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TOP ENERGY LIMITED

INFORMATION FOR DISCLOSURE

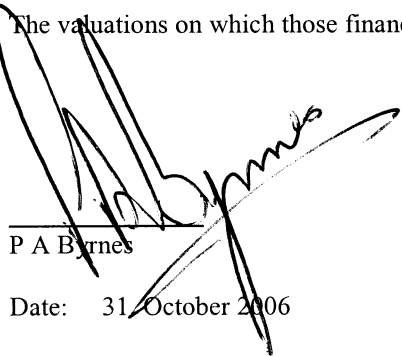
PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

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

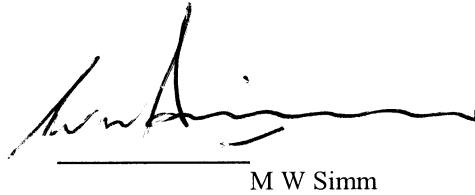
We, Paul Byrnes and Michael Simm, directors of Top Energy Limited certify that, having made all reasonable enquiries, to the best of our knowledge:

- a. The attached audited financial statements of Top Energy Limited prepared for the purposes of requirement 6 of the Commerce Commission's Information Disclosure Requirements 2004 comply with those requirements; 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 requirements 14, 15, 20 and 21 of the Electricity Information Disclosure Requirements 2004, comply with those Requirements.

The valuations on which those financial performance measures are based are as at 31 March 2006.



P A Byrnes



M W Simm

Date: 31 October 2006

IMPORTANT NOTE

Information disclosed in this 2006 Information Disclosure package issued by Top Energy Limited has been prepared solely for the purposes of the Electricity Information Disclosure Requirements 2004.

The Requirements determine that the information be disclosed in the manner it is presented.

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

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-LINE BUSINESSSTATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2006

| | <i>Notes</i> | LINE BUSINESS | |
|--|--------------|---------------|------------|
| | | \$ | |
| | | 2006 | 2005 |
| Operating revenue | 1 | 23,747,087 | 21,951,828 |
| Less expenses, excluding finance costs | 2 | 18,284,840 | 17,496,313 |
| Operating surplus before interest and taxation | | 5,462,247 | 4,455,515 |
| Less net finance costs | 3 | 802,118 | 664,892 |
| Net profit before taxation | | 4,660,129 | 3,790,623 |
| Less taxation | 4 | 1,693,518 | 1,889,642 |
| Net profit after taxation | | 2,966,611 | 1,900,981 |

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 requirements 6(2) and 6(3)
of the Electricity Information Disclosure Requirements 2004 and are not intended for any other purpose.

TOP ENERGY LIMITED-LINE BUSINESS**STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2006**

| | <i>Notes</i> | LINE BUSINESS | |
|--|-----------------|---------------|-------------|
| | | \$ | |
| | | 2006 | 2005 |
| EQUITY AS AT 1 APRIL | | 88,155,432 | 91,754,451 |
| Profit for the period | | 2,966,611 | 1,900,981 |
| Total recognised revenue and expenses for the period | | 2,966,611 | 1,900,981 |
| Dividends | 5 | 5,500,000 | 5,500,000 |
| EQUITY AS AT 31 MARCH | | 85,622,043 | 88,155,432 |
| Represented by: | | | |
| RETAINED EARNINGS | | | |
| Opening balance | | 3,794,778 | 8,264,017 |
| Profit for the period | | 2,966,611 | 1,900,981 |
| Dividend paid | 5 | (5,500,000) | (5,500,000) |
| Transfer to capital contribution reserve | | (1,358,922) | (870,220) |
| | | (97,533) | 3,794,778 |
| CAPITAL CONTRIBUTIONS RESERVE | <i>Policy 2</i> | | |
| Opening balance | | 3,856,657 | 2,986,437 |
| Transferred from retained earnings | | 1,358,922 | 870,220 |
| | | 5,215,579 | 3,856,657 |
| ASSET REVALUATION RESERVE | <i>Policy 5</i> | | |
| Opening balance | | 57,286,017 | 57,286,017 |
| | | 57,286,017 | 57,286,017 |
| SHARE CAPITAL | 6 | 23,217,980 | 23,217,980 |
| | | 85,622,043 | 88,155,432 |

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 requirements 6(2) and 6(3) of the Electricity Information Disclosure Requirements 2004 and are not intended for any other purpose.

TOP ENERGY LIMITED-LINE BUSINESS**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2006**

| | <i>Notes</i> | LINE BUSINESS | |
|-------------------------------|--------------|---------------|-------------|
| | | \$ | |
| | | 2006 | 2005 |
| SHAREHOLDERS' EQUITY | | 85,622,043 | 88,155,432 |
| Represented by: | | | |
| NON CURRENT LIABILITIES | | | |
| Borrowings | 8 | 7,285,714 | 7,684,932 |
| Deferred tax | 4 | 5,227,312 | 4,984,601 |
| TOTAL NON CURRENT LIABILITIES | | 12,513,026 | 12,669,533 |
| CURRENT LIABILITIES | | | |
| Bank overdraft | 11 | - | 3,878 |
| Interbusiness current account | 12 | 6,788,992 | 1,835,285 |
| Payables and accruals | 9 | 1,476,880 | 1,638,097 |
| Short term borrowings | 8 | 1,671,429 | 2,215,068 |
| Provision for income tax | | 1,450,807 | 1,454,041 |
| TOTAL CURRENT LIABILITIES | | 11,388,108 | 7,146,369 |
| TOTAL EQUITY & LIABILITIES | | 109,523,177 | 107,971,334 |
| FIXED ASSETS | 10 | 107,000,933 | 105,852,010 |
| CURRENT ASSETS | | | |
| Cash and bank balances | 11 | 28,339 | 273 |
| Accounts receivable | 13 | 2,493,905 | 2,119,051 |
| TOTAL CURRENT ASSETS | | 2,522,244 | 2,119,324 |
| TOTAL ASSETS | | 109,523,177 | 107,971,334 |
| | | 85,622,043 | 88,155,432 |

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 requirements 6(2) and 6(3) of the Electricity Information Disclosure Requirements 2004 and are not intended for any other purpose.

