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MAINPOWER NEW ZEALAND LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

MAINPOWER NEW ZEALAND LIMITED

Notes to and Forming Part of the Financial Statements For The Year Ended 31 March 2007

Statement of Accounting Policies Specific to MainPower's Lines Business Activities

Reporting Entity

MainPower New Zealand Limited is a company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with, and for the purposes of, complying with the requirements of the Commerce Act (Electricity Information Disclosure Requirements) Notice 2004, pursuant to Part 4A of the Commerce Act 1986.

MainPower New Zealand Limited is a reporting entity for the purposes of the Financial Reporting Act 1993.

Special Purpose Financial Statements

These financial statements have been prepared for the specific purpose of complying with the requirements of the Commerce Act (Electricity Information Disclosure Requirements) Notice 2004, pursuant to Part 4A of the Commerce Act 1986.

Allocations of the costs, revenues, assets and liabilities of the Company have been made in accordance with the mandatory methodology as required by the Commerce Act (Electricity Information Disclosure Requirements) Notice 2004, pursuant to Part 4A of the Commerce Act 1986.

This approach defines the line business as the company's core business, and makes an assessment of the costs, revenues, assets and liabilities that would be avoided by the line business if all non-core businesses were to cease operation. The costs, revenues, assets and liabilities that would be avoided are allocated to those non-core businesses. Costs, revenues, assets and liabilities that would not be avoided are allocated to the line business.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis, modified by the revaluation of certain fixed assets, have been followed.

Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and the financial position have been applied:

1.1 Fixed Assets and Depreciation

All fixed assets are initially recorded at cost. Distribution assets are subsequently revalued on an Optimised Deprival Valuation (ODV) basis and are revalued at least once every five years.

Distribution assets were revalued by PricewaterhouseCoopers on an Optimised Deprival Valuation (ODV) basis as at 31 March 2004.

Depreciation is provided on all tangible fixed assets at rates that will allocate the assets' cost or valuation, to their residual values, over their estimated useful lives. All other assets are depreciated on a diminishing value basis.

Depreciation rates for major classes of assets used in the preparation of the financial statements are based on periods not exceeding:

Distribution System	-	70 years
Motor Vehicles	-	5 years
Plant and Equipment	-	14 years
Office Furniture and Equipment	-	10 years

The electricity distribution system economic lives have been set consistent with the Ministry of Economic Development's ODV Handbook. The economic lives range from 15 – 70 years for the different components of the distribution system.

Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

MAINPOWER NEW ZEALAND LIMITED**Notes to and Forming Part of the Financial Statements
For The Year Ended 31 March 2007****1.2 Income Tax**

The income tax expense charged to the Statement of Financial Performance includes the current year's provision after allowing for permanent differences. Deferred taxation is determined on a partial basis using the liability method. Deferred tax assets attributable to timing differences or tax losses are only recognised if there is virtual certainty of realisation.

1.3 Goods and Services Tax

The financial statements have been prepared exclusive of goods and services tax (GST) with the exception of receivables and payables which include GST invoiced.

1.4 Allocation of Costs, Revenues, Assets and Liabilities

The allocation of costs, revenues, assets and liabilities are in accordance with Requirement 6 of the Commerce Act (Electricity Information Disclosure Requirements) Notice 2004, pursuant to Part 4A of the Commerce Act 1986.

1.5 Business Accounting Separation**Lines Business**

The Lines business provides and maintains the electricity distribution network throughout the North Canterbury and Kaikoura regions.

1.6 Rebate Shares**i) Redemption**

Rebate Shares are only held by Qualifying Customers and the Trustees of the MainPower Trust. They are not transferable and are subject to compulsory redemption at a nominal value of ten (10) cents when a person ceases to be a Qualifying Customer of MainPower.

ii) Rebates

The Rebate Share entitles a Qualifying Customer to a rebate of fixed and variable distribution line charges. The accumulated rebate paid to Qualifying Customers is disclosed separately in the Statement of Financial Performance.

1.7 Capital Contributions

Where Distribution System network assets are gifted to MainPower in recognition of MainPower accepting responsibility for the continued maintenance of those assets, MainPower recognises the gift as income and treats the asset as an addition to the company's asset base.

1.8 Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

MAINPOWER NEW ZEALAND LIMITED**Lines Business Statement of Financial Performance
For The Year Ended 31 March 2007**

	Note	2007 \$000	2006 \$000
Operating Revenue	1a	32,484	32,098
Operating Expenditure	1b	<u>27,412</u>	<u>25,413</u>
Operating Surplus Before Interest & Taxation		5,072	6,685
Interest Expense		4	4
Taxation	1c	<u>780</u>	<u>1,430</u>
Operating Surplus After Taxation		<u>4,288</u>	<u>5,251</u>
Net Surplus After Taxation	4	<u><u>4,288</u></u>	<u><u>5,251</u></u>

**Lines Business Statement of Movements in Equity
for the Year Ended 31 March 2007**

	Note	2007 \$000	2006 \$000
Equity at Start of the Year		128,827	123,577
Net Surplus	4	4,288	5,251
Redemption of Shares	2	<u>1</u>	<u>1</u>
Total Recognised Revenues and Expenses		<u>4,287</u>	<u>5,250</u>
Equity at the End of the Year		<u><u>133,114</u></u>	<u><u>128,827</u></u>

MAINPOWER NEW ZEALAND LIMITED
Lines Business Statement of Financial Position
As At 31 March 2007

