of assets constructed by the company includes all materials used in construction, direct labour and direct overheads. Capital contributions are credited against the cost of the reticulation assets. Where commitments arise offshore for capital purchases the exchange rates are fixed forward to minimise foreign currency risk. All costs and exchange variations are included in the capitalised cost of the asset.

Depreciation rates used are in accord with the determinations issued from time to time by the Inland Revenue Department. These rates are as follows:

Buildings (concrete)	1 % on cost price
Buildings (wooden)	2 %-3.6 % on cost price
Reticulation system (global)	5 % on cost price
Reticulation system (from 1.4.87)	5 %-18 % on diminishing value
Substation equipment	7.5 %-39.6 % on diminishing value
Plant	10 %-62.5 % on diminishing value
Motor vehicles, office, communications	20 %-25 % on diminishing value

1.6 EMPLOYEE ENTITLEMENTS

Employee entitlements to salaries and wages, annual and long service leave and other benefits are recognised when they accrue to employees. Allowance is made for the present value of future staff retirement gratuity benefits. The calculations provide also for the probability of the employees completing the appropriate period of service.

1.7 FINANCIAL INSTRUMENTS

Financial instruments carried in the statement of financial position include cash and bank balances, receivables, trade creditors and borrowing's. These instruments are generally carried at their estimated fair value. For example receivables are carried net of estimated doubtful debts.

2. OPERATING SURPLUS BEFORE TAXATION

	<u>Year Ended 31</u> <u>March 1999</u>	<u>Year Ended 31</u> <u>March 1998</u>
	\$	\$
2.1 <i>The operating surplus before taxation has been determined after:</i>		
Crediting as revenue:		
Interest Income	(2,570)	(31,066)
Property Rentals	142,700	128,023
Surplus on Disposal of Fixed Assets	10,194	5,735
Charging as expense:		
Audit Fees Paid to Principal Auditor	48,648	39,935
Directors Fees	96,951	90,000
Depreciation	1,161,802	1,332,196
Interest on Term Debt	18,081	231,715
Donations(Educational Grants)	17,337	17,472
Rental Expense on Operating Leases	25,201	18,374

2.2 Revenue in 1999 reflects \$2.2m discounts paid to line consumers in March 1999.

3. SHARE CAPITAL

3.1 Marlborough Electric's shares are held by the trustees to the Marlborough Electric Power Trust.

3.2 SHARE CAPITAL

Issued and Paid up Capital ordinary \$1.00 shares	7,104,699	8,736,142
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4. ACCOUNTS RECEIVABLE

The balance of Accounts Receivable comprises:

Electricity and other trade debtors	393,925	1,063,338
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5. INVENTORIES

Reticulation stock	1,191,641	1,269,812
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Some inventories are subject to retention of title clauses.

6. CREDITORS AND ACCRUALS

In current liabilities the balance of creditors and accruals comprises:

Trade Creditors and Accruals	2,280,952	1,634,162
Employee Entitlements	96,940	176,212
Total	2,377,892	1,810,374

6.1 Employee entitlements in non current liabilities recognises the Company's liability for retirement gratuities.

7. TERM LOANS

Bank Term Debt Facility	-	2,375,000
Inter-divisional debt	3,200,000	-

No security has been issued in respect of Marlborough Electric's term loans. Interest rate linked to the 90 Day Bank Bill Rate (National Bank buy rate). The effective rate at 31 March 1999 was 5.05%. (1998 9.22%)

8. FIXED ASSETS**8.1 TABLE OF FIXED ASSETS**

Land	1,201,588	1,201,588
Buildings	3,443,702	3,954,341
less Depreciation	844,735	915,676
	<u>2,598,967</u>	<u>3,038,665</u>
Reticulation System	20,630,086	22,216,289
less Depreciation	8,700,590	8,967,668
	<u>11,929,496</u>	<u>13,248,621</u>
Plant and Equipment	1,659,140	1,295,238
less Depreciation	1,235,860	918,871
	<u>423,280</u>	<u>376,367</u>
Motor Vehicles	417,729	385,645
less Depreciation	299,689	288,587
	<u>118,040</u>	<u>97,058</u>
Capital Works under Construction	<u>287,646</u>	<u>114,141</u>
Totals	<u>16,559,017</u>	<u>18,076,440</u>

Capital work under construction includes transfer payments and purchases from outside organisations as well as from "Other"

8.2 VALUATION

The latest Government valuations for land and improvements dated September 1996 and September 1997 show the following values.