TOP ENERGY LIMITED-LINE BUSINESS**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2006**

| | LINE BUSINESS | |
|--|---------------|-------------|
| | 2006 \$ | 2005 \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash was provided from: | | |
| Receipts from customers | 23,372,233 | 21,474,458 |
| | 23,372,233 | 21,474,458 |
| Cash was disbursed to: | | |
| Payments to suppliers and employees | 13,971,053 | 12,690,877 |
| Interest paid | 802,118 | 654,218 |
| Taxation paid | 1,454,041 | 1,946,000 |
| | 16,227,212 | 15,291,095 |
| Net cash from operating activities | 7,145,021 | 6,183,363 |
| CASHFLOWS FROM INVESTING ACTIVITIES | | |
| Cash was provided from: | | |
| Other businesses | 4,953,707 | 3,484,058 |
| Cash was applied to: | | |
| Purchase and construction of fixed assets | 5,623,927 | 5,625,162 |
| Net cash (used in)/from investing activities | (670,220) | (2,141,104) |
| CASHFLOWS FROM FINANCING ACTIVITIES | | |
| Cash was provided from: | | |
| Proceeds of Term Loan | - | 1,500,000 |
| Cash was applied to: | | |
| Dividends paid | 5,500,000 | 5,500,000 |
| Repayment of loans | 942,857 | - |
| Net cash from financing activities | (6,442,857) | (4,000,000) |
| NET INCREASE/(DECREASE) IN CASH HELD | 31,944 | 42,259 |
| OPENING CASH | (3,605) | (45,864) |
| CLOSING CASH | 28,339 | (3,605) |

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 requirements 6(2) and 6(3)
of the Electricity Information Disclosure Requirements 2004 and are not intended for any other purpose.

TOP ENERGY LIMITED-LINE BUSINESS**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2006**

| | LINE BUSINESS | |
|--|------------------|------------------|
| | 2006 \$ | 2005 \$ |
| CASH COMPRISES | | |
| Cash on hand | 286 | 273 |
| BNZ current account | 28,053 | (3,878) |
| | 28,339 | (3,605) |
| RECONCILIATION OF NET PROFIT AFTER TAXATION TO CASHFLOW FROM OPERATING ACTIVITIES | | |
| Reported Net Profit/(Loss) after Taxation | 2,966,611 | 1,900,981 |
| Add/(Less) items classified as investing or financing activities | | |
| Net loss/(profit) on disposal of assets | - | 43,408 |
| Add/(Less) other non-cash items: | | |
| Change in provisions | (144,493) | 231,026 |
| Depreciation | 4,475,005 | 4,400,987 |
| Provision for deferred tax | 242,711 | 435,601 |
| | 4,573,222 | 5,067,614 |
| Add/(Less) movement in other working capital items | | |
| Increase/(decrease) in tax payable | (3,234) | (491,960) |
| (Increase)/decrease in accounts receivable | (374,854) | (531,399) |
| Increase/(decrease) in accounts payable | (16,723) | 194,719 |
| | (394,811) | (828,640) |
| NET CASHFLOWS FROM OPERATING ACTIVITIES | 7,145,021 | 6,183,363 |

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 requirements 6(2) and 6(3)
of the Electricity Information Disclosure Requirements 2004 and are not intended for any other purpose.

TOP ENERGY LIMITED-LINE BUSINESS**NOTES TO THE FINANCIAL STATEMENTS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2006**

The financial statements are those of the Line business of Top Energy Limited. Top Energy Limited is owned 100% by the Top Energy Consumer Trust and these organisations are in a "Prescribed Business Relationship" as defined by Requirement 3(1)(a)(ii) of the Electricity Information Disclosure Requirements 2004.

The period reported is 1 April 2005 to 31 March 2006.

These financial statements are prepared in accordance with Regulations 6(2) and 6(3) of the Electricity Information Disclosure Requirements 2004. 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 Requirements 2004 dated 7 May 2004, as issued by the Commerce Commission.

PARTICULAR ACCOUNTING POLICIES

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

1 Revenue

Revenue 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. Revenues 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 a customer's circumstances change such that a part or all of the contribution is to be refunded, then a separately established reserve has been set up for this purpose. Contributions may be refunded within 10 years of the original date of payment.

TOP ENERGY LIMITED-LINE BUSINESS**NOTES TO THE FINANCIAL STATEMENTS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2006****3 Taxation**

The taxation charged against the profit for the year is both the current year's provision and the income tax effects of timing differences calculated using the liability method.

Tax effect accounting is applied on a comprehensive basis to all timing differences. 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 receivable are stated at estimated realisable value after providing against debts where collection is doubtful.

5 Property, Plant & Equipment

Property, plant & equipment 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. Property, plant & equipment were vested at book value as at 1 May 1993, and represent "cost" to the Company.

The cost of property, plant & equipment 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 cost of self - constructed assets includes the cost of all materials used in construction, direct labour on the project, costs of obtaining Resource Management Act consents and an appropriate proportion of variable and fixed overheads. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency cost.

The Distribution system asset has been valued to depreciated replacement cost at 31 March 2004 based on a valuation conducted by Sinclair, Knight and Mertz Ltd, registered valuers. The Distribution system asset is valued on a 3 - 5 year cycle.

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. These have been valued to fair value at 31 March 2004 based on a valuation conducted by Telfer Young Ltd, registered valuers.

TOP ENERGY LIMITED-LINE BUSINESS

NOTES TO THE FINANCIAL STATEMENTS STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2006

6 Depreciation

Land and work-in-progress assets are not depreciated. Other property, plant & equipment assets are depreciated on a straight line (SL) or diminishing value (DV) basis that has regard to their historical cost, estimated useful life and expected residual value:

| | Years |
|---------------------------------------|---------|
| Straight line basis | |
| Distribution system | |
| Lines, Transformers & Substations | 45 – 60 |
| Switchgear | 35 |
| SCADA Communications equipment | 15 |
| Buildings | 50 |
| Office equipment, Plant and Furniture | 10 |
| Information systems assets | 5 - 10 |
| Chainsaws | 3 |
| Computer Software | 3 |
| | Rate |
| Diminishing value basis | |
| Motor Vehicles | 20% |

7 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-LINE BUSINESS**NOTES TO THE FINANCIAL STATEMENTS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2006****8 Financial Instruments**

Top Energy Ltd has entered into various financial instruments with risk for the primary purpose of reducing its exposure of 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.

Recognised

Financial instruments carried on the statement of financial position include cash, bank, accounts receivable, accounts payable, and term debt. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Unrecognised

Financial instruments, including derivatives, that are designated as hedges of specific items are recognised on the same basis as the underlying hedged items. Derivatives that do not constitute hedges are stated at market value and any resultant gain or loss is recognised in the statement of financial performance.

The net differential paid or received in interest rate swaps is recognised as a component of interest expense over the period of the swap agreement.

9 Employee entitlements

Employee entitlements to salaries and wages, annual leave and other benefits are recognized when they accrue to employees.

Changes in Accounting Policies

There were no material changes in accounting policy during the year.