	Note	2007 \$000	2006 \$000
Equity			
Share Capital	2	23,409	23,410
Reserves	3	78,975	78,975
Retained Earnings	4	<u>30,730</u>	<u>26,442</u>
Total Shareholders' Equity		133,114	128,827
Minority Interests in Subsidiaries		<u>-</u>	<u>-</u>
Total Equity		133,114	128,827
Capital Notes		<u>-</u>	<u>-</u>
Total Capital Funds		133,114	128,827
Non Current Liabilities	10	<u>178</u>	<u>191</u>
Current Liabilities			
Bank Overdraft		387	-
Accounts Payable and Accruals	9	<u>2,612</u>	<u>2,716</u>
Total Equity and Liabilities		<u>136,291</u>	<u>131,734</u>
Non Current Assets			
Fixed Assets	5	<u>133,773</u>	<u>129,011</u>
Total Non Current Assets		<u>133,773</u>	<u>129,011</u>
Current Assets			
Bank and Short term deposits		-	442
Short Term Investments		-	-
Receivables and Prepayments	6	2,518	2,281
Inventory		-	-
Other Current Assets		<u>-</u>	<u>-</u>
Total Current Assets		2,518	2,723
Other Tangible Assets	7	-	-
Total Tangible Assets		136,291	131,734
Intangible Assets	8	-	-
Total Assets		<u>136,291</u>	<u>131,734</u>

MAINPOWER NEW ZEALAND LIMITED
Lines Business Statement of Cash Flows
For The Year Ended 31 March 2007

	2007	2006
	\$000	\$000
Cash Flows From Operating Activities		
Cash was provided from:		
Receipts from Customers	21,631	20,632
Interest Received	2	95
	21,633	20,727
Cash was disbursed to:		
Payments to Suppliers and Employees	(14,472)	(12,820)
Income Taxes Paid	(1,405)	(1,101)
Interest Paid	(4)	(4)
	(15,881)	(13,925)
Net Cash Inflow from Operating Activities	12 5,752	6,802
Cash Flows from Investing Activities		
Cash was provided from:		
Sale of Fixed Assets	11	20
Cash was Applied to:		
Purchase of Fixed Assets	(6,592)	(9,100)
Net Cash Outflow from Investing Activities	(6,581)	(9,080)
Cash Flows from Financing Activities		
Cash was Applied to:		
Dividend Paid to Other Business Activities	-	-
Repayment Loans	-	-
Net Cash Outflow from Financing Activities	-	-
 SUMMARY		
Inflow from Operating Activities	5,752	6,802
Outflow from Investing Activities	(6,581)	(9,080)
Outflow from Financing Activities	-	-
Net (Decrease) Increase in Cash Holdings	(829)	(2,278)
 Add Opening Bank and Short Term Deposits	 442	 2,720
Closing Bank and Short Term Deposits	(387)	442

MAINPOWER NEW ZEALAND LIMITED**Lines Business****Notes to and Forming Part of the Financial Statements
For The Year Ended 31 March 2007**

1a	Operating Revenue	2007 \$000	2006 \$000
	Line Charges	27,453	26,911
	A C Loss Rental Rebates	651	853
	Interest	2	95
	Revenue from "Other" Business	-	-
	Other Operating Revenue	<u>4,378</u>	<u>4,239</u>
	Total Operating Revenue	<u>32,484</u>	<u>32,098</u>
1b	Operating Expenditure		
	Transmission Charges	7,404	6,796
	Transfer Payments		
	Asset Maintenance	3,599	2,459
	Consumer Disconnection	-	-
	Metering	3	2
	Load Control	29	23
	Royalty and Patents	-	-
	Avoid Transmission Charges	-	-
	Other	<u>-</u>	<u>-</u>
	Total Transfer Payments	<u>3,631</u>	<u>2,484</u>
	Non Related Parties		
	Asset Maintenance	184	67
	Consumer Disconnection	-	-
	Metering	-	-
	Load Control	16	12
	Royalty and Patents	<u>-</u>	<u>-</u>
	Total Specified Expenses to Non Related Parties	<u>200</u>	<u>79</u>
	Salaries, Wages and Redundancies	1,609	1,545
	Consumer Billing and Information System	211	206
	Depreciation		
	System Assets	5,764	5,505
	Other	<u>420</u>	<u>268</u>
	Total Depreciation	<u>6,184</u>	<u>5,773</u>
	Amortisation		
	Goodwill	-	-
	Other Intangibles	<u>-</u>	<u>-</u>
	Total Amortisation	<u>-</u>	<u>-</u>
	Corporate and Administration	631	623
	Human Resources Expenses	345	273
	Marketing and Advertising	51	13
	Merger and Acquisition Expenses	-	-
	Takeover Defence Expenses	-	-
	Research and Development Expenses	-	-
	Consultancy and Legal Expenses	122	104
	Donations	-	-
	Directors Fees	174	160