	Land	Improvements
Other Properties	1,583,100	3,822,300

9. CAPITAL CONTRIBUTIONS

Customer capital contributions totalling \$78,885 (1998 \$32,750) were credited against the cost of reticulation Network assets during the year. As at 31 March 1999 the accumulated value of such contributions credited to fixed assets was \$2,140,359 (1998 \$2,061,474).

10. CAPITAL COMMITMENTS

Total capital expenditure committed to but not recognised in the financial statements.	141,307	106,452
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11. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 1999. (1998 nil)

12. FINANCIAL INSTRUMENTS**12.1 CREDIT RISK**

Credit risk is the risk that an outside party will not be able to meet its obligations to the company. Financial instruments which potentially subject the company to concentrations of credit risk consist principally of cash deposits, short term deposits and trade receivables. The maximum credit risk is the book value of these financial instruments however, the company considers the risk of non-recovery of these amounts to be minimal.

The company places its cash deposits with high credit quality financial institutions. Concentration of credit risk with respect to accounts receivable is limited due to the large number of customers.

12.2 INTEREST RATE RISK

Interest Rate risk is the risk that interest rates will change, increasing or decreasing the cost of borrowing or lending. The company's short term deposits are at fixed interest rates and mature within one year. Interest rates on non-current borrowing's are linked to the 90 day bank bill rate (National Bank buy rate).

12.3 CURRENCY RISK

Currency risk is the risk that amounts payable in foreign currencies will change due to movements in exchange rates. The company enters into foreign currency forward exchange contracts in order to manage its exposure to fluctuations in foreign currency exchange rates on the purchase of specific plant and equipment items from overseas suppliers. Total cover under forward exchange contracts at balance date was \$nil (1998 \$nil).

12.4 FAIR VALUES

The carrying amount of cash, short term deposits and trade receivables reflect their fair values. The fair value of foreign currency forward exchange contracts represents the estimated amount the company would receive on termination of the contract at balance date, thereby taking into account the unrealised gain of open contracts.

13. RECONCILIATION OF OPERATING SURPLUS AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES

Operating Surplus after Taxation	975,408	
Non Cash Items		
Depreciation	1,161,802	
Future Income Tax Benefits	64,499	
Change in Non Current Employee Entitlements	30,127	
	<u>2,231,836</u>	
Movements in Working Capital Items		
(Increase)/Decrease in Accounts Receivable	382,799	
(Increase)/Decrease in Inventories	112,741	
Increase/ (Decrease) in Accounts Payable	470,577	
Increase/ (Decrease) in Taxation Payable	(491,850)	
	<u>474,267</u>	
Net Cash Flows from Operating Activities	<u>2,706,103</u>	

14. RELATED PARTIES

Transactions with the related parties are for the period 1 April 1998 to 31 March 1999
No related party debt has been written off or forgiven.

14.1 PARTIES ASSOCIATED WITH DIRECTORS

The company contracted with parties associated with certain directors of Marlborough Lines Limited. These transactions involve the provision of legal and consulting services. All transactions were at commercial rates.

PJ Radich (Radich Dwyer Hardy-Jones Clark)	29,866	81,890
Amounts owed by the company as at 31 March to be paid as a normal monthly account	982	

14.2 CONTRACTING DIVISION OF MARLBOROUGH LINES

The contracting division of Marlborough Lines Limited has provided the following services at commercial rates

Construction of subtransmission assets	823
Construction of zone substations	49,347
Construction of distribution lines and cables	23,546
Construction of medium voltage switchgear	9,980
Construction of distribution substations	14,191
Construction of low voltage reticulation	117,105
Maintenance of assets	946,460
Consumer connections and disconnections	29,779
Other services	773,001

The Contracting Division of Marlborough Lines Limited has paid for the following	
Other services	601,090

At year end there were no outstanding balances

14.3 SHAREHOLDERS

The Trustees of the Marlborough Electric Power Trust hold all the Company's shares. The company may from time to time advance funds of a short term nature to the Marlborough Electric Power Trust. The company dividend is also paid to the same trust.

Dividends paid to the trust		172,993
Secretarial costs charged to the trust	6,750	6,500
Amounts owed by the trust to the company as at 31 March to be paid as a normal monthly account	20,531	22,907

15. EVENTS SUBSEQUENT TO BALANCE DATE

There were no events subsequent to balance date requiring reporting.