TOP ENERGY LIMITED-LINE BUSINESSNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

| | LINE BUSINESS | |
|---|---------------|------------|
| | \$ | |
| | 2006 | 2005 |
| 1 REVENUE | | |
| Electricity Line revenue | 21,535,008 | 20,391,889 |
| AC loss rental rebate | 737,272 | 482,697 |
| Capital contributions | 1,474,807 | 1,077,242 |
| TOTAL REVENUE | 23,747,087 | 21,951,828 |
| 2 NET PROFIT BEFORE TAXATION | | |
| The net profit before tax is stated after charging: | | |
| (Loss)/Profit on disposal of fixed assets | - | 43,408 |
| Depreciation | 4,475,005 | 4,400,987 |
| Buildings | 656 | - |
| Distribution System | 4,085,617 | 4,009,459 |
| Centralised Load control equipment | 21,750 | 21,750 |
| Office equipment & furniture | 11,288 | 14,093 |
| Information system & billing assets | 331,913 | 329,039 |
| Vehicles | 23,781 | 26,646 |
| Auditors - audit services | 47,969 | 35,333 |
| - regulatory/ODV reporting & price control submission | 34,000 | 30,530 |
| Directors' fees | 161,000 | 149,589 |
| Bad debts | - | - |

TOP ENERGY LIMITED-LINE BUSINESS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

| | LINE BUSINESS | |
|--|---------------|-----------|
| | \$ | |
| | 2006 | 2005 |
| 3 NET FINANCE COSTS | | |
| Comprise: | | |
| Interest - term debt | 627,522 | 658,476 |
| Interest - other | 174,595 | 6,416 |
| Net finance costs | 802,118 | 664,892 |
| 4 TAXATION | | |
| The taxation provision has been calculated as follows: | | |
| Profit for the period | 4,660,129 | 3,790,623 |
| Taxation for the period at 33% | 1,537,842 | 1,250,906 |
| Plus/(Less) tax effect of: | | |
| Non taxable income | (486,686) | (355,490) |
| Non deductible items | 642,362 | 994,226 |
| | 1,693,518 | 1,889,642 |
| The taxation charge is represented by: | | |
| Taxation payable in respect of the current period | 1,450,807 | 1,454,041 |
| Deferred tax | 242,711 | 435,601 |
| | 1,693,518 | 1,889,642 |
| DEFERRED TAX LIABILITY | \$ | \$ |
| Balance at beginning of year | 4,984,601 | 4,549,000 |
| Transfer to Statement of financial performance | 242,711 | 435,601 |
| Balance at end of year | 5,227,312 | 4,984,601 |
| 5 DIVIDENDS | | |
| Ordinary dividend paid (.22 cents per share) | 5,500,000 | 5,500,000 |
| Total dividends paid | 5,500,000 | 5,500,000 |

TOP ENERGY LIMITED-LINE BUSINESSNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

| | LINE BUSINESS | |
|---|---------------|-------------|
| | \$ | |
| | 2006 | 2005 |
| 6 SHARE CAPITAL | | |
| 23,042,500 ordinary shares issued to the trustees of the Top Energy Consumer 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 | (2,024,537) | (1,261,582) |
| Plus income tax paid | 1,889,642 | 1,946,000 |
| Imputation credits attached to dividends paid | (2,708,955) | (2,708,955) |
| Closing Balance | (2,843,850) | (2,024,537) |

TOP ENERGY LIMITED-LINE BUSINESS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

| | | | | LINE BUSINESS | |
|---------------------------------|--------------------|-----------|------------|------------------|------------------|
| | | | | \$ | |
| | | | | 2006 | 2005 |
| 8 BORROWINGS | Interest Rate % | Repayable | Fair Value | | |
| BNZ Loans ** | | | | | |
| Borrowings 20.03.06 | 7.53** | 20.04.06 | 1,333,567 | 1,200,000 | |
| Borrowings 27.03.06 | 7.54** | 20.04.06 | 333,381 | 300,000 | |
| Borrowings 30.03.06 | 7.542** | 20.04.06 | 95,252 | 85,714 | |
| Borrowings 31.03.06 | 7.55** | 20.04.06 | 95,265 | 85,714 | |
| Borrowing 18.12.03 | 6.85* | 09.08.10 | 2,412,196 | 2,142,857 | |
| Borrowing 18.12.03 | 6.35* | 21.03.14 | 1,422,058 | 1,285,714 | |
| Borrowing 18.12.03 | 6.80* | 04.02.15 | 1,951,722 | 1,714,286 | |
| Borrowings 30.09.05 | 6.81* | 07.08.12 | 2,424,952 | 2,142,857 | |
| BNZ loans | | | | | 9,900,000 |
| | | | | 8,957,143 | 9,900,000 |
| Less current portion | | | | 1,671,429 | 2,215,068 |
| BORROWINGS | | | | 7,285,714 | 7,684,932 |
| Repayable as follows: | | | | | |
| Due after 1 but before 2 years | | | | | |
| Due after 2 but before 5 years | | | | | |
| Due after 5 but before 10 years | | | | 7,285,714 | 7,684,932 |
| | | | | 7,285,714 | 7,684,932 |

* Effective interest rate under interest rate swap agreements
** Under a Facility Agreement dated 17 December 2003.
BNZ loans are secured by deed of guarantee from group companies.

TOP ENERGY LIMITED-LINE BUSINESS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

| 9 PAYABLES | | | | | LINE BUSINESS | |
|-------------------------------|--|--|--|--|---------------|-----------|
| | | | | | \$ | |
| | | | | | 2006 | 2005 |
| Accounts payable and accruals | | | | | 1,274,041 | 1,290,764 |
| Payroll & other provisions | | | | | 202,839 | 347,333 |
| | | | | | 1,476,880 | 1,638,097 |

| 10 FIXED ASSETS | Cost or Valuation | | Acc. Depreciation | | Net Book Value | |
|-------------------------------------|-------------------------------|-------------|-------------------|-------------|----------------|-------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| | Land & Buildings at valuation | 1,522,342 | 1,522,342 | (49,117) | (48,461) | 1,473,224 |
| Distribution system | 111,420,078 | 106,718,505 | (8,138,484) | (4,052,867) | 103,281,594 | 102,665,638 |
| - At Cost | 9,160,402 | 4,661,184 | (185,246) | (40,425) | 8,975,156 | 4,620,759 |
| - At Valuation | 102,259,676 | 102,057,321 | (7,953,238) | (4,012,442) | 94,306,438 | 98,044,879 |
| Centralised load control equipment | 183,879 | 183,879 | (43,500) | (21,750) | 140,379 | 162,129 |
| Office equipment & furniture | 167,997 | 154,521 | (115,914) | (103,100) | 52,083 | 51,421 |
| Information system & billing assets | 2,155,331 | 1,907,758 | (1,608,315) | (1,352,524) | 547,015 | 555,234 |
| Vehicles | 163,444 | 163,444 | (70,975) | (35,965) | 92,468 | 127,479 |
| Capital work in progress | 1,414,169 | 816,228 | | | 1,414,169 | 816,228 |
| Total fixed assets | 117,027,239 | 111,466,677 | (10,026,306) | (5,614,667) | 107,000,933 | 105,852,010 |

i) Land & buildings were revalued at 31 March 2004 by Telfer Young Ltd, registered valuers.

The Distribution system was revalued by independent engineering consultants, Sinclair, Knight & Mertz. The valuation was carried out at 31 March 2004 and the report is dated 21 May 2004. Subsequent additions are at cost. The valuation is based on depreciated replacement cost (DRC) of the distribution system asset. The Directors consider this valuation to be fair.

