SUPPLEMENT TO

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WELLINGTON: TUESDAY, 14 NOVEMBER 2006 — ISSUE NO. 136

WAIPA NETWORKS LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

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

We, Diane Reed and Richard Francis, Directors of Waipa Networks Limited certify that, having made all reasonable enquiry, to the best of our knowledge –

(a) The attached audited financial statements of Waipa Networks Limited prepared for the purposes of regulation 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 Waipa Networks Limited, and having been prepared for the purposes of regulations 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 as at 31 March 2005.

Dated this 24th day of October 2006.

D Reed

Director

R Francis

Director

WAIPA NETWORKS LIMITED - LINES BUSINESS

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2006

	Note	2006 $	2005 $
Revenue		15,826,928	13,674,028
Less Discounts		4,085,537	3,499,150
Net Revenue		11,741,391	10,174,878
Net Operating Surplus Before Taxation	2	942,536	716,713
Less Taxation Expense	3	151,855	78,997
Net Surplus		790,681	637,716

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2006

	Note	2006 $	2005 $
Equity as at 1 April		51,964,826	41,673,046
Net Surplus		790,681	637,716
Revaluation of Assets	5	-	9,654,064
Total Recognised Revenue and Expenses for the Year		790,681	10,291,780
Equity as at 31 March		52,755,507	51,964,826

The accompanying notes form part of these financial statements.

WAIPA NETWORKS LIMITED - LINES BUSINESS

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2006

	Note	2006 $	2005 $
EQUITY			
Share capital	4	-	-
Reserves	5	44,516,299	44,516,299
Retained earnings	6	8,239,208	7,448,527
TOTAL EQUITY		52,755,507	51,964,826
Represented By:			
CURRENT ASSETS			
Cash and Bank		154,719	299,244
Short term investments		-	-
Receivables and prepayments	7	1,224,294	1,308,143
Tax refund due		43,119	16,532
Inventories		392,844	368,446
		1,814,976	1,992,365
NON - CURRENT ASSETS			
Property, Plant and Equipment	9	60,784,458	58,774,792
TOTAL ASSETS		62,599,434	60,767,157
CURRENT LIABILITIES			
Creditors	8	813,900	775,073
NON - CURRENT LIABILITIES			
Employee entitlements		30,027	27,258
Term Liabilities	10	9,000,000	8,000,000
TOTAL LIABILITIES		9,843,927	8,802,331
NET ASSETS		52,755,507	51,964,826

For and on behalf of the Board

D M Reed Director
24 October 2006

R T Francis Director
24 October 2006

The accompanying notes form part of these financial statements.

WAIPA NETWORKS LIMITED - LINES BUSINESS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2006

	Note	2006	2005
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		9,422,913	8,976,357
Interest received		18,438	30,487
Net GST		27,392	14,511
		9,468,743	9,021,355
Cash was disbursed to:			
Payments to suppliers and employees		7,136,971	6,905,977
Interest Paid		816,000	796,000
Taxes paid		178,442	(5,794)
		8,131,413	7,696,183
Net cash flows from operating activities	15	1,337,330	1,325,172
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of assets		29,021	8,164
Capital Contributions		1,120,560	851,615
		1,149,581	859,779
Cash was applied to:			
Purchase of assets		3,631,436	2,846,371
		3,631,436	2,846,371
Net cash flows from investing activities		(2,481,855)	(1,986,592)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash was provided from:			
Increase in term liabilities		1,000,000	-
Net cash flows from financing activities		1,000,000	-
Net decrease in cash held		(144,525)	(661,420)
Add opening cash brought forward		299,244	960,664
Ending cash carried forward		154,719	299,244
CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION			
Cash and Bank		154,719	299,244

The accompanying notes form part of these financial statements.

WAIPA NETWORKS LIMITED - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Waipa Networks Limited is a company registered under the Companies Act 1993. The financial statements have been prepared for the purpose of complying with the requirements of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

Measurement Basis

The general accounting polices recognised as appropriate for the measurement and reporting of performance, cash flows and financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these financial statements.