MARLBOROUGH LINES LIMITED NETWORK OPERATIONS

FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH
THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

	31 March 1999	31 March 1998
1 CURRENT ASSETS		
a Bank, cash, short-term investments:	1,757,656	1,450,328
b Trade Debtors:	393,925	1,063,338
c Other Debtors:	553,591	126,241
d Prepayments:	-	-
e Electricity Hedges:	-	-
f Other Current assets not listed in (a) to (e):	1,191,641	1,304,381
g Total current assets	3,896,813	3,944,288
2 FIXED ASSETS		
a System fixed assets:	11,929,496	
b Centralised load control equipment:	1,354	
c Consumer billing and information system assets:	63,948	-
d Motor vehicles:	118,040	-
e Office equipment:	133,336	-
f Land and buildings:	3,800,555	-
g Capital works under construction:		
i Subtransmission assets (transfer payment):	-	-
ii Zone substations (transfer payment):	193,453	-
iii Distribution lines and cables (transfer payment):	66,991	-
iv Medium voltage switchgear (transfer payment):	1,851	-
v Distribution transformers (transfer payment):	-	-
vi Distribution substations (transfer payment):	25,351	-
vii Low voltage lines and cables (transfer payment):	-	-
viii Other system fixed assets (transfer payment), as categorised in standard asset tables in the ODV Handbook:	-	-
h Other fixed assets not listed in (a) to (g):	224,642	18,041,871
i TOTAL FIXED ASSETS	16,559,017	18,041,871
j Other tangible assets not listed above:		
3 TOTAL TANGIBLE ASSETS (total current assets plus total fixed assets plus other tangible assets):	20,455,830	21,986,159
Intangibles		
a Goodwill assets:	-	-
b Other intangibles not listed in (a):	-	-
c TOTAL INTANGIBLES	-	-
4 TOTAL ASSETS (total current assets plus fixed assets plus other tangible assets plus intangibles):	20,455,830	21,986,159
5 CURRENT LIABILITIES		
a Accounts payable:	2,144,568	1,810,374
b Accrued payroll:	136,384	-
c Other accruals:	-	-
d Dividend provision:	-	-
e Electricity Hedges:	-	-
f Other current liabilities not listed in (a) to (e):	96,940	66,811
g TOTAL CURRENT LIABILITIES	2,377,892	1,877,185
6 FUNDING		
a Long term debt:	-	2,375,000
b Equity:	14,877,938	15,533,974
c Other funding not listed in (a) or (c):	3,200,000	2,200,000
d TOTAL FUNDING	18,077,938	20,108,974
7 TOTAL EQUITY AND LIABILITIES (total assets)	20,455,830	21,986,159

8	REVENUE		
a	Revenue from line/access charges		
	i Revenue from line/access charges invoiced to consumers by electricity retailers who are not in prescribed business relationships with the line owner:	484,446	
	ii Revenue from line/access charges invoiced to consumers by that line owner:	11,728,343	14,096,149
b	Revenue from "Other" business for services carried out by the line business (transfer payment):	601,090	-
c	Income from interest on short term investments:	(2,570)	-
d	AC loss-rental rebates:	469,253	-
e	Electricity Hedges:	-	-
f	Other revenue not listed in (a) to (e):	236,946	163,330
g	TOTAL REVENUE	13,517,508	14,259,479
9	EXPENDITURE		
a	Payment for transmission charges:	4,128,268	4,145,910
b	Expense of asset maintenance carried out by "Other" business (transfer payments):	946,460	3,389,238
c	Expense of consumer disconnection's and reconnections carried out by "Other" business (transfer payment):		-
d	Expense of providing meter data carried out by "Other" business (transfer payment):	132,500	-
e	Expense of providing consumer based load control services carried out by "Other" business (transfer payment):	29,779	-
f	Expense of avoided transmission charges on account of own generation (transfer payment):	1,259,162	-
g	Expense of other goods and services provided by "Other" business (transfer payment):	743,222	65,664
h	Expenses to non-related entities for asset maintenance services:	424,108	-
i	Expenses to non-related entities for disconnection's/reconnections services:		-
j	Payment to non-related entities for providing meter data:		-
k	Payment to non-related entities for providing consumer-based load control services:		-
l	Employee salaries and redundancies:	1,362,928	-
m	Consumer billing and information system expense:	33,708	-
n	Depreciation expense on system fixed assets:	923,940	-
o	Depreciation on capital works under construction:		-
p	Total depreciation expense:	1,161,802	1,332,196
q	Corporate and administration:	658,239	1,155,809
r	Total other human resource expense:	150,413	-
s	Marketing/advertising:	39,118	-
t	Merger and acquisition expenses:		-
u	Takeover defence expenses:		-
v	Research and development expenses:		-
w	Consultancy and legal expense:	173,856	-
x	Electricity Hedges:		-
y	Amortised goodwill:		-
z	Subvention payments:		-
za	Other expenditure not listed in (a) to (z):	693,631	-
zb	TOTAL EXPENDITURE	11,937,194	10,088,817
10			
	EARNINGS BEFORE INTEREST AND TAX (total revenue minus total expenditure)	1,580,314	4,170,662
11	INTEREST EXPENSE	18,081	231,715
12	TAXATION EXPENSE	586,825	1,271,736
13	NET PROFIT AFTER TAX	975,408	2,667,211