MAINPOWER NEW ZEALAND LIMITED

Lines Business

**Notes to and Forming Part of the Financial Statements
For The Year Ended 31 March 2007**

1b	Operating Expenditure (continued)	2007	2006
		\$000	\$000
	Auditors Fees		
	Principal Auditors	25	38
	Other Auditors	-	-
	Other Audit Services	16	-
	Total Auditors Fees	<u>41</u>	<u>38</u>
	Cost of Credit		
	Bad Debts Written Off	8	1
	Doubtful Debts	(50)	-
	Total Cost of Offering Credit	<u>(42)</u>	<u>1</u>
	Local Authority Rates	114	110
	AC Loss – Rental Rebates	-	-
	Rebates to Consumers Due to Ownership Interest	6,669	7,093
	Subvention Payments	-	-
	Unusual Expenses	-	-
	Other Expenditure	68	115
	Total Operating Expenditure	<u>27,412</u>	<u>25,413</u>
	Operating Surplus Before Interest and Income Tax	5,072	6,685
	Interest Expense		
	Interest Expense on Borrowings	-	-
	Finance Leases	-	-
	Other	4	4
	Total Interest Expense	<u>4</u>	<u>4</u>
	Operating Surplus Before Income Tax	5,068	6,681
	Income Tax	780	1,430
	Net Surplus After Taxation	<u>4,288</u>	<u>5,251</u>
1c	Taxation		
	Operating Surplus Before Taxation	<u>5,068</u>	<u>6,681</u>
	Prima Facie Taxation @ 33 cents	1,673	2,205
	Movement in Income Tax Due to		
	Permanent Differences	129	78
	Taxation Relating to Previous Periods	-	-
	Timing Differences Not Recognised	(1,022)	(853)
	Deferred Tax Adjustment	-	-
	Total Taxation Expense	<u>-</u>	<u>-</u>
	per Statement of Financial Performance	<u>780</u>	<u>1,430</u>
	The Taxation Charge is Represented by:		
	Current Taxation	780	1,430
	Deferred Taxation	-	-
	Total Taxation Expense	<u>780</u>	<u>1,430</u>
	per Statement of Financial Performance	<u>780</u>	<u>1,430</u>

MAINPOWER NEW ZEALAND LIMITED**Lines Business****Notes to and Forming Part of the Financial Statements
For The Year Ended 31 March 2007**

	2007	2006
	\$000	\$000
2. Share Capital		
Issued and Fully Paid Capital		
Ordinary Shares	23,406	23,406
Redeemable Preference Shares	<u>3</u>	<u>4</u>
Total Issued Capital	<u>23,409</u>	<u>23,410</u>
Share Capital Movements		
Opening Balance	23,410	23,411
Redemption of Shares	<u>(1)</u>	<u>(1)</u>
Total Issued Capital	<u>23,409</u>	<u>23,410</u>
3. Reserves		
Company Establishment Reserve		
Balance at 31 March	<u>4,647</u>	<u>4,647</u>
Asset Revaluation Reserve		
Opening Balance	74,328	74,328
Revaluation Distribution System	<u>-</u>	<u>-</u>
Closing Balance	<u>74,328</u>	<u>74,328</u>
Total Reserves	<u><u>78,975</u></u>	<u><u>78,975</u></u>
The Company Establishment Reserve represents the difference between the issued and paid up capital and the net assets vested in the Company from the former North Canterbury Electric Power Board at 1 May 1993.		
4. Retained Earnings		
Opening Balance	26,442	21,191
Net Surplus	<u>4,288</u>	<u>5,251</u>
Total Retained Earnings	<u><u>30,730</u></u>	<u><u>26,442</u></u>
5. Fixed Assets		
Distribution System	146,025	135,772
Accumulated Depreciation	<u>15,477</u>	<u>10,092</u>
	130,548	125,680
Load Control Equipment	2,801	2,462
Accumulated Depreciation	<u>962</u>	<u>583</u>
	<u>1,839</u>	<u>1,879</u>
System Fixed Assets	148,826	138,234
Accumulated Depreciation	<u>16,439</u>	<u>10,675</u>
System Fixed Assets	<u><u>132,387</u></u>	<u><u>127,559</u></u>
Motor Vehicles	723	666
Accumulated Depreciation	<u>402</u>	<u>339</u>
	<u>321</u>	<u>327</u>
Consumer Billing and Information System Assets	2,221	1,945
Accumulated Depreciation	<u>1,844</u>	<u>1,624</u>
	<u>377</u>	<u>321</u>
Office Equipment	1,529	1,517
Accumulated Depreciation	<u>929</u>	<u>802</u>
	<u>600</u>	<u>715</u>

MAINPOWER NEW ZEALAND LIMITED**Lines Business****Notes to and Forming Part of the Financial Statements
For The Year Ended 31 March 2007**

	2007 \$000	2006 \$000
5. Fixed Assets (continued)		
Furniture and Fittings	339	330
Accumulated Depreciation	251	241
	<u>88</u>	<u>89</u>
Land and buildings	-	-
Capital works under construction	-	-
Other Fixed Assets	-	-
Accumulated Depreciation	-	-
	<u>-</u>	<u>-</u>
Total Fixed Assets	<u>133,773</u>	<u>129,011</u>
6. Receivables and Prepayments		
Lines Receivables	1,987	2,005
Prepayments	55	47
Taxation	415	-
Other Receivables and Prepayments	61	229
	<u>2,518</u>	<u>2,281</u>
Total Receivables and Prepayments	<u>2,518</u>	<u>2,281</u>
7. Other Tangible Assets	<u>-</u>	<u>-</u>
8. Intangible Assets		
Goodwill	-	-
Other Intangibles	-	-
Total Intangible Assets	<u>-</u>	<u>-</u>
9. Current Liabilities		
Bank Overdraft	387	-
Short Term Borrowings	-	-
Payables and Accruals	2,612	2,506
Provision for Dividend	-	-
Provision for Income Tax	-	210
Other Current Liabilities	-	-
	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>2,999</u>	<u>2,716</u>
10. Non Current Liabilities		
Payables and Accruals	-	-
Borrowings	-	-
Deferred Tax	-	-
Other Non Current Liabilities	178	191
	<u>178</u>	<u>191</u>
Total Non Current Liabilities	<u>178</u>	<u>191</u>

MAINPOWER NEW ZEALAND LIMITED**Lines Business****Notes to and Forming Part of the Financial Statements
For The Year Ended 31 March 2007****11. Transactions with Related Parties****(i) MainPower Trust**

The major related party of MainPower is the MainPower Trust and during the current financial year there were no related party transactions and no related party debts written off or forgiven and no transaction took place at nil or nominal value.