Accounting Policies

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

a) Network Charges

Income from Network charges includes an estimated amount for accrued sales from meters unread as at 31 March 2006.

b) Property, Plant and Equipment

The Line Business has five classes of Property, Plant and Equipment as follows:
Freehold Land
Freehold Buildings
Reticulation Assets
Motor Vehicles
Plant, Furniture & Fittings

The Reticulation Assets were revalued on an optimised depreciated replacement cost basis by independent valuers on31 March 2004 and subsequently will be revalued at least every 3 years. Additions to the Reticulation Assets since revaluation are stated at cost.

Assets constructed by the line business are capitalised at direct cost plus a proportion of indirect overheads.

All other Property, Plant and Equipment are recorded at cost less accumulated depreciation.

c) Capital Contributions

Contributions towards the cost of additions to the Reticulation Assets are recognised as income when received.

d) Depreciation

Land is not depreciated. Depreciation has been provided on other Property, Plant and Equipment using the straight line method at rates which amortise the cost or valuation less estimated residual value over their economic lives.

Depreciation on assets purchased during the year has been charged on a monthly basis from month of purchase.

Buildings	3.0%
Reticulation Assets	2.5%
Motor Vehicles	20.0%
Computers Equipment & Software	20.0%
Plant, Furniture & Fittings	10.0%

e) Receivables

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

f) Income Tax

The income tax expense charged to the Statement of Financial Performance includes both current and deferred tax. Deferred tax is calculated using the liability method, and is accounted for using the partial basis.

A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation.

g) Inventories

Inventories are stated at the lower of weighted average cost and net realisable value.
Cost of work in progress and finished goods includes the cost of direct material, direct labour and a proportion of the manufacturing overhead expended in putting the inventories in their present location and condition.

WAIPA NETWORKS LIMITED - LINES BUSINESS

h) Financial Instruments

The Line Business includes all financial instrument arrangements in the statement of financial position using the concepts of accrual accounting. These instruments arise as a result of everyday operations and include: cash, receivables, creditors and investments.
Revenues and expenses in relation to all financial instruments are recognised in the statement of financial performance. Financial instruments are shown at their fair values.

i) Employee entitlements

Provision is made in respect of the Line Businesses liability for annual leave, long service leave and retirement gratuities. Where the qualifying criteria has been met these have been calculated on an actual entitlement basis at current rates of pay. Further provision has been made for long service and retirement gratuities where the qualifying criteria has not yet been met, bringing to account what is likely to be payable in the future in respect of service that employees have accumulated up until the 31 March 2006

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All policies have been consistently applied during the year.

	2006 $	2005 $
2 NET SURPLUS BEFORE TAXATION		
After Charging:		
Direct Expenditure	2,679,050	2,108,683
Audit fees for these financial statements	5,880	5,960
Audit fees for other Company financial statements	36,195	29,480
Directors' fees	125,184	123,181
Electricity Reform Costs	23,595	14,513
Other Indirect expenditure	1,209,173	1,092,855
Depreciation	1,578,049	1,520,220
Buildings	11,517	11,484
Reticulation Assets	1,497,378	1,439,386
Motor Vehicles	29,794	28,354
Plant, Furniture and Fittings	39,360	40,996
Net Gain on Disposal of Assets	(13,295)	(4,725)
Interest Paid	816,000	796,000
After Crediting:		
Interest Received	15,821	33,073

WAIPA NETWORKS LIMITED - LINES BUSINESS

3 TAXATION

	2006 $	2005 $
Net surplus before taxation	942,536	716,713
Prima facie taxation at 33%	311,037	236,515
Plus Tax effect of permanent differences	494,135	474,997
Less Tax effect of timing differences not Recognised	(653,317)	(632,515)
Total Taxation Expense	151,855	78,997
The Taxation charge comprises:		
- current taxation	151,855	78,997
- deferred taxation	-	-
	151,855	78,997

A deferred tax liability of $4,910,331 (2005 $4,076,136), has not been recognised. This liability primarily relates to asset revaluations of the reticulation assets which would only crystallise on disposal.