MARLBOROUGH LINES LIMITED
PERFORMANCE MEASURES FOR THE LINES BUSINESS
PREPARED IN ACCORDANCE WITH THE
ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999

1 Financial Performance Measures	1999	1998	1997	1996
(a) Accounting Return on Total Assets	0.33%	3.44%	5.15%	2.69%
(b) Accounting Return on Equity	-0.08%	1.66%	3.16%	1.19%
(c) Accounting Rate of Profit	0.23%	8.70%	3.35%	1.68%
2 Efficiency Performance Measures				
(a) Direct Line Costs per Kilometre	\$910	\$954	\$958	\$1,246
(b) Indirect Line costs per Customer	\$86	\$83	\$70	\$79
1 Energy Delivery Efficiency Performance Measures				
(a) Load Factor	57.14%	61.73%	60.24%	59.57%
(b) Loss Ratio	5.91%	6.90%	7.35%	7.32%
(c) Capacity Utilisation	26.77%	28.51%	30.35%	28.55%
2 Statistics				
(a) System Length Break Down in Kilometres				
33kV	259.1	258.9	257.9	257.7
11kV	2,088.5	2,078.0	1,927.4	1,910.7
6.6kV	50.9	51.1	51.1	51.2
LV	478.6	472.0	284.7	274.4
Total	2,877.0	2,860.0	2,521.1	2,494.0
(b) Circuit Length of Overhead System in Kilometres				
33kV	257.3	257.3	256.3	256.1
11kV	2,022.4	2,013.6	1,886.8	1,878.9
6.6kV	50.9	51.1	51.1	51.2
LV	399.0	398.7	219.3	217.1
Total	2,729.6	2,720.7	2,413.5	2,403.3
(c) Circuit Length of Underground System in Kilometres				
33kV	1.8	1.6	1.6	1.6
11kV	66.1	64.4	40.6	37.1
6.6kV	0.0	0.0	0.0	0.0
LV	79.6	73.3	65.4	57.3
Total	147.5	139.3	107.6	96.0
(d) Transformer Capacity in kVA	200,560	192,355	178,074	169,213
(e) Maximum demand in kW	53,685	54,545	54,051	53,071
(f) Total Electricity supplied from the System in kWh	268,712,552	276,760,873	264,295,394	257,386,189
(g) Total Electricity Conveyed through the System on behalf of each generator and retailer in kWh				
Retailer A	271,878,310	287,048,838	274,621,637	269,030,000
Retailer B	9,021,740	9,462,620	10,578,715	8,687,882
Retailer C	843,583			
Retailer D	3,837,892			
(h) Total Consumers	20,025	19,804	19,517	19,300