(ii) MainPower Contracting Limited

MainPower Contracting Limited is a wholly owned subsidiary. MainPower Contracting is recognised as a leading power systems contractor, and undertakes a wide range of electricity network construction and maintenance for MainPower and for the contestable power systems contracting market as a whole.

There were no related party debts written off or forgiven and no transaction took place at nil or nominal value.

The amount owing by MainPower New Zealand Limited to MainPower Contracting Limited at balance date was \$1,174,350 (2006 \$877,857) while the amount owing by MainPower Contracting Limited to MainPower New Zealand Limited at balance date was \$19,783 (2006 \$23,057). Both amounts are payable on normal trading terms.

MainPower Contracting Limited provides contracting services to MainPower New Zealand Limited, the value of which amounted to \$8,560,685 (2006 \$7,510,427).

End of year work in progress amounts to \$40,510 (2006 \$184,902).

The following services were supplied by MainPower Contracting Limited to the Lines Business.

	2007	2006
	\$000	\$000
1. Asset Maintenance	3,599	2,459
2. Meter Maintenance	3	2
3. Load Control Maintenance	29	23
4. Construction of Distribution Substations	323	519
5. Construction of Distribution Transformers	1,387	1,318
6. Construction of Low Voltage Reticulation	26	407
7. Construction of Distribution Lines and Cables	1,141	1,272
8. Construction of Subtransmission Assets	1,096	1,208
9. Construction of Other System Assets	72	29
10. Construction of Medium Voltage Switchgear	-	-
11. Construction of Zone Substations	-	-
12. Consumer Connections and Disconnection	-	-

(iii) VirCom Energy Management Services Limited

VirCom Energy Management Services Limited from time to time will provide contracting services to MainPower New Zealand Limited, the value of which amounted to \$81,725 (2006 \$129,913).

There were no related party debts written off or forgiven and no transaction took place at nil or nominal value.

The amount owing by MainPower New Zealand Limited to VirCom Energy Management Services Limited at balance date was \$8,184 (2006 \$15,558) while the amount owing by VirCom Energy Management Services Limited to MainPower New Zealand Limited at balance date was \$8,563 (2006 \$20,524). Both amounts are payable on normal trading terms.

12. Reconciliation of Net Surplus to Net Cash Inflow from Operating Activities

	2007	2006
	\$000	\$000
Reported Surplus After Taxation	4,288	5,251
Non Cash Items		
Depreciation	6,184	5,773
Customer Contributions	(4,365)	(4,156)
Movement in Gratuities	(13)	30
Redemption of Shares	(1)	(1)
	<u>1,805</u>	<u>1,646</u>
Movements in Working Capital Items		
(Increase)/Decrease Accounts Receivable	(237)	(116)
Increase/(Decrease) Accounts Payable	(104)	21
	<u>(341)</u>	<u>(95)</u>
Net Cash Inflow from Operations	<u>5,752</u>	<u>6,802</u>

13. Financial Instruments

Credit Risk: Financial instruments which potentially subject the company to concentrations of credit risk principally relate to bank deposits and receivables. Bank deposits are placed with high credit quality financial institutions. Concentrations of credit risk with respect to Receivables are subject to normal terms of trade. Regular monitoring of receivables is undertaken.

Foreign Exchange and Currency Instruments: The Company is not exposed to foreign exchange or currency risk.

Off-Balance Sheet Financial Instruments: The Company does not have any off-balance sheet financial instruments.

Fair Values: The fair value of the on-balance sheet financial instruments is represented by the carrying values.

14. Commitments and Contingent Liabilities

There are no significant capital commitments or contingent liabilities as at 31 March 2007 (2006, \$Nil).

15. Significant Events After Balance Date

There are no events subsequent to the balance date that would have or may have an effect on the operation of MainPower, the results of MainPower's operations or the state of the affairs of MainPower.

16. Segmental Reporting

The predominant activity of MainPower is the distribution of electricity. All operations are conducted within New Zealand.

MAINPOWER NEW ZEALAND LIMITED

**Disclosure of Financial Performance Measures and
Efficiency Performance Measures Pursuant to the Commerce Act
(Electricity Information Disclosure Requirements)
Notice 2004, Requirement 14.**

1.	For The Year Ended 31 March Financial Performance Measures	2007	2006	2005	2004
	As defined in the Electricity (Information Disclosure) Regulations 1999 (as amended):				
	a) Return on Funds	3.87%	5.27%	4.09%	5.51%
	b) Return on Equity	3.27%	4.16%	3.36%	4.46%
	c) Return on Investment	3.27%	4.16%	3.32%	25.80%
2	Efficiency Performance Measures				
	a) Direct line costs per kilometre:	\$1,087	\$799	\$988	\$758
	b) Indirect line costs per customer:	\$71	\$72	\$73	\$74