	2006 $	2005 $
Imputation credit memorandum account.		
Balance at the beginning of the year	1,659,269	1,665,063
Dividends Allocated	-	-
Taxation paid	178,442	(5,794)
Balance at end of year	1,837,711	1,659,269

4 SHARE CAPITAL

	2006 $	2005 $
Balance at end of year	-	-

At 31 March 2006 the company has 6,800,000 fully paid issued shares.
All shares carry equal voting rights and share in any surplus on winding up of the company equally.
None of the shares carry fixed dividend rights.

WAIPA NETWORKS LIMITED - LINES BUSINESS

		2006	2005
		$	$
5	**REVALUATION OF ASSETS RESERVE**		
	Revaluation of Assets Reserve		
	Balance at beginning of year	44,516,299	34,862,235
	Asset Revaluation Reticulation	-	9,654,064
	Balance at end of year	44,516,299	44,516,299
6	**RETAINED EARNINGS**		
	Balance at beginning of year	7,448,527	6,810,811
	Net Surplus after Taxation	790,681	637,716
	Balance at end of year	8,239,208	7,448,527
7	**RECEIVABLES**		
	Trade debtors	1,179,547	1,260,112
	Accrued Interest Income	50	2,667
	Prepayments	44,697	45,364
		1,224,294	1,308,143
8	**CREDITORS**		
	Accounts payable and accruals - trade	711,488	679,130
	Employee entitlements	98,475	93,579
	Payables to Directors	3,937	2,364
		813,900	775,073

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2006 $	2005 $
9 PROPERTY, PLANT AND EQUIPMENT		
Freehold Land		
Cost	1,610	1,610
Freehold Buildings		
Cost	895,861	895,861
Accumulated Depreciation	205,054	193,788
Net Book Value	690,807	702,073
Reticulation Assets		
Cost - additions since 1 April 2004	6,239,937	2,725,734
Valuation	56,540,820	56,540,820
	62,780,757	59,266,554
Accumulated Depreciation at cost	108,567	25,531
Accumulated Depreciation at valuation	2,827,041	1,413,521
Net Book Value	59,845,149	57,827,502
Motor Vehicles		
Cost	166,936	166,594
Accumulated Depreciation	49,889	45,681
Net Book Value	117,047	120,913
Plant, Furniture and Fittings		
Cost	1,276,829	1,209,258
Accumulated Depreciation	1,146,984	1,086,564
Net Book Value	129,845	122,694
Total Net Book Value	60,784,458	58,774,792

The Reticulation Assets were revalued by E W Graham, B.E. (Elect), F.I.P.E.N.Z. and PricewaterhouseCoopers on 31 March 2004 to a value of $56,540,820 on a optimised depreciated replacement cost basis.

The fair value of Land and Buildings is assessed at $980,000 based on a valuation by Quotable Value New Zealand as at 1 September 2005 for GV purposes.

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2006 $	2005 $
10 TERM LIABILITIES		
Inter-business Loan - Other Business (9.25%)	9,000,000	8,000,000

Repayable between 2 and 5 years.

11 FINANCIAL INSTRUMENTS

Credit Risk

In the normal course of it's business, Waipa Networks incurs credit risk from trade receivables from customers. Waipa Networks largest customer accounts for 52% (2005 55%) of total sales and 92% (2005 80%) of trade receivables at balance date for which a bank performance bond is held. There are no other significant concentrations of credit risk and Waipa Networks generally does not require any collateral.

