



New Zealand Gazette

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NORTHPOWER LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

Northpower

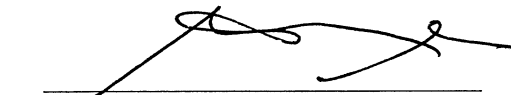
Certification of Financial Statements, Performance Measures, and Statistics Disclosed by Disclosing Entities (other than Transpower)

We, Warren William Moyes and John Joseph Ward, Directors of Northpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached audited financial statements of Northpower Limited, prepared for the purposes of Requirement 6 of the Commerce Commission's Electricity 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 Northpower 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.

Dated this 23 day of November 2006



Director



Director

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF NORTHPOWER LIMITED FOR THE YEAR ENDED 31 MARCH 2006

We have audited the financial statements of Northpower Limited on pages 1 to 9 and 12 to 14. The financial statements provide information about the past financial performance of Northpower Limited and its financial position as at 31 March 2006. This information is stated in accordance with the accounting policies set out on pages 1 to 3.

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 Northpower Limited 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 F Caetano of Audit New Zealand 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 Northpower Limited'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.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Northpower Limited.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been maintained by Northpower Limited as far as appears from our examination of those records; and
- the financial statements of Northpower Limited on pages 1 to 9 and 12 to 14:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Northpower Limited'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 24 November 2006 and our unqualified opinion is expressed as at that date.



F Caetano
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

**AUDITOR-GENERAL'S
OPINION ON THE PERFORMANCE MEASURES OF NORTHPOWER LIMITED**

We have examined the information on pages 10, 17 and 18, 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 Northpower Limited and dated 24 November 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 the information has been prepared in accordance with those Electricity Information Disclosure Requirements 2004.



F Caetano
On behalf of the Auditor-General
Audit New Zealand
Auckland, New Zealand
24 November 2006

NORTHPOWER LIMITED AND SUBSIDIARY**STATEMENT OF ACCOUNTING POLICIES**

For The Year Ended 31 March 2006

Reporting Entity

Northpower Limited is a company formed under the Energy Companies Act 1992 and registered under the Companies Act 1993. The group consists of Northpower Limited and its subsidiary Metro Power Limited.

The financial statements have been prepared in accordance with the Financial Reporting Act 1993 and Section 44 of the Energy Companies Act 1992.

Measurement Base

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

Particular Accounting Policies

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

- (i) **Basis of Consolidation - Purchase Method**
The consolidated financial statements include the holding company and its subsidiary, accounted for using the purchase method. All significant intercompany transactions are eliminated on consolidation. In the parent company's financial statements, investments in the subsidiary are stated at cost.
- (ii) **Operating Revenue**
Operating Revenue shown in the Statement of Financial Performance comprise the amounts received and receivable by the Company for goods and services supplied to customers in the ordinary course of business. Operating Revenue is stated exclusive of Goods and Services Tax collected from customers.
- (iii) **Investments**
Investments are stated at cost and net realisable value. Any decreases are recognised in the Statement of Financial Performance.
- (iv) **Properties Intended For Sale**
Properties intended for sale are classified as current assets if sale is expected within 1 year. Such properties are shown at carrying value unless this exceeds net realisable value.
- (v) **Fixed Assets**
All fixed assets are initially recorded at historical cost except for land and buildings, and distribution system assets, which are valued as detailed below.

The cost of purchased fixed assets 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 assets constructed by the Company includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of production overhead. Costs cease to be capitalised as soon as the asset is ready for productive use.

Land and buildings have been revalued to fair value based on a valuation conducted by Telfer Young (Northland) Ltd, Registered Valuers of Whangarei, as at 31 March 2006.

Buildings on land not owned by the Company are recorded at cost less depreciation and are not revalued.

The farm land and buildings for the subsidiary, Metro Power Ltd, are stated at cost and not revalued.

Distribution system assets have been revalued to Depreciated Replacement Cost (DRC) as at 31 March 2004, based on a valuation conducted by PriceWaterhouseCoopers, Registered Valuers, as at 31 March 2004.

The results of the revaluation of land and buildings, and distribution system assets, are credited or debited to the appropriate revaluation reserve. Where this results in a debit balance in the asset revaluation reserve this balance is expensed in the Statement of Financial Performance.

Land and buildings, and distribution system assets, are revalued by independent registered valuers on a five-yearly basis. Valuations will be undertaken more regularly if necessary to ensure no individual item of property, plant and equipment within a class is included at a valuation that is not materially different from its fair value.

Additions between revaluations are recorded at cost.

(vi) **Depreciation**

Depreciation is charged on a straight line basis so as to write off the cost or valuation of the fixed assets to their estimated residual value over their expected economic lives. The estimated economic lives are as follows:-

Distribution system:	
Lines/transformers/substations	45-70 years
Distribution switchgear	35-55 years
Meters/communication/SCADA	5-15 years
Buildings – structural	50 years
- electrical and mechanical	20 years
- other	10 years
Motor vehicles	5-15 years
Plant and equipment	3-20 years

(vii) **Inventories**

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories is principally determined on a weighted average basis.