TOP ENERGY LIMITED-LINE BUSINESSNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

| | LINE BUSINESS | |
|--|---------------|-------------|
| | \$ | |
| | 2006 | 2005 |
| 11 CASH AND BANK BALANCES | | |
| CURRENT ASSETS | | |
| Comprise: | | |
| Cash on hand | 286 | 273 |
| BNZ current account | 28,053 | - |
| | 28,339 | 273 |
| CURRENT LIABILITY | | |
| Bank overdraft | - | (3,878) |
| Net Cash & Bank position | 28,339 | (3,605) |
| 12 INTERBUSINESS CURRENT ACCOUNT | | |
| Represents notional net funds advanced to the Lines business from 'Other businesses', | (6,788,992) | (1,835,285) |
| | (6,788,992) | (1,835,285) |
| 13 ACCOUNTS RECEIVABLE | | |
| Comprise: | | |
| Trade debtors | 2,067,121 | 1,932,491 |
| Accruals and prepayments | 426,784 | 186,560 |
| | 2,493,905 | 2,119,051 |

TOP ENERGY LIMITED-LINE BUSINESS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006****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. Top Energy Consumer Trust:

Top Energy Ltd is wholly owned by Top Energy Consumer Trust. For the period ended 31 March 2006, Top Energy Ltd paid \$5.5m (31 March 2005: \$5.5m) in the form of a dividend to the above Trust. This payment is reflected in the Statement of movements in Equity 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 2006, a balance of \$1,644 (31 March 2005: \$93,277) owing by the Trust to the Company Trust has been included in the Accounts Payable in the Statement of Financial Position. All transactions with the Trust are 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 | 2006 (Income)/cost | 2005 (Income)/cost |
|---------------------------------------|-----------------------|-----------------------|
| Transfer Payment Cost to Line: | | |
| Asset maintenance services | 3,702,582 | 3,629,789 |
| Avoided transmission charges | 659,159 | 610,885 |
| Property rental | 77,872 | 77,872 |
| Payment for meter data | Nil | Nil |
| Consumer based load control | Nil | Nil |
| Disconnection/reconnection services | Nil | Nil |
| Asset construction | | |
| Sub transmission assets | Nil | Nil |
| Zone substations | 196,902 | 34,200 |
| Distribution lines & cable | 2,333,096 | 2,360,412 |
| Medium voltage switchgear | Nil | Nil |
| Distribution transformers | 2,452,825 | 1,635,801 |
| Distribution substations | Nil | Nil |
| Low voltage lines & cables | 1,286,716 | 1,261,173 |
| Other system fixed assets | Nil | Nil |

TOP ENERGY LIMITED-LINE BUSINESS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006****14 RELATED PARTY TRANSACTIONS**

- a. 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 at market rates on an arms length basis. Services were provided throughout the year. The outstanding balance at 31 March 2006 was \$263,172 (2005: \$279,000).
- b. Avoided Transmission charges are paid in respect of embedded generation provided by Ngawha Generation Limited. Charges are based on the Transpower market rate. The service was provided for the full year. The outstanding balance at 31 March 2006 was \$51,515 (2005: \$50,900).
- c. 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. The property rental includes cost recovery in respect of rates of \$6,494 (2005: \$14,617).
- d. 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. The outstanding balance at 31 March 2006 was \$301,651 (2005: \$301,800).

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 2006 relating to the Line business.

TOP ENERGY LIMITED-LINE BUSINESS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006****15 FINANCIAL INSTRUMENTS****ii. Interest Rate**

The Company has a \$65m Facility Agreement with BNZ. An amount of \$35m is a facility in relation to the possible expansion of the Ngawha geothermal project (which relates to the other business). No advance has been made at balance date. The Core business facility of \$30m allows borrowings to be made over variable periods. At balance date \$8.9m was advanced to the Line business and these advances will be renewed to coincide with funding requirements. The expected repayment dates are disclosed in Note 8.

The principal or contract amounts of interest rate contracts outstanding at 31 March 2006 for the Line business are \$7.29m (2005: \$7.68m). 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.

Contact Energy Ltd comprise 90% of the debtors total as of balance date but subsequent to balance date this amount has been cleared. 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. *Borrowings* – see Note 8.

TOP ENERGY LIMITED-LINE BUSINESS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006****16 SEGMENT INFORMATION**

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

17 CAPITAL EXPENDITURE COMMITMENTS

Top Energy Ltd has commitments for capital expenditure of \$139,436 at 31 March 2006 (31 March 2005: Nil).

18 CONTINGENT LIABILITIES

The Company and its subsidiaries provide bank guarantees, as it did in 2005.

19 EVENTS OCCURRING AFTER BALANCE DATE

There are no events which have arisen after the balance sheet date that require disclosure.

20 INTERNATIONAL FINANCIAL REPORTING STANDARDS**New Zealand Equivalents to International Financial Reporting Standards**

In December 2002 the New Zealand Accounting Standards Review Board (ASRB) announced that New Zealand entities required to comply with NZ GAAP under Financial Reporting Act 1993 would be required to apply International Financial Reporting Standards (IFRS) for financial periods commencing on or after 1 January 2007 with earlier adoption permitted from 1 January 2005. The new standards that have been approved by the ASRB for application in New Zealand are referred to as New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as certain adaptations have been made to reflect New Zealand circumstances.

Top Energy Limited has commenced reviewing its accounting policies and financial reporting to comply with NZ IFRS. The Company has allocated internal resources and is carrying out impact assessments to isolate key areas that will be impacted by the transition to NZ IFRS and to facilitate adoption of NZ IFRS. The Company will transition to NZ IFRS and publish its first set of annual financial statements prepared under NZ IFRS for the year ending 31 March 2008.

The Company has yet to finalise its accounting policies under NZ IFRS and as a consequence is yet to quantify with any degree of certainty the adjustments that will be required in the statement of financial position on adoption of NZ IFRS and the impact on financial performance thereafter.

The key differences between current NZ GAAP and NZ IFRS identified to date as potentially having significant effect on the Company's financial statements as summarized overleaf.

TOP ENERGY LIMITED-LINE BUSINESS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

20 INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Financial Instruments

All interest rate swap and forward exchange contracts will be recorded in the statement of financial position at fair value under NZ IFRS and be adjusted against opening equity. Any movements of the fair value of the instruments from year to year will have the potential to affect the statement of financial performance and the statement of financial position, the extent to which will depend on whether hedge accounting is adopted. The financial impact of the change cannot be reliably estimated at this stage and will be dependent on the extent to which hedge accounting is adopted and is effective.

Deferred Taxation

The IFRS basis of accounting for deferred tax is conceptually different to current GAAP. Under current GAAP deferred taxation is calculated using the income statement approach whereas under NZ IFRS deferred taxation will be based on a balance sheet approach. This method recognises deferred tax balances where there is a difference between the carrying value of an asset or liability and its tax base. The most significant impact for the Company is the potential recognition of a deferred tax liability in relation to the revaluation of distribution assets. Due to the uncertainty of recognition, the financial impact cannot be reliably estimated at this stage.