SCHEDULE 1 - PART 7 2004 EST OF ACTUAL
FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table March 2007	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	5,072				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	5,072				
Interest on cash, bank balances, and short-term investments (ISTI)	2				
OSBIIT minus ISTI	5,070	a	5,070		5,070
Net surplus after tax from financial statements	4,288				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	4,288	n		4,288	
Amortisation of goodwill and amortisation of other intangibles	0	g	add	0	add
Subvention payment	0	s	add	0	add
Depreciation of SFA at BV (x)	5,764				
Depreciation of SFA at ODV (y)	5,764				
ODV depreciation adjustment	0	d	add	0	add
Subvention payment tax adjustment	0	s*t		deduct	deduct
Interest tax shield	-1	q			deduct
Revaluations	0	r			add
Income tax	780	p			deduct
Numerator			5,070 OSBIIT ^{ADJ} = a + g + s + d	4,288 NSAT ^{ADJ} = n + g + s - s*t + d	4,291 OSBIIT ^{ADJ} = a + g - q + r + s + d - p - s*t
Fixed assets at end of previous financial year (FA ₀)	129,011				
Fixed assets at end of current financial year (FA ₁)	133,773				
Adjusted net working capital at end of previous financial year (ANWC ₀)	-225				
Adjusted net working capital at end of current financial year (ANWC ₁)	-509				
Average total funds employed (ATFE) (or regulation 33 time-weighted average)	131,025	c	131,025		131,025
Total equity at end of previous financial year (TE ₀)	128,827				
Total equity at end of current financial year (TE ₁)	133,114				
Average total equity (or regulation 33 time-weighted average)	130,971	k		130,971	
WUC at end of previous financial year (WUC ₀)	0				
WUC at end of current financial year (WUC ₁)	0				
Average total works under construction (or regulation 33 time-weighted average)	0	e	deduct	0	deduct
Revaluations	0	r			
Half of revaluations	0	r/2			deduct
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 33 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 _{bo,0})	127,559				
System fixed assets at end of current financial year at book value (SFA _{bo,1})	132,387				
Average value of system fixed assets at book value (or regulation 33 time-weighted average)	129,973	f	deduct	129,973	deduct
System Fixed assets at year beginning at ODV value (SFA _{ov,0})	127,559				
System Fixed assets at end of current financial year at ODV value (SFA _{ov,1})	132,387				
Average value of system fixed assets at ODV value (or regulation 33 time-weighted average)	129,973	h	add	129,973	add
Denominator			131,025 ATFE ^{ADJ} = c - e - f + h	130,971 Ave TE ^{ADJ} = k - e - m + v - f + h	131,025 ATFE ^{ADJ} = c - e - 1/2r - f + h
Financial Performance Measure:			3.87 ROF = OSBIIT ^{ADJ} /ATFE ^{ADJ} x 100	3.27 ROE = NSAT ^{ADJ} /ATE ^{ADJ} x 100	3.27 ROI = OSBIIT ^{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

MAINPOWER NEW ZEALAND LIMITED
Annual ODV Reconciliation Report
Pursuant To The Commerce Act
(Electricity Information Disclosure Requirements) Notice 2004
Requirement 16, Part 8

	2007	2006
	\$000	\$000
System Fixed Assets - at 1 April	127,559	120,609
Add System Fixed Assets acquired during the year at cost	10,592	12,455
Less System Fixed Assets disposed of during the year at ODV	-	-
Less Depreciation on System Fixed Assets at ODV	(5,764)	(5,505)
Add Revaluations of System Fixed Assets	-	-
Equal System Fixed Assets – at 31 March	<u>\$132,387</u>	<u>\$127,559</u>

MAINPOWER NEW ZEALAND LIMITED

**Disclosure of Energy Delivered Efficiency Performance Measures and Statistics
Pursuant To The Commerce Act
(Electricity Information Disclosure Requirements)
Notice 2004, Requirement 20, Part 4**

For the Year Ended 31 March 2007 2006 2005 2004

1. Energy Delivery Efficiency Performance Measures

(a) Load Factor

Electrical energy entering the distribution system
Maximum demand * Hours per year 66.24% 69.65% 70.84% 69.69%

(b) Loss Ratio

Distribution losses
Energy entering the system 5.11% 5.11% 5.45% 4.56%

(c) Capacity Utilisation

Maximum demand
Total transformer capacity 23.50% 22.36% 22.82% 24.02%

2. Statistics

(a) System length, by voltage:

Voltage	Circuit Length Kms			
	2007	2006	2005	2004
400/230	861	841	627	691
11000/22000	3,307	3,269	3,241	3,179
33000	309	310	310	310
Total	4,477	4,420	4,178	4,180

(b) Circuit length of overhead electric lines, by voltage:

Voltage	Circuit Length Kms			
	2007	2006	2005	2004
400/230	242	240	237	326
11000	3,144	3,117	3,094	3,047
33000	306	307	307	307
Total	3,692	3,664	3,638	3,680

(c) Circuit length of underground electric lines, by voltage:

Voltage	Circuit Length Kms			
	2007	2006	2005	2004
400/230	619	601	390	365
11000	163	152	147	132
33000	3	3	3	3
Total	785	756	540	500