(viii) **Accounts Receivable**

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

(ix) **Work in Progress**

The value of work in progress is determined using the percentage of completion method. Profits are recognised only when the outcome of the contract can be reliably estimated. Foreseeable losses on a contract are recognised in the Statement of Financial Performance immediately.

(x) **Taxation**

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

The Company follows the liability method of accounting for deferred taxation.

Future taxation benefits attributable to losses carried forward, or timing differences, are recognised in the financial statements only where there is virtual certainty of realisation.

(xi) **Research and Development Costs**

Research and development costs are normally expensed in the period incurred except that development costs are deferred where future benefits are expected to exceed these costs. Deferred development costs are amortised over future periods on a basis related to expected future revenue.

(xii) **Financial Instruments**

Northpower and its subsidiary are party to financial instrument arrangements as part of everyday operations. These instruments include bank accounts, accounts receivable, creditors, and short term deposits. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are recognised in the Statement of Financial Position.

Northpower has limited its exposure to credit risk in respect of its investments by only investing in institutions with a high credit rating, and limiting the proportion that can be invested in any one institution. Northpower believes this policy reduces the risk of any loss which could arise from its investing activities.

(xiii) **GST**

These Financial Statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable, which are GST inclusive. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

(xiv) **Employee Entitlements**

Provision is made in respect of the group's liability for annual leave, long service leave and retirement gratuities. Annual leave has been calculated on an actual entitlement basis at current rates of pay, while the other provisions have been calculated on an actuarial basis at current rates of pay.

(xv) **Goodwill**

Goodwill may arise from the acquisition of a business. An assessment of the economic life of goodwill will be made on a case by case basis and it will be amortised over a period not exceeding five years.

(xvi) **Leases**

Northpower Group entities lease certain land and buildings. Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the lease items, are included in the determination of the net surplus in equal instalments over the period of the lease.

(xvii) **Statement of Cash Flows**

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Northpower invests as part of its day-to-day cash management.

Operating activities include all activities other than investing and financing activities. The cash inflows include all receipts from the sale of goods and services and other sources of revenue that support Northpower's operating activities. Cash outflows include payments made to employees, suppliers and for taxes.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities and any other non-current assets.

Financing activities are those activities relating to changes in equity and debt capital structure of Northpower and those activities relating to the cost of servicing Northpower's equity capital.

Changes in Accounting Policies:

There have been no changes in accounting policies. The policies have been applied on a basis consistent with previous years.

NORTHPOWER LIMITED

STATEMENT OF FINANCIAL POSITION - LINE BUSINESS


As At 31 March 2006

	Notes	2006 \$000's	2005 \$000's
EQUITY:			
Share Capital	6	27,739	27,739
Asset Revaluation Reserve	7	109,844	107,939
Retained Earnings	8	24,213	19,575
TOTAL EQUITY		\$161,796	\$155,253
NON CURRENT LIABILITIES			
Employee Entitlements		121	107
		\$121	\$107
CURRENT LIABILITIES			
Bank Overdraft		-	-
Sundry Creditors		1,288	2,458
GST Payable		145	57
Provision for Dividend		4,155	4,095
Employee Entitlements		191	130
TOTAL CURRENT LIABILITIES		\$5,779	\$6,740
		\$167,696	\$162,100
NON CURRENT ASSETS			
Fixed Assets	5	151,686	145,393
		\$151,686	\$145,393
CURRENT ASSETS			
Cash and Bank		12,345	12,740
Short Term Deposits		-	100
Accounts Receivable		3,072	2,955
Inventory		593	545
Tax Refund Due		-	367
TOTAL CURRENT ASSETS		\$16,010	\$16,707
		\$167,696	\$162,100



 DIRECTOR

Date:



 DIRECTOR
 Date: 23/11/06

The accompanying Notes and Accounting Policies form part of these financial statements.

NORTHPOWER LIMITED

STATEMENT OF CASH FLOWS - LINE BUSINESS

For the Year Ended 31 March 2006

	Notes	2006 \$000's	2005 \$000's
		<u> </u>	<u> </u>
Cash Flows from Operating Activities -			
Cash was provided from:			
Receipts from Customers		31,717	33,505
Interest Received		106	196
Cash was distributed to:			
Payments to Suppliers		(19,185)	(17,071)
Payments to Employees		(2,394)	(2,734)
Interest Paid		-	-
Income Tax Paid		(2,082)	(2,929)
Net Cash Inflow from Operating Activities	9	<u><u>\$8,162</u></u>	<u><u>\$10,967</u></u>
Cash Flows from Investing Activities -			
Cash was provided from:			
Term Receivable		-	-
Sale of Assets		-	-
Short Term Deposits Matured		100	4,009
Cash was applied to:			
Short Term Deposits		-	-
Purchase of Fixed Assets		(4,562)	(4,138)
Net Cash Inflow from Investing Activities		<u><u>(\$4,462)</u></u>	<u><u>(\$129)</u></u>
Cash Flows from Financing Activities -			
Cash was applied to:			
Dividends		(4,095)	(3,512)
Net Cash Outflow from Financing Activities		<u><u>(4,095)</u></u>	<u><u>(3,512)</u></u>
Net Increase (Decrease) in Cash Held		(395)	7,326
Add Opening Cash Brought Forward		12,740	5,414
Ending Cash Carried Forward		<u><u>\$12,345</u></u>	<u><u>\$12,740</u></u>

The accompanying Notes and Accounting Policies form part of these financial statements.