Capital Contributions

Top Energy Limited currently recognises capital contributions as revenue in the year earned. NZ IFRS may require the Company to capitalise capital contributions to deferred income and amortise the balance over the life of the asset to the income statement. The financial impact of this change cannot be reliably estimated at this stage.

This summary should not be taken as an exhaustive list of all the differences between NZ GAAP and NZ IFRS. Further, the Company has not yet quantified the effects of these differences. Accordingly there can be no assurances that the financial performance and financial position as disclosed in these financial statements would not be significantly different if determined in accordance with NZ IFRS.

Statement of Financial Position Disclosure (Schedule 1, Part 2)

| para | | 2006 \$ | 2005 \$ |
|-------|---|--------------------|--------------------|
| 1 | Current assets | | |
| (a) | Cash and bank balances: | 28,339 | 273 |
| (b) | Short-term investments: | 0 | 0 |
| (c) | Inventories: | 0 | 0 |
| (d) | Accounts receivable: | 2,493,905 | 2,119,051 |
| (e) | Other current assets not listed in (a) to (d): | 0 | 0 |
| (f) | Total current assets | 2,522,244 | 2,119,324 |
| 2 | Fixed assets | | |
| (a) | System fixed assets: | 104,895,197 | 104,301,648 |
| (b) | Consumer billing and information system assets: | 547,015 | 555,234 |
| (c) | Motor vehicles: | 92,468 | 127,479 |
| (d) | Office equipment: | 52,083 | 51,421 |
| (e) | Land and buildings (Excluding Sub-Station Land & Buildings classified as Network System Fixed Assets) | 0 | 0 |
| (f) | Capital works under construction: | 1,414,169 | 816,228 |
| (g) | Other fixed assets not listed in (a) to (f): | 0 | 0 |
| (h) | Total fixed assets | 107,000,933 | 105,852,010 |
| 3 | Other tangible assets not listed above | 0 | 0 |
| 4 | Total tangible assets | 109,523,177 | 107,971,334 |
| 5 | Intangible assets | | |
| (a) | Goodwill: | 0 | 0 |
| (b) | Other intangibles not listed in (a) above: | 0 | 0 |
| (c) | Total intangible assets | 0 | 0 |
| 6 | Total assets | 109,523,177 | 107,971,334 |
| 7 | Current liabilities | | |
| (a) | Bank overdraft: | 0 | 3,878 |
| (b) | Short-term borrowings: | 1,671,429 | 2,215,068 |
| (c) | Payables and accruals: | 1,476,880 | 1,638,097 |
| (d) | Provision for dividends payable: | 0 | 0 |
| (e) | Provision for income tax: | 1,450,807 | 1,454,041 |
| (f) | Other current liabilities not listed in (a) to (e) above: | 6,788,992 | 1,835,285 |
| (g) | Total current liabilities | 11,388,108 | 7,146,369 |
| 8 | Non-current liabilities | | |
| (a) | Payables and accruals: | 0 | 0 |
| (b) | Borrowings: | 7,285,714 | 7,684,932 |
| (c) | Deferred tax: | 5,227,312 | 4,984,601 |
| (d) | Other non-current liabilities not listed in (a) to (c) above: | 0 | 0 |
| (e) | Total non-current liabilities | 12,513,026 | 12,669,533 |
| 9 | Equity | | |
| (a) | Shareholders' equity: | | |
| (i) | Share capital: | 23,217,980 | 23,217,980 |
| (ii) | Retained earnings: | -97,533 | 3,794,778 |
| (iii) | Reserves: | 62,501,596 | 61,142,674 |
| (iv) | Total Shareholders' equity: | 85,622,043 | 88,155,432 |
| (b) | Minority interests in subsidiaries: | 0 | 0 |
| (c) | Total equity: | 85,622,043 | 88,155,432 |
| (d) | Capital notes: | 0 | 0 |
| (e) | Total capital funds: | 85,622,043 | 88,155,432 |
| 10 | Total equity and liabilities | 109,523,177 | 107,971,334 |

Top Energy Limited - Year ended 31 March 2006

Operating Revenue (Schedule 1, Part 2)

| | 2006 | 2005 |
|---|-------------------|-------------------|
| 11 Operating revenue | | |
| (a) (a) Revenue from line/access charges: | 21,535,008 | 20,391,889 |
| (b) (b) Revenue from "Other" business for services carried out by the line business (transfer payment): | 0 | 0 |
| (c) (c) Interest on cash, bank balances and short term investments: | 0 | 0 |
| (e) (d) AC loss-rental rebates: | 737,272 | 482,697 |
| (f) (e) Other revenue not listed in (a) to (d): | 1,474,807 | 1,077,242 |
| (g) (f) Total operating revenue | 23,747,087 | 21,951,828 |

Expenditure (Schedule 1, Part 2)

| | 2006 | 2005 |
|--|------------------|------------------|
| 12 Operating expenditure | | |
| (a) Payment for transmission charges | 4,980,110 | 5,148,446 |
| (b) Transfer payments to the "Other" business for: | | |
| (i) Asset maintenance: | 3,158,069 | 3,356,241 |
| (ii) Consumer disconnection/reconnection services: | 0 | 0 |
| (iii) Meter data: | 0 | 0 |
| (iv) Consumer-based load control services: | 0 | 0 |
| (v) Royalty and patent expenses: | 0 | 0 |
| (vi) Avoided transmission charges on account of own generation | 659,159 | 610,885 |
| (vii) Other goods and services not listed in (i) to (vi) above | 0 | 0 |
| (viii) Total transfer payment to the "Other" business | 3,817,228 | 3,967,126 |
| (c) Expense to entities that are not related parties for: | | |
| (i) Asset maintenance: | 544,513 | 535,113 |
| (ii) Consumer disconnection/reconnection services | 0 | 0 |
| (iii) Meter data | 0 | 0 |
| (iv) Consumer-based load control services | 0 | 0 |
| (v) Royalty and patent expenses | 0 | 0 |
| (vi) Total of specified expenses to non-related parties (sum of (i) to (v)) | 544,513 | 535,113 |
| (d) Employee salaries, wages and redundancies | 2,802,448 | 2,059,085 |
| (e) Consumer billing and information system expense | 157,046 | 104,963 |
| (f) Depreciation on: | | |
| (i) System fixed assets: | 4,107,367 | 4,009,459 |
| (ii) Other assets not listed in (i) | 367,637 | 391,528 |
| (iii) Total depreciation | 4,475,005 | 4,400,987 |
| (g) Amortisation of: | | |
| (i) Goodwill: | 0 | 0 |
| (ii) Other intangibles: | 0 | 0 |
| (iii) Total amortisation of intangibles | 0 | 0 |