For the Year Ended 31 March	2007	2006	2005	2004
(d) Transformer capacity, (kilovolt amperes):	360,545kVA	355,895kVA	335,695kVA	309,926kVA
(e) Maximum demand (Kilowatts):	84,740kW	79,576kW	76,620kW	74,430kW
(f) Total electricity entering into the system, before losses of electricity(Kilowatt hours):	491,655,388	485,537,696	475,505,176	454,357,817
(g) Total amount of electricity supplied from the system, after losses of electricity on behalf of energy retailers (Kilowatt hours):				
Retailer A	335,524,323	333,074,678	323,096,589	308,454,012
Retailer B	10,130,841	10,524,845	10,167,829	9,979,410
Retailer C	44,221,816	38,029,633	73,637,560	110,696,900
Retailer D	2,721,188	2,183,651	1,396,115	1,950,240
Retailer E	-	-	-	-
Retailer F	73,919,827	76,916,134	41,300,025	2,571,320
Retailer G	-	-	-	-
Total	<u>466,517,995</u>	<u>460,728,941</u>	<u>449,598,118</u>	<u>433,651,882</u>
(h) Total customers	31,666	30,671	30,283	29,082

MAINPOWER NEW ZEALAND LIMITED
Disclosure of Reliability Performance Measures
Pursuant To The Commerce Act
(Electricity Information Disclosure Requirements)
Notice 2004, Requirement 21, Part 4.

Disclosure for Statistics Year Ending 31/03/2007

Requirement 21(1)

1. Total number of interruptions, together with a breakdown of that total according to interruption class

NETWORK OR GENERATION OWNER	Disc Reg Class	CLASSIFICATION OF INTERRUPTIONS	
MainPower	B C + G	Planned Shut-downs	217
		Unplanned Interruptions	200
		Subtotal	417
Trans Power	A D	Planned Shut-downs	5
		Unplanned Interruptions	5
		Subtotal	10
Other ECNZ	G E	Other Interruptions	0
		Unplanned Interruptions	0
		Subtotal	0
		TOTAL	427

2. Interruption targets for the following financial year for-
- (a) Planned interruptions by the line owner (Class B); and
 - (b) Unplanned interruptions originating within the works of the line owner (Class C).
3. Average interruption targets for the following financial year and the subsequent 4 financial years for each of-
- (a) Planned interruptions by the line owner (Class B); and
 - (b) Unplanned interruptions originating within the works of the line owner (Class C).

	Class B Interruptions	Class C Interruptions
Target 31/03/08	200	80
31/03/2008 Avg forecast	200	80
31/03/2009 Avg forecast	190	75
31/03/2010 Avg forecast	185	75
31/03/2011 Avg forecast	185	70
31/03/2012 Avg forecast	180	70

4. The proportion {expressed as a percentage} of the total number of Class C interruptions not restored within-
- (a) 3 hours and;
 - (b) 24 hours.

Not restored within 3 hours- % of Class C	Not restored within 24 hours- % of Class C
34.5%	7.5%

5. With respect to faults per 100 circuit kilometers of prescribed voltage electric line, the following information:
- (a) The total number of faults; and
 - (b) The total number of faults targeted for the following financial year; and
 - (c) The average total number of faults for that financial year and the subsequent 4 financial years; and
 - (d) A breakdown of the fault information in accordance with paragraphs (a) to (c) by different nominal line voltages.

6. The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.
7. The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.

Nominal Voltage	Lines	Cable	Total
	Faults per 100 km	Faults per 100 km	Faults per 100 km
33 kV	1.96	0.00	1.94
11 kV	6.04	3.18	5.86
TOTALS	5.68	3.13	5.56

	Faults/100km	Faults/100km 33kV	Faults/100km 11kV
Target 31/03/08	2.09	0.97	2.18
31/03/2008 Avg forecast	2.09	0.97	2.18
31/03/2009 Avg forecast	2.00	0.65	2.12
31/03/2010 Avg forecast	2.00	0.65	2.12
31/03/2011 Avg forecast	1.92	0.65	2.03
31/03/2012 Avg forecast	1.92	0.65	2.03

8,12,16 The SAIDI, SAIFI, CAIDI for the total number of interruptions.

- 9,13,17 SAIDI targets for the following financial year for-
- (a) Planned interruptions by the line owner (Class B); and
 - (b) Unplanned interruptions originating within the works of the line owner (Class C).

- 10,14,18 Average SAIDI targets for the following financial year and the subsequent 4 financial years for each of-
- (a) Planned interruptions by the line owner (Class B); and
 - (b) Unplanned interruptions originating within the works of the line owner (Class C).

11,15,19 The SAIDI for the total number of interruptions within each interruption class (includes 12 June 2006 Canterbury snow storm).

NETWORK OR GENERATION OWNER	Disc Reg Class	CLASSIFICATION OF INTERRUPTIONS	SAIDI		SAIFI		CAIDI
			Numerator (Cust-min)	Result (min/Conn Cust)	Numerator (Cust-int)	Result (Int/Conn Cust)	Result (min/Cust int)
MainPower	B	Planned Shut-downs	993,808	31.661	7,005	0.223	141.871
	C + G	Unplanned Interruptions	5,821,225	185.454	48,070	1.531	121.099
		Subtotal	6,815,033	217.115	55,075	1.755	123.741
Trans Power	A	Planned Shut-downs	5,160	0.164	1,290	0.041	4.000
	D	Unplanned Interruptions	604,390	19.255	14,972	0.477	40.368
		Subtotal	609,550	19.419	16,262	0.518	37.483
Other ECNZ	G	Other Interruptions	0	0	0	0	0
		Unplanned Interruptions	0	0	0	0	0
	Subtotal	0	0	0	0	0	
TOTAL			7,424,583	236.535	71,337	2.273	104.077
Common Denominator = No of Cust.			31,389				

11,15,19 The SAIDI for the total number of interruptions within each interruption class (excludes 12 June 2006 Canterbury snow storm).