NORTHPOWER LIMITED

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For the Year Ended 31 March 2006

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The accompanying Notes and Accounting Policies form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2006

	Line Business	
	2006 \$000's	2005 \$000's
1. Operating Revenue		
Line Charges	30,527	29,713
Loss Rental Rebate	1,255	622
Line Contributions	3,821	2,978
Interest Received	106	196
Sundry Income	52	39
	<u>\$35,761</u>	<u>\$33,548</u>
2. Operating Surplus Before Tax After Charging:		
Bad Debts Written Off	6	14
Depreciation - System Assets	3,566	3,538
- Centralised Load Equipment	96	93
- Computer Equipment	120	120
- Plant and Equipment	119	100
- Motor Vehicles	27	36
- Buildings	67	67
Directors' Fees	97	95
Interest	-	-
Rental and Operating Lease Costs	-	-
Research and Development	8	1
Donations	-	-
(Gain) Loss on Sale of Assets	(3)	(150)
3. Auditors' Remuneration		
Auditing Financial Statements	26	24
Other Services	10	7
4. Taxation		
Operating Surplus Before Taxation	11,242	10,885
Prima Facie Taxation @ 33%	3,710	3,592
Plus Tax Effect of Permanent Differences:-		
Permanent Differences	(1,261)	(983)
Timing differences not recognised	-	-
Prior Period Adjustment	-	-
Deferred Tax Adjustment	-	-
Tax on Profits for Year	<u>\$2,449</u>	<u>\$2,609</u>
The Taxation Charge is Represented by:-		
Current Taxation	2,449	2,609
Deferred Taxation	-	-
	<u>\$2,449</u>	<u>\$2,609</u>
A deferred tax liability of \$15,760,000 (2005: \$14,735,000) has not been recognised		
Imputation Credit Account:		
Opening Balance	8,805	7,606
Imputation Credits Attached to Dividends Paid	(2,017)	(1,730)
Income Tax Payments During Year	2,082	2,929
	<u>\$8,870</u>	<u>\$8,805</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Line Business	
	2006 \$000's	2005 \$000's
5. Fixed Assets		
System Assets - At Valuation	136,239	136,239
- At Cost	12,787	5,138
- Under Construction	437	61
Less Accumulated Depreciation	(6,976)	(3,538)
	<u>\$142,487</u>	<u>\$137,900</u>
Centralised Load Equipment - At Valuation	2,089	2,089
- At Cost	90	88
Less Accumulated Depreciation	(190)	(93)
	<u>\$1,989</u>	<u>\$2,084</u>
Computer Equipment - At Cost	1,197	1,197
Less Accumulated Depreciation	(1,092)	(1,042)
	<u>\$105</u>	<u>\$155</u>
Plant and Equipment - At Cost	1,973	1,964
Less Accumulated Depreciation	(1,294)	(1,152)
	<u>\$679</u>	<u>\$812</u>
Motor Vehicles - At Cost	128	267
Less Accumulated Depreciation	(54)	(146)
	<u>\$74</u>	<u>\$121</u>
Buildings - At Valuation	3,444	2,766
- At Cost	-	231
Less Accumulated Depreciation	(19)	(145)
	<u>\$3,425</u>	<u>\$2,852</u>
Land - At Valuation	<u>\$2,927</u>	<u>\$1,469</u>
Total Fixed Assets	<u>\$151,686</u>	<u>\$145,393</u>
6. Share Capital:		
Authorised, issued and paid up capital	27,739	27,739
Total Issued and Paid Up Capital	<u>\$27,739</u>	<u>\$27,739</u>
7. Asset Revaluation Reserve:		
Distribution System - Opening Balance	102,793	102,793
- Revaluation	-	-
- Closing Balance	<u>\$102,793</u>	<u>\$102,793</u>
Buildings - Opening Balance	4,176	4,176
- Revaluation	447	-
- Closing Balance	<u>\$4,623</u>	<u>\$4,176</u>
Land - Opening Balance	970	970
- Revaluation	1,458	-
- Closing Balance	<u>\$2,428</u>	<u>\$970</u>
8. Retained Earnings:		
Opening Balance	19,575	15,394
Net Surplus After Taxation	8,793	8,276
Total Available for Appropriation	28,368	23,670
Dividends	(4,155)	(4,095)
Closing Balance	<u>\$24,213</u>	<u>\$19,575</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