Top Energy Limited - Year ended 31 March 2006**Expenditure (Schedule 1, Part 2)**

| | | 2006 | 2005 |
|-----|--|-------------------|-------------------|
| (h) | Corporate and administration: | 452,637 | 441,122 |
| (i) | Human resource expenses: | 159,145 | 86,554 |
| (j) | Marketing/advertising: | 218,323 | 172,896 |
| (k) | Merger and acquisition expenses: | 0 | 0 |
| (l) | Takeover defence expenses: | 0 | 0 |
| (m) | Research and development expenses: | 0 | 0 |
| (n) | Consultancy and legal expenses: | 265,286 | 197,389 |
| (o) | Donations: | 0 | 0 |
| (p) | Directors' fees: | 161,000 | 155,967 |
| (q) | Auditors' fees: | | |
| | (i) Audit fees paid to principal auditors: | 47,969 | 35,333 |
| | (ii) Audit fees paid to other auditors: | 0 | 0 |
| | (iii) Fees paid for other services provided by principal and other auditors: | 34,000 | 30,530 |
| | (iv) Total auditors' fees: | 81,969 | 65,863 |
| (r) | Costs of offering credit: | | |
| | (i) Bad debts written off: | 0 | 0 |
| | (ii) Increase in estimated doubtful debts: | 0 | 0 |
| | (iii) Total cost of offering credit: | 0 | 0 |
| (s) | Local authority rates expense: | 0 | 0 |
| (t) | AC loss-rentals (distribution to retailers/customers) expense: | 0 | 0 |
| (u) | Rebates to consumers due to ownership interest: | 0 | 0 |
| (v) | Subvention payments: | 0 | 0 |
| (w) | Unusual expenses: | 0 | 0 |
| (x) | Other expenditure not listed in (a) to (w). | 170,130 | 160,803 |
| 13 | Total operating expenditure | 18,284,840 | 17,496,313 |
| 14 | Operating surplus before interest and income tax | 5,462,247 | 4,455,515 |
| 15 | Interest expense | | |
| | (a) Interest expense on borrowings | 802,118 | 664,892 |
| | (b) Financing charges related to finance leases | 0 | 0 |
| | (c) Other interest expense not listed in (a) or (b): | 0 | 0 |
| | (d) Total interest expense | 802,118 | 664,892 |
| 16 | Operating surplus before income tax | 4,660,129 | 3,790,623 |
| 17 | Income tax | 1,693,518 | 1,889,642 |
| 18 | Net surplus/(deficit) after tax | 2,966,611 | 1,900,981 |

**Schedule 1 -part 8 of the Electricity Requirements 2004****Annual Valuation Reconciliation Report**

| | \$'000 |
|---|----------------|
| Year ending 31 March 2006 | |
| System fixed assets at ODV – 31 March 2005 | 98,120 |
| Add system fixed assets acquired during the year at ODV | 6,689 |
| Less system fixed assets disposed of during the year at ODV | 0 |
| Less depreciation on system fixed assets at ODV | (4,107) |
| Revaluations of systems fixed assets | 0 |
| Equals system fixed assets at ODV – 31 March 2006 | <u>100,702</u> |

SCHEDULE 1 - PART 7
FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

| Derivation Table | Input and Calculations | Symbol in formula | ROF | | ROE | | ROI | |
|---|--|-------------------|---|-------------|---|-------------|--|-------------|
| Operating surplus before interest and income tax from financial statements | | | | | | | | |
| Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT) | 5,462,247 | | | | | | | |
| Interest on cash, bank balances, and short-term investments (ISTI) | 0 | | | | | | | |
| OSBIT minus ISTI | 5,462,247 | a | 5,462,247 | | | | 5,462,247 | |
| Net surplus after tax from financial statements | 2,966,611 | | | | | | | |
| Net surplus after tax adjusted pursuant to regulation 18 (NSAT) | 2,966,611 | n | | | 2,966,611 | | | |
| Amortisation of goodwill and amortisation of other intangibles | 0 | g | add | 0 | add | 0 | add | 0 |
| Subvention payment | 0 | s | add | 0 | add | 0 | add | 0 |
| Depreciation of SFA at BV (x) | 4,107,367 | | | | | | | |
| Depreciation of SFA at ODV (y) | 4,107,367 | | | | | | | |
| ODV depreciation adjustment | 0 | d | add | 0 | add | 0 | add | 0 |
| Subvention payment tax adjustment | 0 | s't | | | deduct | 0 | deduct | 0 |
| Interest tax shield | 264,699 | q | | | | | deduct | 264,699 |
| Revaluations | 0 | r | | | | | add | 0 |
| Income tax | 1,693,518 | p | | | | | deduct | 1,693,518 |
| Numerator | | | 5,462,247 | | 2,966,611 | | 3,504,030 | |
| | | | OSBIT ^{ADJ} = a + g + s + d | | NSAT ^{ADJ} = n + g + s - s't + d | | OSBIT ^{ADJ} = a + g + q + r + s + d - p - s't | |
| Fixed assets at end of previous financial year (FA ₀) | 105,852,010 | | | | | | | |
| Fixed assets at end of current financial year (FA ₁) | 107,000,933 | | | | | | | |
| Adjusted net working capital at end of previous financial year (ANWC ₀) | 476,803 | | | | | | | |
| Adjusted net working capital at end of current financial year (ANWC ₁) | 1,017,025 | | | | | | | |
| Average total funds employed (ATFE) | 107,173,385 | c | 107,173,385 | | | | 107,173,385 | |
| | (or regulation 33 time-weighted average) | | | | | | | |
| Total equity at end of previous financial year (TE ₀) | 88,155,432 | | | | | | | |
| Total equity at end of current financial year (TE ₁) | 85,622,043 | | | | | | | |
| Average total equity | 86,888,737 | k | | | 86,888,737 | | | |
| | (or regulation 33 time-weighted average) | | | | | | | |
| WUC at end of previous financial year (WUC ₀) | 816,228 | | | | | | | |
| WUC at end of current financial year (WUC ₁) | 1,414,169 | | | | | | | |
| Average total works under construction | 1,115,198 | e | deduct | 1,115,198 | deduct | 1,115,198 | deduct | 1,115,198 |
| | (or regulation 33 time-weighted average) | | | | | | | |
| Revaluations | 0 | r | | | | | | |
| Half of revaluations | 0 | r/2 | | | | | deduct | 0 |
| Intangible assets at end of previous financial year (IA ₀) | 0 | | | | | | | |
| Intangible assets at end of current financial year (IA ₁) | 0 | | | | | | | |
| Average total intangible asset | 0 | m | | | add | 0 | | |
| | (or regulation 33 time-weighted average) | | | | | | | |
| Subvention payment at end of previous financial year (S ₀) | 0 | | | | | | | |
| Subvention payment at end of current financial year (S ₁) | 0 | | | | | | | |
| Subvention payment tax adjustment at end of previous financial year | 0 | | | | | | | |
| Subvention payment tax adjustment at end of current financial year | 0 | | | | | | | |
| Average subvention payment & related tax adjustment | 0 | v | | | add | 0 | | |
| System fixed assets at end of previous financial year at book value (SFA _{bv0}) | 104,301,648 | | | | | | | |
| System fixed assets at end of current financial year at book value (SFA _{bv1}) | 104,895,197 | | | | | | | |
| Average value of system fixed assets at book value | 104,598,423 | f | deduct | 104,598,423 | deduct | 104,598,423 | deduct | 104,598,423 |
| | (or regulation 33 time-weighted average) | | | | | | | |
| System Fixed assets at year beginning at ODV value (SFA _{odv0}) | 98,120,000 | | | | | | | |
| System Fixed assets at end of current financial year at ODV value (SFA _{odv1}) | 100,701,989 | | | | | | | |
| Average value of system fixed assets at ODV value | 99,410,995 | h | add | 99,410,995 | add | 99,410,995 | add | 99,410,995 |
| | (or regulation 33 time-weighted average) | | | | | | | |
| Denominator | | | 100,870,759 | | 80,586,111 | | 100,870,759 | |
| | | | ATFE ^{ADJ} = c - e - f + h | | Ave TE ^{ADJ} = k - e - m + v - f + h | | ATFE ^{ADJ} = c - e - 1/2r - f + h | |
| Financial Performance Measure: | | | 5.4% | | 3.7% | | 3.5% | |
| | | | ROF = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100 | | ROE = NSAT ^{ADJ} /ATE ^{ADJ} x 100 | | ROI = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100 | |