MainPower	C + G	Unplanned Interruptions	1,873,111	59.674	32,381	1.032	57.846
TOTAL			3,476,469	110.754	55,648	1.773	62.467

<u>Class B</u>	SAIDI	SAIFI	CAIDI
Target 31/03/08	30	0.3	100.00
31/03/2008 Avg forecast	30	0.3	100.00
31/03/2009 Avg forecast	28	0.28	100.00
31/03/2010 Avg forecast	28	0.27	103.70
31/03/2011 Avg forecast	27	0.27	100.00
31/03/2012 Avg forecast	27	0.27	100.00

<u>Class C</u>	SAIDI	SAIFI	CAIDI
Target 31/03/08	55	0.85	64.70
31/03/2008 Avg forecast	55	0.85	64.70
31/03/2009 Avg forecast	57	0.82	69.51
31/03/2010 Avg forecast	52	0.83	62.65
31/03/2011 Avg forecast	53	0.78	67.95
31/03/2012 Avg forecast	53	0.78	67.95

Requirement 21 (3)

1 Total number of interruptions, together with a breakdown of that total according to interruption class.

Interruption Class		Number of Interruptions			
		2007	2006	2005	2004
MainPower	Planned Shut-Down (Class B)	217	201	236	212
	Unplanned Interruption (Class C)	200	107	58	82
Trans Power	Planned Shut-Down (Class A)	5	-	1	-
	Unplanned Interruption (Class D)	5	3	2	1
Generation	Unplanned Interruption (Class E)	-	-	-	-
Generation Other	Unplanned Interruption (Class F)	-	-	-	-
Other	Other Interruptions (Class G)	-	-	-	-
	Unplanned Interruption (Class G)	-	-	-	-
Total	Interruptions	427	311	297	295

2 The total number of faults per 100 circuit kilometres of prescribed voltage electric line.

Nominal Voltage	Faults per 100 km Total			
	2007	2006	2005	2004
33 kV	1.94	1.30	3.24	4.00
11 kV	5.86	3.06	1.48	2.01
TOTAL	5.56	2.92	1.66	2.18

3 The total number of faults per 100 circuit kilometres of Underground prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.

Nominal Voltage	Faults per 100 km Underground			
	2007	2006	2005	2004
33 kV	-	40.50	-	-
11 kV	3.18	4.01	3.09	1.45
TOTAL	3.13	4.60	3.03	1.42

4 The total number of faults per 100 circuit kilometres of Overhead prescribed voltage electric line, together with a breakdown of that total according to different nominal line voltages.

Nominal Voltage	Faults per 100 km Overhead			
	2007	2006	2005	2004
33 kV	1.96	0.98	3.27	4.03
11 kV	6.04	3.03	1.44	2.03
TOTAL	5.68	2.85	1.60	2.19

5 The SAIDI for the total of interruptions *:

236.535 109.175 115.568 99.64

6 The SAIDI for the total number of interruptions within each interruption class:

Network or Generation Owner	Classification	Minutes per Connected Customer			
		2007	2006	2005	2004
MainPower	Planned Shut-Down (Class B)	31.661	33.305	49.778	48.59
	Unplanned Interruption (Class C)	185.454	69.869	49.569	45.44
Trans Power	Planned Shut-Down (Class A)	0.164	-	13.269	-
	Unplanned Interruption (Class D)	19.255	6.004	2.950	6.12
Generation	Unplanned Interruption (Class E)	-	-	-	-
Generation Other	Unplanned Interruption (Class F)	-	-	-	-
Other	Other Interruptions (Class G)	-	-	-	-
	Unplanned Interruption (Class G)	-	-	-	-

7 The SAIFI for the total number of interruptions *:

2.273 1.845 1.165 1.21

8 The SAIFI for the total number of interruptions within each interruption class:

Network or Generation Owner	Classification	Interruption per Connected Customer (%)			
		2007	2006	2005	2004
MainPower	Planned Shut-Down (Class B)	0.223	0.1548	0.2178	0.21
	Unplanned Interruption (Class C)	1.531	1.5221	0.7183	0.96
Trans Power	Planned Shut-Down (Class A)	0.041	-	0.0588	-
	Unplanned Interruption (Class D)	0.477	0.1685	0.1708	0.04
Generation	Unplanned Interruption (Class E)	-	-	-	-
Generation Other	Unplanned Interruption (Class F)	-	-	-	-
Other	Other Interruptions (Class G)	-	-	-	-
	Unplanned Interruption (Class G)	-	-	-	-

9 The CAIDI for the total of all interruptions *:

104.077 59.160 99.141 82.55

10 The CAIDI for the total number of interruptions within each interruption class:

Network or Generation Owner	Classification	Minutes per Customer Interruption			
		2007	2006	2005	2004
MainPower	Planned Shut-Down (Class B)	141.871	215.1017	228.5500	230.17
	Unplanned Interruption (Class C)	121.099	45.9046	69.0096	47.50
Trans Power	Planned Shut-Down (Class A)	4.000	-	225.6768	-
	Unplanned Interruption (Class D)	40.368	35.6042	17.2769	143.00
Generation	Unplanned Interruption (Class E)	-	-	-	-
Generation Other	Unplanned Interruption (Class F)	-	-	-	-
Other	Other Interruptions (Class G)	-	-	-	-
	Unplanned Interruption (Class G)	-	-	-	-


* includes interruptions associated with the 12 June 2006 Canterbury snow storm.