	Line Business	
	2006	2005
	\$000's	\$000's
9. Reconciliation of Net Surplus After Taxation with Cash Inflow from Operating Activities:		
Net Surplus After Taxation	8,793	8,276
Add (less) Non Cash Items:		
Depreciation	3,995	3,954
Capital Contributions	(3,821)	
Movements in Working Capital		
Increase (Decrease) in Creditors	(1,007)	(1,060)
(Increase) Decrease in Taxation Refund	367	(320)
(Increase) Decrease in Accounts Receivable	(117)	153
(Increase) Decrease in Inventory	(48)	(36)
Net Cash Flow from Operating Activities	<u>\$8,162</u>	<u>\$10,967</u>
10. Financial Instruments:		
Financial Instruments which potentially subject the company to credit risk principally consist of cash bank balances, short term deposit, and accounts receivable. Northpower does not generally require collateral from customers.		
Northpower places its cash and short term deposits with high credit quality financial institutions (A1 or better), and limits the amount of credit exposure to any one institution, in accordance with Company policy.		
The fair value of all financial instruments is approximated by the carrying value recorded in the Statement of Financial Position.		
11. Segment Information:		
Northpower Ltd operates predominantly in the electricity network industry within the Northland area. Therefore, there is no segmental information.		
12. Contingent Liabilities:		
There are no contingent liabilities (2005 \$Nil)		
13. Commitments:	2006	2005
Commitments relate to purchase of Distribution equipment	<u>286</u>	<u>-</u>
14. Related Parties:		
Provision has been made in the accounts for payment of a final dividend to Northpower Electric Power Trust of \$4,154,900 (2005 \$4,094,650) and as at 31 March 2006 the amount owing to the Trust is \$4,154,900 (2005 \$4,094,650).		
The Northpower Electric Power Trust is the sole shareholder. All related party transactions with the Northpower Electric Power Trust have been conducted on a commercial and arms length basis.		
Northpower's Contracting Division provided the following services to the Network Division, for the full year, at cost, including overheads:-	2006	2005
	\$000'S	\$000'S
(i) Maintenance of Assets	<u>5,545</u>	3,234
(ii) Consumer disconnections/reconnections	11	10
(iii) Other Services	633	787
Construction of New Assets:-		
(a) Subtransmission Assets	325	-
(b) Zone Substations	1,021	465
(c) Distribution Lines and Cables	624	443
(d) Medium Voltage Switchgear	844	29
(e) Distribution Transformers	454	169
(f) Distribution Substations	-	-
(g) Low Voltage Reticulation	52	105
Network Maintenance and Capital Works are charged in accordance with a Fixed Term Contract.		
- No balance is outstanding at balance date.		
- No amounts have been written off or forgiven during the year.		
- No transactions have been made at nil or nominal value.		

DISCLOSURE OF FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES PURSUANT TO PART 3 OF THE ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004

	2006	2005	2004	2003	2002
1. Financial Performance Measures					
(a) Return on Funds	7.6%	7.5%	6.7%	7.3%	6.2%
(b) Return on Equity	5.7%	5.5%	4.8%	5.4%	4.2%
(c) Return on Investment	5.9%	5.7%	24.1%	5.5%	4.1%
2. Efficiency Performance Measures					
(a) Direct line cost per kilometre	\$1,425	\$1,099	\$1,081	\$1,041	\$1,044
(b) Indirect line cost per electricity customer	\$46	\$57	\$46	\$38	\$45

DISCLOSURE OF RECONCILIATION OF ODV VALUATION PURSUANT TO PART 8 OF THE ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004

	2006 \$000's	2005 \$000's	2004 \$000's	2003 \$000's	2002 \$000's
ODV Valuation 1 April	136,693	135,098	111,626	111,840	110,934
Additions for Year	8,651	5,226	4,290	3,187	4,124
Disposals for Year	-	-	-	-	-
Annual Depreciation	(3,662)	(3,631)	(3,242)	(3,401)	(3,218)
Revaluations	-	-	22,424	-	-
ODV Valuation 31 March	141,682	136,693	135,098	111,626	111,840

DISCLOSURE OF ENERGY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS PURSUANT TO SCHEDULE 1, PART 4 OF THE ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004

1. Energy Delivery Efficiency Performance Measures	2006	2005	2004	2003	2002
(a) Load Factor	76.20%	76.37%	77.87%	77.38%	74.85%
(b) Loss Ratio	3.12%	3.22%	3.54%	3.13%	4.50%
Loss Ratio Estimated	*3.60%	* 3.60%	* 3.70%	* 3.70%	* 3.60%
(c) Capacity Utilisation	33.19%	32.23%	31.82%	32.35%	32.70%
* Estimated, based on distribution system configuration					
2. Statistics					
(a) System length, broken down by voltage:					
- 33 kV	231.0 km	235.0 km	235.0 km	230.4 km	229.6 km
- 11 kV	3298.0 km	3,244.0 km	3,197.0 km	3,194.1 km	3,137.0 km
- 400V	2057.0 km	1,940.0 km	1,873.0 km	2,006.0 km	1,970.0 km
- Total	<u>5586.0 km</u>	<u>5,419.0 km</u>	<u>5,305.0 km</u>	<u>5,430.5 km</u>	<u>5,336.6 km</u>
(b) Circuit length of overhead lines, broken down by voltage:					
- 33 kV	215.0 km	219.0 km	219.0 km	213.0 km	213.0 km
- 11 kV	3149.0 km	3,125.0 km	3,093.0 km	3,097.0 km	3,050.0 km
- 400V	1582.0 km	1,562.0 km	1,557.0 km	1,733.0 km	1,716.0 km
- Total	<u>4946.0 km</u>	<u>4,906.0 km</u>	<u>4,869.0 km</u>	<u>5,043.0 km</u>	<u>4,979.0 km</u>
(c) Circuit length of underground cables broken down by voltage:					
- 33 kV	16.0 km	16.0 km	16.0 km	17.4 km	16.6 km
- 11 kV	149.0 km	119.0 km	104.0 km	97.1 km	87.0 km
- 400V	475.0 km	378.0 km	316.0 km	273.0 km	254.0 km
- Total	<u>640.0 km</u>	<u>513.0 km</u>	<u>436.0 km</u>	<u>387.5 km</u>	<u>357.6 km</u>
(d) Transformer capacity	433235kVA	419,982 kVA	414,440 kVA	406,685 kVA	397,445 kVA
(e) Maximum demand	143,800kW	135,344 kW	131,880 kW	131,560 kW	129,978 kW
(f) Total electricity entering the system - kWh	959,899,374	905,439,718	899,598,208	891,815,703	852,225,151
(g) Total electricity supplied from the system for other retailers					
- Meridian Energy	234,998,959	296,082,158	298,266,724	322,048,156	265,038,676
- Trust Power	125,036,672	111,027,589	118,620,725	136,055,824	155,862,292
- On Energy	0	0	0	2,359,302	181,022,296
- Genesis	117,444,845	108,385,534	94,838,915	262,402,357	182,238,158
- Energy Waikato	0	0	0	0	6,678,958
- Mighty River	347,980,217	310,011,324	305,675,711	113,104,961	15,016,205
- Empower	0	0	942,581	1,538,915	192,485
- Contact Energy	929,935,552	50,803,828	49,375,781	26,420,176	7,758,292
(h) Total Customers	50,753	49,820	48,852	47,785	46,712