t = maximum statutory income tax rate applying to corporate entities bv = book value ave = average odv = optimised deprival valuation subscript '0' = end of the previous financial year
 subscript '1' = end of the current financial year ROF = return on funds ROE = return on equity ROI = return on investment

TOP ENERGY LIMITED

Performance Measures and Statistics
For the Year Ended 31 March 2006

Regulations 15 and 16

i. Financial Performance Measures

| | 2006 | 2005 | 2004* | 2003 |
|---|-------|-------|-------|-------|
| a. Return on Funds | 5.4% | 4.5% | 5.9% | 8.60% |
| b. Return on Equity | 3.7% | 2.3% | -2.4% | 6.20% |
| c. Return on Investment | 3.5% | 2.4% | 24.6% | 6.00% |
| * 2004 - includes the effect of (1) revaluations and (2) providing for deferred tax for the first time. | | | | |
| ii. Efficiency Performance Measures | 2005 | 2005 | 2004 | 2003 |
| | \$ | \$ | \$ | \$ |
| a. Direct Line Costs per kilometre | 1,478 | 1,388 | 1,087 | 853 |
| b. Indirect Line Costs per Electricity Customer | 80 | 77 | 68 | 63 |

Optimised Deprival Valuation

The Optimised Deprival Valuation as at 31 March 2006 is \$102,702,000.

Regulation 21

i. Energy Delivery Efficiency Performance Measures

| | 2005 | 2005 | 2004 | 2003 |
|-------------------------|------|------|------|------|
| | % | % | % | % |
| a. Load Factor | 67.8 | 67.5 | 65.0 | 63.0 |
| b. Loss Ratio | 7.3 | 7.7 | 6.8 | 7.2 |
| c. Capacity Utilisation | 28.8 | 29.7 | 33.0 | 32.0 |

ii. Statistics

See table below for the following statistics:

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

| | (c) | | | | Kilometres | | | | (a) | | | |
|------|------------------|--------------|--------------|--------------|---------------------|------------|------------|------------|--------------|--------------|--------------|--------------|
| | Overhead Circuit | | | | Underground Circuit | | | | Total System | | | |
| | 2006 | 2005 | 2004 | 2003 | 2006 | 2005 | 2004 | 2003 | 2006 | 2005 | 2004 | 2003 |
| 33kV | 270 | 270 | 270 | 270 | 2 | 2 | 2 | 2 | 272 | 272 | 272 | 272 |
| 11kV | 2,801 | 2,717 | 2,713 | 2,703 | 136 | 133 | 116 | 109 | 2,937 | 2,850 | 2,829 | 2,812 |
| 400V | 196 | 307 | 310 | 310 | 582 | 441 | 417 | 400 | 778 | 748 | 727 | 710 |
| | <u>3,267</u> | <u>3,294</u> | <u>3,293</u> | <u>3,283</u> | <u>720</u> | <u>576</u> | <u>535</u> | <u>511</u> | <u>3,987</u> | <u>3,870</u> | <u>3,828</u> | <u>3,794</u> |

| | 2006 | 2005 | 2004 | 2003 |
|--|-------------|-------------|-------------|-------------|
| d. Transformer Capacity (kVA) | 205,000 | 198,815 | 181,420 | 187,228 |
| e. Maximum Demand (kW) | 59,000 | 59,000 | 59,000 | 59,000 |
| f. Total Electricity supplied by System before losses | 350,331,997 | 348,720,837 | 336,368,518 | 326,432,018 |
| g. Total Elec' conveyed by System for other persons after losses | 324,685,063 | 321,750,316 | 313,545,550 | 302,869,976 |
| Retailer 1 | 216,529,181 | 220,374,975 | 216,756,107 | 213,985,548 |
| Retailer 2 | 63,454,444 | 65,305,548 | 56,924,734 | 55,250,394 |
| Retailer 3 | 20,600,889 | 17,479,397 | 12,872,628 | 19,619,233 |
| Retailer 4 | 11,400,375 | 8,111,455 | 14,307,470 | 9,104,627 |
| Retailer 5 | 9,424,281 | 8,009,326 | 6,666,071 | 2,458,876 |
| Retailer 6 | 3,273,278 | 2,852,309 | 6,018,540 | 2,451,298 |
| Retailer 7 | | | | |
| h. Total Customers (average for year) | 28,486 | 27,656 | 27,075 | 27,590 |

TOP ENERGY LIMITED

**Performance Measures and Statistics
For the Year Ended 31 March 2006**

Regulation 22

Reliability Performance Measures

i. Total number of interruptions and breakdowns by interruption class

| Class Type of Interruption | Target | | 2006 | 2005 | 2004 | 2003 |
|-----------------------------------|----------|------|------------|------------|------------|------------|
| | 5yr Ave. | 2007 | | | | |
| A Planned - Transpower | | | No | No | No | No |
| B Planned - Top Energy | 122 | 130 | 1 | 0 | 0 | 0 |
| C Unplanned - Top Energy | 178 | 190 | 159 | 147 | 169 | 144 |
| D Unplanned - Transpower | | | 368 | 220 | 219 | 249 |
| E Unplanned - Embedded Generation | | | 0 | 2 | 1 | 0 |
| 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 | | | 528 | 369 | 389 | 393 |