Reliability Performance Measures

1 Number of interruption by class		1999	1998	1997	1996
Class Description		number of interruptions			
A	Transpower Planned	0	0	0	1
B	ML Ltd Planned	156	155	109	132
C	ML Ltd Unplanned	133	155	157	180
D	Transpower Unplanned	1	2	3	2
E	ECNZ Unplanned	0	0	0	0
F	Other Generation	0	0	0	0
G	Unplanned	0	0	0	0
Total		290	312	269	315
2 Interruption Targets for the following financial year		2000			
Class Description		number of interruptions			
(a)	B ML Ltd Planned	144			
(b)	C ML Ltd Unplanned	156			
3 Average interruption targets for the subsequent four years		2001	2002	2003	2004
Class Description		number of interruptions			
(a)	B ML Ltd Planned	126	140	148	146
(b)	C ML Ltd Unplanned	156	155	144	150
4 Percentage of Class C interruptions not restored within-		1999			
		% of total class interruptions			
(a)	Three hours	23.3%			
(b)	24 hours	1.5%			
5 Faults (Class C) per 100 kilometres					
(a)	Total number of faults per 100 km	1999	1998	1997	1996
Voltage					
	33 kV	2.7	1.5	4.2	0
	11kV	6.0	2.3	7.9	9.4
	6.6kV	0.0	5.9	3.9	0
(b)	Total number of faults per 100 km following year	2000			
Voltage					
	33 kV	1.2			
	11kV	7.3			
	6.6kV	0.0			
(c)	Total number of faults per 100 km following years	2001	2002	2003	2004
Voltage					
	33 kV	1.5	1.9	2.3	1.5
	11kV	7.1	6.9	6.2	6.4
	6.6kV	2.0	0.0	0.0	0.0
6 Faults (Class C) per 100 kilometres underground		1999	1998	1997	1996
Voltage					
	33 kV	0.0	0.0	3.0	0.0
	11kV	3.0	3.1	9.8	8.1
7 Faults (Class C) per 100 kilometres overhead		1999	1998	1997	1996
Voltage					
	33 kV	2.7	2.3	2.0	0.0
	11kV	6.1	7.3	7.9	9.4
	6.6kV	0.0	0.0	3.9	0.0

8	SAIDI				
	Customer Minutes	1999	1998	1997	1996
		246	283	190	226
9	SAIDI target				2000
(a)	Class B				75
(b)	Class C				122
10	SAIDI target				2004
(a)	Class B	2001	2002	2003	2004
		83	77	85	76
(b)	Class C	90	98	123	142
11	SAIDI per interruption class				
	Class Description	1999	1998	1997	1996
			customer minutes		
	A Transpower Planned	0	0	0	61
	B ML Ltd Planned	72	92	74	88
	C ML Ltd Unplanned	172	135	83	62
	D Transpower Unplanned	2	56	33	15
	E ECNZ Unplanned	0	0	0	0
	F Other Generation	0	0	0	0
	G Other	0	0	0	0
	Total	246	283	190	226
12	SAIFI				
	Total Interruptions	1999	1998	1997	1996
		2.3	4.1	2.3	4.9
13	SAIFI target				2000
(a)	Class B Planned				0.5
(b)	Class C Unplanned				1.9
14	SAIFI target				2004
(a)	Class B Planned	2001	2002	2003	2004
		0.8	0.5	0.5	0.5
(b)	Class C Unplanned	1.6	1.6	2.6	1.9
15	SAIFI per interruption class				
	Class Description	1999	1998	1997	1996
			customer minutes		
	A Transpower Planned	0.0	0.0	0.0	1.4
	B ML Ltd Planned	0.4	0.5	0.4	1.0
	C ML Ltd Unplanned	1.8	1.6	1.4	1.3
	D Transpower Unplanned	0.0	2.0	0.5	1.2
	E ECNZ Unplanned	0.0	0.0	0.0	0.0
	F Other Generation	0.0	0.0	0.0	0.0
	G Other	0.0	0.0	0.0	0.0
	Total	2.3	4.1	2.3	4.9
16	CAIDI				
	Customer minutes	1999	1998	1997	1996
		109.0	69.9	83.9	46.0
17	CAIDI target				2000
(a)	Class B Planned				165.7
(b)	Class C Unplanned				64.8
18	CAIDI target				2004
(a)	Class B Planned	2001	2002	2003	2004
		108.3	162.3	170.3	159.2
(b)	Class C Unplanned	56.4	60.7	47.8	75.6
19	CAIDI per interruption class				
	Class Description	1999	1998	1997	1996
			customer minutes		
	A Transpower Planned	0.0	0.0	0.0	50.0
	B ML Ltd Planned	174.2	200.0	191.2	63.0
	C ML Ltd Unplanned	93.4	3.9	60.9	50.5
	D Transpower Unplanned	320.0	27.8	63.8	12.0
	E ECNZ Unplanned	0.0	0.0	0.0	0.0
	F Other Generation	0.0	0.0	0.0	0.0
	G Other	0.0	0.0	0.0	0.0