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER THE
ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004, SCHEDULE 1 PART 2

	2006 \$000's	2005 \$000's	2004 \$000's	2003 \$000's	2002 \$000's
1. Current Assets					
(a) Cash and Bank Balances	12,345	12,740	5,414	1	169
(b) Short Term Investments		100	4,109	5,266	-
(c) Inventories	593	545	509	483	222
(d) Accounts Receivable	3,072	2,955	3,108	3,299	3,045
(e) Other Current Assets Not Listed in (a) to (d)		367	47	245	19
(f) Total Current Assets	<u>16,010</u>	<u>16,707</u>	<u>13,187</u>	<u>9,294</u>	<u>3,455</u>
2. Fixed Assets					
(a) System Fixed Assets	144,039	139,923	138,328	111,667	112,126
(b) Customer Billing and Information System Assets	105	155	69	163	285
(c) Motor Vehicles	74	121	45	69	58
(d) Office Equipment	61	70	99	99	109
(e) Land and Buildings	6,352	4,321	4,962	4,910	4,871
(f) Capital Works Under Construction	437	61	1,054	1,074	203
(g) Other Fixed Assets Not Listed in (a) to (f)	618	742	652	735	848
(h) Total Fixed Assets	<u>151,686</u>	<u>145,393</u>	<u>145,209</u>	<u>118,717</u>	<u>118,500</u>
3. Other Tangible Assets Not Listed Above		-	-	114	571
4. Total Tangible Assets	<u>167,696</u>	<u>162,100</u>	<u>158,396</u>	<u>128,125</u>	<u>122,526</u>
5. Intangible Assets					
(a) Goodwill		-	-	-	-
(b) Other intangibles not listed in (a)		-	-	-	-
(c) Total Intangible Assets		-	-	-	-
6. Total Assets	<u>167,696</u>	<u>162,100</u>	<u>158,396</u>	<u>128,125</u>	<u>122,526</u>
7. Current Liabilities					
(a) Bank Overdraft		-	-	-	-
(b) Short Term Borrowings		-	-	-	-
(c) Payables and Accruals	1,288	2,458	3,455	2,246	1,698
(d) Provision for Dividend Payable	4,155	4,095	3,512	3,264	1,608
(e) Provision for Income Tax		-	-	-	-
(f) Other Current Liabilities Not Listed in (a) to (e)	336	187	183	-	-
(g) Total Current Liabilities	<u>5,779</u>	<u>6,740</u>	<u>7,150</u>	<u>5,510</u>	<u>3,306</u>
8. Non-current Liabilities					
(a) Payables and Accruals	121	107	174	174	121
(b) Borrowings		-	-	-	-
(c) Deferred Tax		-	-	-	-
(d) Other Non-current Liabilities Not Listed in (a) to (c)		-	-	-	-
(e) Total Non-current Liabilities (sum of (a) to (d))	<u>121</u>	<u>107</u>	<u>174</u>	<u>174</u>	<u>121</u>

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER THE ELECTRICITY
INFORMATION DISCLOSURE REQUIREMENTS 2004, SCHEDULE 1, PART 2
Continued