Waipa Networks places its cash and short term deposits with high credit quality financial institutions with a recognised credit rating of A- or better and limits the amount of credit exposure to any one institution, as set forth by the Board of Directors. While the company may be subject to credit losses up to the contract amounts in the event of non-performance by other parties, it does not expect such losses to occur.

Currency Risk

Waipa Networks has no exposure to currency risk.

Interest Rate Risk

Waipa Networks has no significant exposure to interest rate risk as its term loan has fixed interest rates. The interest rate on the term loan is disclosed in note 10.

Fair Value

The estimated fair value of Waipa Networks financial instruments at 31 March 2006 are stated in the Statement of Financial Position.

12 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There are no contingent liabilities as at 31 March 2006 (2005 Nil);

There are no commitments for future capital expenditure as at 31 March 2006 (2005 Nil).

WAIPA NETWORKS LIMITED - LINES BUSINESS

13 SEGMENTAL REPORTING

Waipa Networks operates predominantly in one industry, distribution of electricity. All operations are carried out within New Zealand, and are therefore within one geographical segment for reporting purposes.

14 RELATED PARTIES

At balance date, the Waipa Networks Trust held 100 per cent of the shares in Waipa Networks Limited

All related party transactions in the accounts of Waipa Networks have been conducted on a commercial and arms length basis.

The contracting department of Waipa Networks has provided the following services at cost, including overheads, for the year ended 31 March 2006

	2006	**2005**
Construction of distribution lines & cables	1,276,026	919,640
Construction of medium voltage switchgear	679,939	544,466
Construction of distribution transformers	728,884	557,739
Construction of distribution substations	354,416	235,251
Construction of low voltage lines and cables	317,808	262,153
Construction of other system fixed assets	157,130	206,485
Maintenance of assets	1,689,973	1,299,478
Consumer connections and reconnections	8,533	6,636
Other services	46,244	50,877

The following transactions occurred between the line business and other business.

Interest paid to Other	816,000	796,000

The line business has a loan from the other business refer note 10.
The amount outstanding at balance date was $9,000,000 (2005 $8,000,000).

At year end there were no other outstanding balances for related parties (2005 Nil).
No related party debt has been written off or forgiven during 2006 or 2005.

No provision has been made in the accounts for payment of a final dividend to the Waipa Networks Trust. (2005 Nil). No Interim dividends have been paid (2005 Nil).

WAIPA NETWORKS LIMITED - LINES BUSINESS

15 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2006 $	2005 $
Reported Net Surplus after tax	790,681	637,716
Add (Less) Non Cash Items:		
Depreciation	1,578,049	1,520,220
Increase in Non-current Liabilities Leave Provisions	2,769	5,325
	2,371,499	2,163,261
Add (Less) Movements in Working Capital Items		
Decrease (Increase) in Tax Receivable	(26,587)	84,791
Decrease (Increase) in Receivables	83,849	(80,714)
Increase in Inventories	(24,398)	(123,881)
Decrease in Accounts Payable	33,931	109,998
Increase in Leave Provisions	4,896	18,922
	71,691	9,116
	2,443,190	2,172,377
Add (Less) Items Classified as Investing Activities		
Net Loss (Gain) on Disposal of Assets	(13,295)	(4,725)
Increase in Creditors for Property, Plant and Equipment	27,995	9,135
Capital Contributions	(1,120,560)	(851,615)
	(1,105,860)	(847,205)
Net Cash Inflows from Operating Activities	1,337,330	1,325,172

16 ODV RECONCILIATION REPORT

	2006	2005
System fixed assets at ODV at beginning of year	58,537,486	56,540,820
Add system fixed assets acquired during the year at ODV	3,651,239	4,178,664
Less system fixed assets disposed of during the year at ODV	73,343	146,118
Less depreciation system fixed assets at ODV	2,167,219	2,035,880
Add revaluations of system fixed assets	-	-
System fixed assets at ODV at end of year	59,948,163	58,537,486

WAIPA NETWORKS LIMITED - LINES BUSINESS

17 Disclosure of Information to be Disclosed in Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999 Schedule 1 Part 2 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