FORM 4**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES AND STATISTICS DISCLOSED BY DISCLOSING ENTITIES (OTHER THAN TRANSPower)**

We, P A COX and A BERGE directors of MainPower New Zealand Limited certify that, having made all reasonable enquiries, to the best of our knowledge:

- a) The attached audited financial statements of MainPower New Zealand 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 MainPower New Zealand Ltd, 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 2007.



P A COX
Director

19 February 2008



A BERGE
Managing Director

Deloitte**AUDIT REPORT****TO THE READERS OF THE FINANCIAL STATEMENTS OF MAINPOWER NEW ZEALAND LIMITED - LINES BUSINESS**

We have audited the accompanying financial statements of MainPower New Zealand Limited - Lines Business. The financial statements provide information about the past financial performance of MainPower New Zealand Limited - Lines Business and its financial position as at 31 March 2007. This information is stated in accordance with the accounting policies set out on pages 1 and 2.

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 MainPower New Zealand Limited - Lines Business as at 31 March 2007, and results of operations and cash flows for the year then ended.

Auditors' Responsibilities

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

Basis of Opinion

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

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

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to 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 and the provision of financial advice, we have no relationship with or interests in MainPower New Zealand Limited - Lines Business.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been maintained by MainPower New Zealand Limited - Lines Business as far as appears from our examination of those records; and
- the financial statements referred to above:
 - comply with generally accepted accounting practice; and
 - give a true and fair view of the financial position of MainPower New Zealand Limited - Lines Business as at 31 March 2007 and the results of its operations and cash flows for the year then ended; and
 - comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 12 February 2008 and our unqualified opinion is expressed as at that date.



Chartered Accountants
Christchurch, New Zealand.

**MATTERS RELATING TO THE PUBLICATION OF THE AUDITED FINANCIAL STATEMENTS
IN THE *NEW ZEALAND GAZETTE***

This audit report relates to the financial statements of MainPower New Zealand Limited – Lines Business for the year ended 31 March 2007 that have been published in the *New Zealand Gazette*. The *New Zealand Gazette* is required to publish hard copies of audited financial statements and the related audit report of MainPower New Zealand Limited – Lines Business for the year ended 31 March 2007, and to include an electronic version of the published *New Zealand Gazette* on the *New Zealand Gazette's* website.

We have not been engaged to report on the integrity of the financial statements of MainPower New Zealand Limited – Lines Business that have been published on the *New Zealand Gazette's* website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially signed and published.

This audit report refers only to the financial statements named above. If readers of this audit report are concerned with the inherent risks arising from electronic data communication, they should refer to the original signed and published hard copy of the audited financial statements and related audit report dated 12 February 2008 to confirm the information included in the audited financial statements published in the *New Zealand Gazette* or on the *New Zealand Gazette's* website.

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



AUDITOR'S OPINION OF PERFORMANCE MEASURES OF MAINPOWER NEW ZEALAND LIMITED - LINES BUSINESS

We have examined the attached information, being-

- (a) the derivation table in requirement 15; and
- (b) the annual ODV reconciliation report in requirement 16; and
- (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 MainPower New Zealand Limited - Lines Business and dated 12 February 2008 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

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

Chartered Accountants
Christchurch, New Zealand
12 February 2008

**MATTERS RELATING TO THE PUBLICATION OF THE AUDITED PERFORMANCE MEASURES
IN THE NEW ZEALAND GAZETTE**

This audit report relates to the performance measures of MainPower New Zealand Limited - Lines Business for the year ended 31 March 2007 that have been published in the *New Zealand Gazette*. The *New Zealand Gazette* is required to publish hard copies of audited performance measures and the related audit report of MainPower New Zealand Limited - Lines Business for the year ended 31 March 2007, and to include an electronic version of the published *New Zealand Gazette* on the *New Zealand Gazette's* website.

We have not been engaged to report on the integrity of the performance information of MainPower New Zealand Limited - Lines Business that have been published on the *New Zealand Gazette's* website. We accept no responsibility for any changes that may have occurred to the performance information since they were initially signed and published.

This audit report refers only to the performance information named above. If readers of this audit report are concerned with the inherent risks arising from electronic data communication, they should refer to the original signed and published hard copy of the audited performance information and related audit report dated 12 February 2008 to confirm the information included in the audited performance information published in the *New Zealand Gazette* or on the *New Zealand Gazette's* website.

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

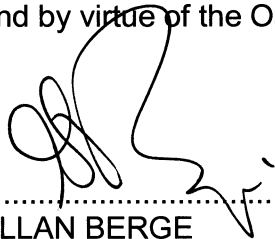
Form 7

Requirement 36 (1)

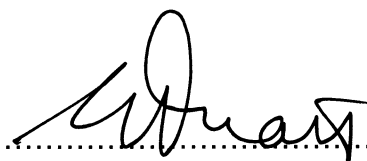
STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION SUPPLIED TO COMMERCE COMMISSION

I, Allan Berge of 23 Belmont Avenue, Rangiora, being a director of MainPower New Zealand Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of our knowledge, the information attached to this declaration is a true copy of information made available to the public by MainPower New Zealand Limited under the Commerce Commission's Electricity Information Disclosure Requirements 2004.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.


.....
ALLAN BERGE

Declared at Rangiora this 21st day of February 2008.

before: 

George Thomas Scott
Solicitor
Rangiora