	2006 \$000's	2005 \$000's	2004 \$000's	2003 \$000's	2002 \$000's
9. Equity					
(a) Shareholders' Equity:-					
(i) Share capital	27,739	27,739	27,739	27,739	27,739
(ii) Retained earnings	24,213	19,575	15,394	12,512	9,299
(iii) Reserves	109,844	107,939	107,939	82,190	82,061
(iv) Total Shareholders' Equity (sum of (i) to (iii))	<u>161,796</u>	<u>155,253</u>	<u>151,072</u>	<u>122,441</u>	<u>119,099</u>
(b) Minority Interests in Subsidiaries		-	-	-	-
(c) Total Equity (sum of (a) and (b))	<u>161,796</u>	<u>155,253</u>	<u>151,072</u>	<u>122,441</u>	<u>119,099</u>
(d) Capital Notes		-	-	-	-
(e) Total Capital Funds (sum of (c) and (d))	<u>161,796</u>	<u>155,253</u>	<u>151,072</u>	<u>122,441</u>	<u>119,099</u>
10. Total Equity and Liabilities (Total Assets)	167,696	162,100	158,396	128,125	122,526
11. Operating Revenue					
(a) Revenue from line/access charges	31,782	30,335	28,128	27,524	26,953
(b) Revenue from "Other" business (transfer payment)		-	-	-	-
(c) Interest on Cash, Bank Balances and Short Term Investments	106	196	222	140	50
(d) AC Loss-Rental Rebates	1,255	622	1,097	857	1,607
(e) Other Operating Revenue Not Listed in (a) to (d)	3,876	3,017	1,880	1,810	819
(f) Total Operating Revenue	<u>37,019</u>	<u>34,170</u>	<u>31,327</u>	<u>30,331</u>	<u>29,429</u>
12. Operating Expenditure					
(a) Payment for Transmission Charges	10,251	10,067	9,659	9,376	9,003
(b) Transfer Payments to the "other" business for:-					
(i) Asset maintenance	5,545	3,234	2,934	3,366	2,688
(ii) Consumer disconnection/reconnection services	11	10	15	15	-
(iii) Meter data		-	-	-	-
(iv) Consumer-based load control services		-	-	-	-
(v) Royalty and patent expenses		-	-	-	-
(vi) Avoided transmission charges on account of own generation		-	-	-	-
(vii) Other goods and services not listed in (i) to (vi)	633	787	853	873	960
(viii) Total transfer payment to the 'Other' business (sum of (i) to (vii))	<u>6,189</u>	<u>4,031</u>	<u>3,802</u>	<u>4,254</u>	<u>3,648</u>
(c) Expense to Entities That Are Not Related Parties for:-					
(i) Asset maintenance	38	281	101	259	360
(ii) Consumer disconnection/reconnection services		-	-	-	-
(iii) Meter data		-	-	-	-
(iv) Consumer-based load control services		-	-	-	-
(v) Royalty and patent expenses		-	-	-	-
(vi) Total of specified expenses to non-related parties (sum of (i) to (v))	<u>38</u>	<u>281</u>	<u>101</u>	<u>259</u>	<u>360</u>
(d) Employee Salaries, Wages and Redundancies	2,469	2,656	2,408	1,879	2,011
(e) Consumer Billing and Information System Expense	125	127	111	113	294
(f) Depreciation On:-					
(i) System fixed assets	3,662	3,631	3,242	3,401	3,218
(ii) Other assets not listed in (i)	333	323	305	430	588
(iii) Total depreciation (sum of (i) and (ii))	<u>3,995</u>	<u>3,954</u>	<u>3,547</u>	<u>3,831</u>	<u>3,806</u>

DISCLOSURE OF INFORMATION RELATING TO FINANCIAL STATEMENTS UNDER THE
ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004, SCHEDULE 1 PART 2
Continued

	2006 \$000's	2005 \$000's	2004 \$000's	2003 \$000's	2002 \$000's
12. Operating Expenditure continued					
(g) Amortisation of:-					
(i) Goodwill	-	-	-	-	-
(ii) Other intangibles	-	-	-	-	-
(iii) Total amortisation of intangibles (sum of (i) and (ii))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(h) Corporation and Administration	949	838	1,051	535	705
(i) Human Resources Expenses	26	24	28	-	-
(j) Marketing/Advertising	183	352	332	108	295
(k) Merger and Acquisition Expenses	-	-	-	-	-
(l) Takeover Defence Expenses	-	-	-	-	-
(m) Research and Development Expenses	8	1	5	24	23
(n) Consultancy and Legal Expenses	123	167	127	176	190
(o) Donations	-	-	-	-	-
(p) Directors' Fees	97	95	89	84	82
(q) Auditors' Fees					
(i) Audit fees paid to principal auditors	26	24	15	12	12
(ii) Audit fees paid to other auditors	-	-	-	-	-
(iii) Fees paid for other services provided by principal and other auditors	10	7	3	3	3
(iv) Total auditors' fees (sum of (i) to (iii))	<u>36</u>	<u>31</u>	<u>18</u>	<u>15</u>	<u>15</u>
(r) Cost of Offering Credit					
(i) Bad debts written off	6	14	-	-	-
(ii) Increase in estimated doubtful debts	-	-	-	-	-
(iii) Total cost of offering credit (sum of (i) to (ii))	<u>6</u>	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>
(s) Local Authority Rates Expense	27	25	26	18	19
(t) AC Loss-Rental Rebates (Distribution to Retailers/Customers) expense	1,255	622	1,097	857	1,609
(u) Rebates to Consumers Due to Ownership Interest	-	-	-	-	-
(v) Subvention Payments	-	-	-	-	-
(w) Unusual Expenses	-	-	-	-	-
(x) Other Expenditure Not Listed in (a) to (w)	-	-	-	-	-
13. Total Operating Expenditure (sum of 12 (a) to 12 (x))	25,777	23,285	22,401	21,529	22,060
14. Operating Surplus Before Interest and Income Tax	11,242	10,885	8,926	8,802	7,369
15. Interest Expense					
(a) Interest expense on borrowings	-	-	-	3	23
(b) Financing charges related to finance leases	-	-	-	-	-
(c) Other interest expense	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>23</u>
16. Operating Surplus Before Income Tax (14 - 15 (d))	11,242	10,885	8,926	8,799	7,346
17. Income Tax	(2,449)	(2,609)	(2,532)	(2,322)	(2,414)
18. Net Surplus After Tax (16 - 17)	8,793	8,276	6,394	6,477	4,932

DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES UNDER THE ELECTRICITY INFORMATION
DISCLOSURE REQUIREMENTS 2004

		<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
1. Total Number of Interruptions						
Class A - Planned - by Transpower		0	1	1	0	1
Class B - Planned - by Northpower		211	251	149	160	225
Class C - Unplanned - by Northpower		290	225	256	361	271
Class D - Unplanned - by Transpower		1	1	0	2	0
Total		<u>502</u>	<u>478</u>	<u>406</u>	<u>523</u>	<u>497</u>
2. Interruption Targets for 2006/2007						
Class B - Planned - by Northpower		180	180	180	200	210
Class C - Unplanned - by Northpower		220	220	240	240	240
3. Average Interruption Targets for Next 5 Yrs						
Class B - Planned - by Northpower		160	160	160	170	180
Class C - Unplanned - by Northpower		170	170	170	190	190
4. Proportion of Class C Interruptions not restored within						
3 Hrs	16.8%	16.4%	15.5%	15.7%	14.4%	
24 Hrs	0%	0%	0%	0%	0%	
5. (a) Total No. of Faults per 100 circuit kilometres of prescribed voltage electric line						
11 kV	8.52	6.72	7.79	10.74	8.54	
33 kV	5.63	5.11	7.76	9.57	2.17	
Total	<u>8.33</u>	<u>6.61</u>	<u>7.79</u>	<u>10.66</u>	<u>8.11</u>	
(b) Target for 2006/2007 Year						
11 kV	7.30	7.30	7.30	7.50	7.50	
33 kV	2.00	2.00	2.00	2.00	2.00	
Total	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.12</u>	<u>7.12</u>	
(c) Average Target for 2006/2007 to 2010/2011 years						
11 kV	5	5	5	5	5	
33 kV	2	2	2	2	2	
Total	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	
6. Total No. of Faults per 100 circuit kilometres of underground prescribed voltage electric line						
11 kV	2.01	1.68	1.92	1.03	2.30	
33 kV	0.00	0.00	0.00	0.00	0.00	
Total	<u>1.82</u>	<u>1.48</u>	<u>1.67</u>	<u>0.88</u>	<u>1.92</u>	
7. Total No. of Faults per 100 circuit kilometres of overhead prescribed voltage electric line						
11kV	8.83	6.91	7.76	11.04	8.72	
33 kV	6.05	5.48	7.79	10.33	2.35	
Total	<u>8.65</u>	<u>6.82</u>	<u>7.79</u>	<u>11.00</u>	<u>8.31</u>	
8. The SAIDI for the total No. of Interruptions		119.23	113.24	145.32	181.83	219.86
9. SAIDI Targets for 2006/07						
Class B - Planned - by Line Owners		30	30	30	30	30
Class C - Unplanned - by Line Owners		87	90	95	100	100
10. Average SAIDI Target for 2006/7 to 2010/11 Yrs						
Class B - Planned - by Line Owners		30	30	30	30	30
Class C - Unplanned - by Line Owners		85	85	85	85	85

DISCLOSURE OF RELIABILITY PERFORMANCE MEASURES UNDER THE ELECTRICITY
INFORMATION DISCLOSURE REQUIREMENTS 2004

Continued

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
11. SAIDI For Total No. of Interruptions within each Interruption Class					
Class A - Planned - by Transpower	0	15.49	25.79	0	31.24
Class B - Planned - by Northpower	27.57	28.95	36.96	31.96	53.53
Class C - Unplanned - by Northpower	89.46	67.66	82.57	140.53	135.09
Class D - Unplanned - by Transpower	2.2	1.14	0	9.73	0
12. SAIFI for the Total No. of Interruptions	2.47	2.6	2.71	4.07	2.94
13. SAIFI Targets for 2006/07					
Class B - Planned - by Northpower	0.27	0.27	0.27	0.27	0.27
Class C - Unplanned - by Northpower	2.5	2.5	2.5	2.5	2.5
14. Av. SAIFI target for 2006/07 to 2010/11 Yrs					
Class B - Planned - by Northpower	0.27	0.27	0.27	0.27	0.27
Class C - Unplanned - by Northpower	2.5	2.5	2.5	2.5	2.5
15. SAIFI for the Total No. of Interruptions within Each Interruption Class					
Class A - Planned - by Transpower	0	0.06	0.08	0.00	0.08
Class B - Planned - by Northpower	0.17	0.21	0.21	0.21	0.37
Class C - Unplanned - by Northpower	2.19	1.90	2.42	3.57	2.49
Class D - Unplanned - by Transpower	0.11	0.42	0	0.29	0
16. CAIDI for the Total No. of Interruptions	48.3	43.6	53.7	44.7	74.8
17. CAIDI Targets for 2006/07					
Class B - Planned - by Northpower	110	110	110	110	110
Class C - Unplanned - by Northpower	35	36	38	40	40
18. Av. CAIDI Target for 2006/07 to 2010/11 Yrs					
Class B - Planned - by Northpower	110	110	110	110	110
Class C - Unplanned - by Northpower	34	34	34	34	34
19. CAIDI for the Total No. of Interruptions within each Interruption Class					
Class A - Planned - by Transpower	0	250.0	315.0	0.0	374.0
Class B - Planned - by Northpower	161.6	136.9	179.0	150.0	144.4
Class C - Unplanned - by Northpower	40.9	35.6	34.1	39.4	54.4
Class D - Unplanned - by Transpower	19.7	2.7	0	32.1	0