			2006 $	2005 $
Statement of Financial Position Disclosure (Schedule 1, Part 2)				
1	**Current Assets**			
	(a)	Cash and Bank balances	154,719	299,244
	(b)	Short-term investments	-	-
	(c)	Inventories	392,844	368,446
	(d)	Accounts receivable	1,179,547	1,260,112
	(e)	Other currents assets not listed in (a) to (d)	87,866	64,563
	(f)	Total current assets	1,814,976	1,992,365
2	**Fixed Assets**			
	(a)	System fixed assets	59,845,149	57,827,502
	(b)	Customer billing and information system assets	71,564	53,409
	(c)	Motor vehicles	117,047	120,913
	(d)	Office Equipment	58,281	69,285
	(e)	Land & Buildings	692,417	703,683
	(f)	Capital works under construction	-	-
	(g)	Other fixed assets not listed in (a) to (f)	-	-
	(h)	Total fixed assets	60,784,458	58,774,792
3	**Other tangible assets not listed above**		-	-
4	**Total tangible assets**		62,599,434	60,767,157
5	**Intangible assets**			
	(a)	Goodwill	-	-
	(b)	Other intangible not listed in (a)	-	-
	(c)	Total intangible assets	-	-
6	**Total Assets**		62,599,434	60,767,157
7	**Current Liabilities**			
	(a)	Bank Overdraft	-	-
	(b)	Short-term borrowings	-	-
	(c)	Payables and accruals	813,900	775,073
	(d)	Provision for dividend payable	-	-
	(e)	Provision for income tax	-	-
	(f)	Other Current Liabilities not listed in (a) to (e)	-	-
	(g)	Total Current Liabilities	813,900	775,073
8	**Non-current liabilities**			
	(a)	Payables and accruals	30,027	27,258
	(b)	Borrowings	9,000,000	8,000,000
	(c)	Deferred tax	-	-
	(d)	Other Non-current Liabilities not listed in (a) to (c)	-	-
	(e)	Total Non-current Liabilities	9,030,027	8,027,258

WAIPA NETWORKS LIMITED - LINES BUSINESS

			2006 $	2005 $
9	**Equity**			
	(a)	Shareholders' equity		
	(i)	Share Capital	-	-
	(ii)	Retained Earnings	8,239,208	7,448,527
	(iii)	Reserves	44,516,299	44,516,299
	(iv)	Total Shareholders' equity	52,755,507	51,964,826
	(b)	Minority interests in subsidiaries	-	-
	(c)	Total Equity	52,755,507	51,964,826
	(d)	Capital notes	-	-
	(e)	Total capital funds	52,755,507	51,964,826
10	**Total equity and liabilities**		62,599,434	60,767,157

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

			2006 $	2005 $
11	**Operating revenue**			
	(a)	Revenue from line/access charges	9,973,679	9,057,021
	(b)	Revenue from "Other" business (transfer payment)	-	-
	(c)	Income from interest on bank & short-term investments	15,821	33,073
	(d)	AC loss-rental rebates	631,331	233,169
	(e)	Other operating revenue not listed in (a) to (d)	1,120,560	851,615
	(f)	Total operating revenue	11,741,391	10,174,878
12	**Operating expenditure**			
	(a)	Transmission Charges	3,707,693	3,771,997
	(b)	Transfer payments to "Other " business		-
	(i)	Asset maintenance	1,689,973	1,299,478
	(ii)	Consumer disconnections and reconnections	8,533	6,636
	(iii)	Meter data	-	-
	(iv)	Consumer-based load control	46,244	50,877
	(v)	Royalty and patent expenses	-	-
	(vi)	Avoided transmission charges for own generation	-	-
	(vii)	Other goods & services not listed in (i) to (vi) above	-	-
	(viii)	Total transfer payment to the "Other" business	1,744,750	1,356,991
	(c)	Payments to non-related entities		
	(i)	Asset maintenance	480,099	303,432
	(ii)	Consumer disconnections and reconnections	-	-
	(iii)	Meter data	-	-
	(iv)	Consumer-based load control	-	-
	(v)	Royalty and patent expenses	-	-
	(vi)	Total of specified expenses to non-related parties	480,099	303,432
	(d)	Employee salaries, wages and redundancies	916,867	861,950
	(e)	Consumer billing and information system expense	46,093	40,759
	(f)	Depreciation on		
	(i)	System fixed assets	1,497,378	1,439,386
	(ii)	Other assets not listed in (i)	80,671	80,834
	(iii)	Total depreciation expense	1,578,049	1,520,220