Derivation Table	Symbol In formula	Input Column	Calculations	ROF	ROE	ROI
Earnings before interest and tax (EBIT)	a	1,805,324		1,805,324	N/A	1,805,324
Net profit after tax (NPAT)	n	975,408		N/A	975,408	N/A
Amortised Goodwill	g	0		add 0	add 0	add 0
Subvention Payment	s	0		add 0	add 0	add 0
Depreciation of SFA at BV	d	923,940		add 923,940	add 923,940	add 923,940
Depreciation of SFA at ODV		2,466,593		deduct 2,466,593	deduct 2,466,593	deduct 2,466,593
ODV Depreciation tax adjustment	b	-509,076			deduct -509,076	deduct -509,076
Subvention Payment tax adjustment		0	s ^t	N/A	deduct 0	deduct 0
Interest Tax Shield	q	5,967		N/A	N/A	deduct 5,967
Revaluations	r	0		N/A	N/A	add 0
Income tax	p	586,825		N/A	N/A	deduct 586,825
Numerator (as adjusted)		No entry		= a + g + s + d 262,671	= n + g + e - s ^t + d - b -58,170	= a + g - q + r + s + d - p - s ^t - b 178,954
Fixed Assets at year beginning (FA ₀)		18,041,871		18,041,871	N/A	18,041,871
Fixed Assets at year end (FA ₁)		16,559,017		add 16,559,017	N/A	add 16,559,017
Net Working Capital at year beginning (NWC ₀)		2,069,415		add 2,069,415	N/A	add 2,069,415
Net Working Capital at year end (NWC ₁)		1,615,861		add 1,615,861	N/A	add 1,615,861
Average total funds employed (ATFE)	c	No entry	= (FA ₀ + FA ₁) + NWC ₀ + NWC ₁ / 2	divide by 2 19,143,082	N/A	divide by 2 19,143,082
Total Equity at year beginning (TE ₀)		15,533,974		N/A	15,533,974	N/A
Total Equity at year end (TE ₁)		14,877,938		N/A	add 14,877,938	N/A
Average total equity	k	No entry	= (TE ₀ + TE ₁) / 2	N/A	divide by 2 15,205,956	N/A
WUC at year beginning (WUC ₀)		114,141		114,141	114,141	114,141
WUC at year end (WUC ₁)		287,646		add 287,646	add 287,646	add 287,646
Average total Works under Construction	e	No entry	= (WUC ₀ + WUC ₁) / 2	divide by 2 200,893	divide by 2 200,893	divide by 2 200,893
Revaluations	r	0		N/A	N/A	0
Goodwill asset at year beginning (GW ₀)		0		N/A	0	N/A
Goodwill asset at year end (GW ₁)		0		N/A	add 0	N/A
Average Goodwill asset	m	No entry	= (GW ₀ + GW ₁) / 2	N/A	divide by 2 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	add 0	N/A
Subvention payment tax adjustment at year beginning		0	= s ₀ * t	N/A	deduct 0	N/A
Subvention payment tax adjustment at year end		0	= s ₁ * t	N/A	deduct 0	N/A
Average subvention payment & related tax adjustment	v	No entry	= (s ₀ + s ₁ + s ₀ * t + s ₁ * t) / 2	N/A	divide by 2 0	N/A
System Fixed assets at year beginning at book value (SFA _{bv0})		13,248,621		13,248,621	13,248,621	13,248,621
System Fixed assets at year end at book value (SFA _{bv1})		11,929,496		add 11,929,496	add 11,929,496	add 11,929,496
Average value of system fixed assets at book value	f	No entry	= (SFA _{bv0} + SFA _{bv1}) / 2	divide by 2 12,589,059	divide by 2 12,589,059	divide by 2 12,589,059
System Fixed assets at year beginning at ODV value (SFA _{odv0})		75,536,439		add 75,536,439	add 75,536,439	75,536,439
System Fixed assets at year end at ODV value (SFA _{odv1})		70,118,852		add 70,118,852	add 70,118,852	add 70,118,852
Average value of system fixed assets at ODV value	h	No entry	= (SFA _{odv0} + SFA _{odv1}) / 2	divide by 2 72,827,645	divide by 2 72,827,645	divide by 2 72,827,645
Denominator (as adjusted)				= c - e - f + h 79,180,775	= k - e - m + v - f + h 75,243,649	= c - e - Yr - f + h 79,180,775
Financial Performance Measure:				EBIT ^(ROF) / ATFE ^(ROF) x 100 / 1 = 0.33%	NPAT ^(ROE) / ATE ^(ROE) x 100 / 1 = -0.08%	EBIT ^(ROI) / ATFE ^(ROI) x 100 / 1 = 0.23%

Key:
t = standard entity tax rate
bv = book value
ave = average
ADJ = as adjusted
odv = optimised deprival valuation
subscript '0' = beginning of the financial year
subscript '1' = end of the financial year

**Deloitte Touche
Tohmatsu**



AUDIT REPORT

To the readers of the financial statements of Marlborough Lines Limited.