Class C Interruptions not restored:

| | 2006 | 2005 | 2004 | 2003 |
|-------------------|------|------|------|------|
| a Within 3 hours | 46% | 46% | 42% | 30% |
| b Within 24 hours | 2% | 0% | 1% | 0% |

ii. Number of faults per 100 circuit kms

| Line Voltage | Total | | | | Underground | | | | Overhead | | | |
|----------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
| | 2006 | 2005 | 2004 | 2003 | 2006 | 2005 | 2004 | 2003 | 2006 | 2005 | 2004 | 2003 |
| 100kV | | | | | | | | | | | | |
| 66kV | | | | | | | | | | | | |
| 33kV | 3.70 | 2.22 | 4.78 | 7.74 | 0.00 | 0.00 | 0.00 | 0.00 | 3.70 | 2.22 | 4.81 | 7.74 |
| 11kV | 12.90 | 8.71 | 7.28 | 7.21 | 0.00 | 0.00 | 0.00 | 0.00 | 13.50 | 8.71 | 7.59 | 7.38 |
| 6.6kV | | | | | | | | | | | | |
| 3.3kV | | | | | | | | | | | | |
| Total | 12.10 | 8.07 | 7.06 | 7.25 | 0.00 | 0.00 | 0.00 | 0.00 | 12.70 | 8.07 | 7.34 | 7.41 |
| | | Target | Target | | | Target | Target | | | Target | Target | |
| Target Faults: | | 5yr Ave. | 2007 | | | 5yr Ave. | 2007 | | | 5yr Ave. | 2007 | |
| 33kV | | 2.0 | 2.1 | | | 0.3 | 0.0 | | | 2.0 | 2.1 | |
| 11kV | | 7.0 | 7.5 | | | 0.0 | 0.0 | | | 7.0 | 7.5 | |
| Total | | 7.0 | 7.0 | | | 0.0 | 0.0 | | | 7.0 | 7.0 | |

iii. Breakdown of statistics by interruption class

| Class Type of Interruption | SAIDI (Minutes) | | | | SAIFI (Interruptions) | | | | CAIDI (Minutes) | | | |
|-----------------------------------|-----------------|--------------|--------------|--------------|-----------------------|------------|------------|------------|-----------------|-------------|-------------|-------------|
| | 2006 | 2005 | 2004 | 2003 | 2006 | 2005 | 2004 | 2003 | 2006 | 2005 | 2004 | 2003 |
| A Planned - Transpower | 34.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 229.0 | 0.0 | 0.0 | 0.0 |
| B Planned - Top Energy | 22.3 | 39.4 | 39.5 | 37.0 | 0.1 | 0.3 | 0.3 | 0.3 | 154.0 | 154.0 | 113.0 | 136.0 |
| C Unplanned - Top Energy | 499.8 | 343.1 | 311.9 | 382.9 | 5.4 | 4.3 | 4.2 | 6.1 | 92.0 | 80.0 | 74.0 | 63.0 |
| D Unplanned - Transpower | 0.0 | 113.7 | 1.5 | 0.0 | 0.0 | 1.6 | 0.1 | 0.0 | 0.0 | 71.0 | 17.0 | 0.0 |
| E Unplanned - Embedded Generation | 0.0 | 0.0 | 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 | 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 | 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 | 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 | 0.0 | 0.0 |
| Total - All interruptions | 556.1 | 496.2 | 352.9 | 419.9 | 5.6 | 6.2 | 4.6 | 6.4 | 96.0 | 81.0 | 77.0 | 66.0 |
| | | Target | Target | | | Target | Target | | | Target | Target | |
| Targets: | | 5yr Ave. | 2007 | | | 5yr Ave. | 2007 | | | 5yr Ave. | 2007 | |
| B Planned - Top Energy | | 40 | 40 | | | 0.3 | 0.3 | | | 133 | 133 | |
| C Unplanned - Top Energy | | 260 | 280 | | | 4.9 | 4.9 | | | 53 | 57 | |



PricewaterhouseCoopers
188 Quay Street
Private Bag 92162
Auckland, New Zealand
Telephone +64 9 355 8000
Facsimile +64 9 355 8001
www.pwc.com/nz

AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF TOP ENERGY LIMITED – LINES BUSINESS

We have examined the information being –

- (a) the derivation table in requirement 15;
- (b) the annual ODV reconciliation report in requirement 16;
- (c) the financial performance measures in clause 1 of Part 3 of Schedule 1; and
- (d) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, –

that were prepared by Top Energy Limited and dated 31 October 2006 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

In our opinion, having made all reasonable enquiry, and to the best of our knowledge, that information has been prepared in accordance with the Electricity Information Disclosure Requirements 2004.

A handwritten signature in black ink, appearing to read 'G Pinfold', written over a horizontal line.

Graeme Pinfold
PricewaterhouseCoopers
On behalf of the Auditor-General
Auckland, New Zealand
3 November 2006



PricewaterhouseCoopers
188 Quay Street
Private Bag 92162
Auckland, New Zealand
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Facsimile +64 9 355 8001
www.pwc.com/nz

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF TOP ENERGY LIMITED – LINES BUSINESS FOR THE YEAR ENDED 31 MARCH 2006

We have audited the financial statements of Top Energy Limited – Lines Business on pages 2 to 21. The financial statements provide information about the past financial performance of Top Energy Limited – Lines Business and its financial position as at 31 March 2006. This information is stated in accordance with the accounting policies set out on pages 7 to 10.

Directors' Responsibilities

The Commerce Commission's Electricity Information Disclosure Requirements 2004 made under section 57T of the Commerce Act 1986 require the Directors to prepare financial statements which give a true and fair view of the financial position of Top Energy Limited – Lines Business as at 31 March 2006, and the results of its operations and cash flows for the year ended on that date.

Auditor's Responsibilities

Section 15 of the Public Audit Act 2001 and Requirement 30 of the Electricity Information Disclosure Requirements 2004 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Graeme Pinfold of PricewaterhouseCoopers to undertake the audit.

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 – Lines Business's circumstances, consistently applied and adequately disclosed.

We conducted the audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of 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 obtain 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.

In addition to the audit we have carried out audit related assignments for the Company. This involved issuing audit opinions on the 31 March 2006 statutory financial statements of Top Energy Limited and subsidiaries, the audit of the threshold compliance statement prepared pursuant to the Commerce Act (Electricity Distribution Thresholds) Notice 2004, and other engagements of an assurance nature. Other than these assignments we have no relationship with or interests in the company.



Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of Top Energy Limited – Lines Business for the year ended 31 March 2006 included on Top Energy Limited's web-site. The Company's governing body is responsible for the maintenance and integrity of Top Energy Limited's web site. We have not been engaged to report on the integrity of Top Energy Limited's web site.

We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the 31 March 2006 disclosure accounts for Top Energy Limited – Lines Business to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Unqualified Opinion

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

In our opinion –

- proper accounting records have been maintained by Top Energy Limited – Lines Business as far as appears from our examination of those records; and
- the financial statements of Top Energy Limited – Lines Business on pages 2 to 21:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Top Energy Limited – Lines Business's financial position as at 31 March 2006 and the results of its operations and cash flows for the year ended on that date; and
 - (c) comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 3 November 2006 and our unqualified opinion is expressed as at that date.

Graeme Pinfold
PricewaterhouseCoopers
On behalf of the Auditor-General
Auckland, New Zealand