WAIPA NETWORKS LIMITED - LINES BUSINESS

		2006 $	2005 $
(g)	Amortisation of		
(i)	Goodwill	-	-
(ii)	Other intangibles	-	-
(iii)	Total amortisation of intangibles	-	-
(h)	Corporate and administration	204,941	197,626
(i)	Human resource expenses	58,657	48,856
(j)	Marketing and advertising	143,199	88,087
(k)	Merger and acquisition expenses	-	-
(l)	Takeover defence expenses	-	-
(m)	Research and development expenses	-	-
(n)	Consultancy and legal expenses	43,598	61,077
(o)	Donations	-	-
(p)	Directors fees	125,184	123,181
(q)	Audit fees		
(i)	Audit fees paid to principal auditors	42,075	35,440
(ii)	Audit fees paid to other auditors	-	-
(iii)	Fees paid for other services provided by auditors	-	-
(iv)	Total auditors fees	42,075	35,440
(r)	Costs of offering credit		
(i)	Bad debts written off	-	-
(ii)	Increase in estimated doubtful debts	-	-
(iii)	Total costs of offering credit	-	-
(s)	Local authority rates	79,026	83,527
(t)	AC loss-rental (distribution of) expense	631,331	-
(u)	Rebates to customers due to ownership interest	-	-
(v)	Subvention payments	-	-
(w)	Unusual expenses	-	-
(x)	Other expenditure not listed in (a) to (w)	181,293	169,022
13	**Total operating expenditure**	9,982,855	8,662,165
14	**Operating surplus before interest and income tax**	1,758,536	1,512,713
15	**Interest**		
(a)	Interest expense on borrowings	816,000	796,000
(b)	Financing charges related to finance leases	-	-
(c)	Other interest expense	-	-
(d)	Total interest expense	816,000	796,000
16	**Operating surplus before income tax**	942,536	716,713
17	**Income Tax**	151,855	78,997
18	**Net surplus after tax**	790,681	637,716

WAIPA NETWORKS LIMITED - LINES BUSINESS

18 PERFORMANCE MEASURES

Disclosure of financial performance measures and efficiency performance measures.

	2006	2005	2004	2003
1. Financial performance measures				
(a) Return on funds	1.76%	1.49%	2.93%	2.94%
(b) Return on equity	0.23%	0.08%	1.23%	0.93%
(c) Return on investment	1.08%	0.93%	22.73%	1.90%
2. Efficiency performance measures:				
(a) Direct line costs per kilometre	$1,370	$1,046	$1,005	$1,090
Direct Expenditure	$2,679,050	$2,108,683	$1,911,216	$1,927,280
System Length	1,955	2,015	1,902	1,768
(b) Indirect line costs per electricity customer	$65	$60	$55	$54
Indirect Expenditure	$1,400,027	$1,265,989	$1,151,534	$1,107,857
Total consumers	21,538	21,107	20,773	20,510

Disclosure of energy delivery efficiency performance measures.