We have audited the accompanying financial statements of Marlborough Lines Limited prepared in accordance with the Electricity (Information Disclosure) Regulations 1999. The financial statements provide information about the past financial performance of Marlborough Lines Limited and its financial position as at 31 March 1999. This information is stated in accordance with the accounting policies set out on page 4.

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 Marlborough Lines Limited as at 31 March 1999 and of the results of operations and cash flows for the year then ended.

Auditors' 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 Marlborough Lines Limited 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 in order to provide us with 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 report.



Other than in our capacity as auditor we have no relationship with or interests in Marlborough Lines 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.

Marlborough Lines Limited has taken advantage of this exemption and has not disclosed comparative figures in these circumstances. To this extent, the financial statements of Marlborough Lines 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 Marlborough Lines 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 Marlborough Lines Limited, prepared in accordance with the Electricity (Information Disclosure) Regulations 1999, on pages 1 to 7:

- comply with generally accepted accounting practice; and
- give a true and fair view of the financial position of Marlborough Lines Limited 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 Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 8 September 1999 and our qualified opinion is expressed as at that date.

A handwritten signature in black ink that reads "G.R. Mitchell".

G.R. Mitchell
Deloitte Touche Tohmatsu
On behalf of the Controller and Auditor-General
Wellington, New Zealand.

**Deloitte Touche
Tohmatsu**



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 Marlborough Lines 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 cursive script that reads "G. R. Mitchell".

G. R. Mitchell
Deloitte Touche Tohmatsu
On behalf of the Controller and Auditor General
Wellington, New Zealand
8 September 1999

**Deloitte Touche
Tohmatsu**



CERTIFICATION BY AUDITOR IN RELATION TO VALUATION

We have examined the valuation report of Marlborough Lines Limited and dated September 1998, which report contains valuations of system fixed assets at 31 March 1998, and the addendum updating the valuation to 31 March 1999.

We certify that, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report, including the total valuation of the system fixed assets as at 31 March 1999 of \$70,118,852, have been made in accordance with the ODV Handbook.

A handwritten signature in cursive script that reads "G.R. Mitchell".

G.R. Mitchell
Deloitte Touche Tohmatsu
On behalf of the Controller and Auditor General
Wellington, New Zealand
8 September 1999

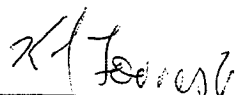
**Certification of Financial Statements, Performance Measures,
and Statistics Disclosed by Line Owners other than Transpower.**

We, Kenneth John Forrest and Geoffrey John Hoare, principals of Marlborough Lines Limited certify that, having made all reasonable enquiry, to the best of our knowledge,-


- (a) The attached audited financial statements of Marlborough Lines 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 from the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Marlborough Lines 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 figures are based as at 31 March 1999.

Dated this 8 September 1999.



Director



Company Secretary

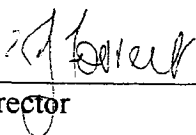
Certification of Valuation Report of Line Owners

We, Kenneth John Forrest and Geoffrey John Hoare, Principals of Marlborough Lines Limited certify that, having made all reasonable enquiry, to the best of our knowledge-

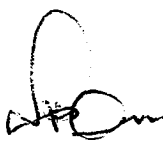
- (a) The attached valuation report of Marlborough Lines Limited, prepared for the purposes of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of those regulations; and
- (b) The Optimised Depreciated Replacement Cost of the line business system fixed assets of Marlborough Lines Limited is \$72,845,072 and
- (c) The Optimised Deprival Valuation of the line business system fixed assets of Marlborough Lines Limited is \$70,118,852; and
- (d) The valuation of the line business assets of Marlborough Lines Limited, including system and non-system fixed assets and net working capital, is \$14,877,938 and
- (e) The values in (b) and (c) have been prepared in accordance with the ODV Handbook.

The valuations are as at 31 March 1999.

Dated this 8 September 1999.



Director



Company Secretary