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	11,242				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	11,242				
Interest on cash, bank balances, and short-term investments (ISTI)	106				
OSBIIT minus ISTI	11,136	a	11,136		11,136
Net surplus after tax from financial statements	8,793			8,793	
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	8,793	n			
Amortisation of goodwill and amortisation of other intangibles	0	g	0	0	0
Subvention payment	0	s	0	0	0
Depreciation of SFA at BV (x)	3,662				
Depreciation of SFA at ODV (y)	3,662				
ODV depreciation adjustment	0	d	0	0	0
Subvention payment tax adjustment	0	s ^t	0	0	0
Interest tax shield	35	q	35	0	35
Revaluations	0	r	0	0	0
Income tax	2,449	p	2,449	2,449	2,449
Numerator			$OSBIIT^{ADJ} = a + g + s + d$	$NSAT^{ADJ} = n + g + s - s^t + d$	$OSBIIT^{ADJ} = a + g - q + r + s + d - p - s^t$
Fixed assets at end of previous financial year (FA ₀)	145,393				
Fixed assets at end of current financial year (FA ₁)	151,686				
Adjusted net working capital at end of previous financial year (ANWC ₀)	855				
Adjusted net working capital at end of current financial year (ANWC ₁)	2,041				
Average total funds employed (ATFE)	149,988 (or regulation 32 time-weighted average)	c	149,988		149,988
Total equity at end of previous financial year (TE ₀)	155,253				
Total equity at end of current financial year (TE ₁)	161,796				
Average total equity	158,525 (or regulation 32 time-weighted average)	k		158,525	
WUC at end of previous financial year (WUC ₀)	61				
WUC at end of current financial year (WUC ₁)	437				
Average total works under construction	249 (or regulation 32 time-weighted average)	e	249	249	249

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
Revaluations	1,905	r			
Half of revaluations	953	r/2			deduct 953
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 (or regulation 32 time-weighted average)	0	m		add 0	
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})	139,923				
System fixed assets at end of current financial year at book value (SFA _{bv1})	144,039				
Average value of system fixed assets at book value (or regulation 32 time-weighted average)	141,981	f	deduct 141,981	deduct 141,981	deduct 141,981
System Fixed assets at year beginning at ODV value (SFA _{odv0})	136,693				
System Fixed assets at end of current financial year at ODV value (SFA _{odv1})	141,682				
Average value of system fixed assets at ODV value (or regulation 32 time-weighted average)	139,188	h	add 139,188	add 139,188	add 139,188
Denominator			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:			ROF = OSBIIT ^{ADJ} /ATFE ^{ADJ} x 100	ROE = NSAT ^{ADJ} /ATE ^{ADJ} x 100	ROI = OSBIIT ^{ADJ} /ATFE ^{ADJ} x 100

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

Northpower

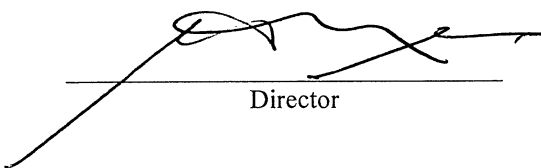
Certification of Valuation Report of Disclosing Entities

We, Warren William Moyes and John Joseph Ward, Directors of Northpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:-

- (a) The attached Valuation Report of Northpower Limited, prepared for the purposes of requirement 19 of the Commerce Commission's Electricity Information Disclosure Regulations 2004, complies with those Requirements; and
- (b) The Replacement Cost of the line business system fixed assets of Northpower Limited is \$283,377,000; and
- (c) The Depreciated Replacement cost of the line business system fixed assets of Northpower Limited is \$140,922,000; and
- (d) The Optimised Depreciated Replacement Cost of the line business fixed assets of Northpower Limited is \$135,098,000; and
- (e) The Optimised Deprival Valuation of the line business system fixed assets of Northpower Limited is \$135,098,000; and
- (f) The values in (b) through to (e) have been prepared in accordance with the ODV Handbook (as defined in the Electricity Information Disclosures Requirements 2004).

These valuations are as at 31 March 2004.

Dated this 23rd day of November 2006.



Director



Director