	2006	2005	2004	2003
1. Energy Delivery efficiency performance measures:				
(a) Load factor (=a/b*c*100)	65.38	63.09	64.98	66.79
a = kWh of electricity entering system	336,382,834	334,710,530	323,352,769	323,000,166
b = Maximum demand	58,732	60,560	56,808	55,206
c = Total number of hours in year	8,760	8,760	8,760	8,760
(b) Loss ratio (=a/b*100)	6.31	6.30	6.23	6.23
a = losses in electricity in kWh	21,223,522	21,077,483	20,134,172	20,113,092
b = kWh of electricity entering system	336,382,834	334,710,530	323,352,769	323,000,166
(c) Capacity utilisation (=a/b*100)	31.84	34.28	33.43	33.51
a = Maximum demand	58,732	60,560	56,808	55,206
b = Transformer Capacity	184,434	176,646	169,941	164,753

WAIPA NETWORKS LIMITED - LINES BUSINESS

	2006	2005	2004	2003
2. Statistics				
(a) System Length				
Circuit Kilometres >11kV	0	0	0	0
Circuit Kilometres 11kV	1,294	1,336	1,307	1,326
Circuit Kilometres 400V	661	679	595	442
Total	1,955	2,015	1,902	1,768
(b) System Length - Overhead				
Circuit Kilometres >11kV	0	0	0	0
Circuit Kilometres 11kV	1,228	1,281	1,254	1,291
Circuit Kilometres 400V	495	538	475	361
Total Overhead	1,723	1,819	1,729	1,652
(c) System Length - Underground				
Circuit Kilometres >11kV	0	0	0	0
Circuit Kilometres 11kV	66	55	53	35
Circuit Kilometres 400V	166	141	120	81
Total Underground	232	196	173	116
(d) Transformer Capacity (In Kilovolt Amperes)	184,434	176,646	169,941	164,753
(e) Maximum Demand	58,732	60,560	56,808	55,206
(f) Total electricity entering the system before losses (in Kilowatt Hours)	336,382,834	334,710,530	323,352,769	323,000,166
(g) Electricity conveyed from the system after losses for each retailer.				
Retailer 1	164,253,756	175,665,524	181,228,143	201,619,872
Retailer 2	28,787,574	23,615,904	17,486,319	8,937,740
Retailer 3	60,369,241	61,110,325	67,541,673	75,576,369
Retailer 4	1,474,085	490,550	417,203	334,276
Retailer 5	33,846,877	30,694,705	18,651,418	5,605,676
Retailer 6	8,799,213	8,723,945	9,648,851	8,962,294
Retailer 7	17,587,046	13,332,094	8,244,990	1,850,847
Retailer 8	41,520	0	0	0
	315,159,312	313,633,047	303,218,597	302,887,074
(h) Total Customers	21,538	21,107	20,773	20,510

WAIPA NETWORKS LIMITED - LINES BUSINESS

		2006	2005	2004	2003
Disclosure of reliability performance measures.					
1	Total number of interruptions				
	Class A - Planned - by Transpower	0	0	1	0
	Class B - Planned - by Waipa Networks	51	38	50	122
	Class C - Unplanned - by Waipa Networks	109	131	133	111
	Class D - Unplanned - by Transpower	3	4	1	1
	Class E - Unplanned - by Line Owner generator	0	0	0	0
	Class F - Unplanned - by other generation	0	0	0	0
	Class G - Unplanned - by another line owner	1	1	2	3
	Class H - Planned - by another line owner	0	0	0	0
	Class I - Any other loss of supply	0	0	0	0
	Total	164	174	187	237
2	Interruption targets for 2006 / 2007				
	Class B - Planned - by Waipa Networks	75			
	Class C - Unplanned - by Waipa Networks	103			
3	Average interruption targets for 2006 / 2007 to 2010 / 2011 years				
	Class B - Planned - by Waipa Networks	66			
	Class C - Unplanned - by Waipa Networks	98			
4	Proportion of Class C interruptions not restored within: (=a/b*100)				
	3 Hours	31%	26%	29%	23%
	a = number of interruptions not restored within 3 hours	34	34	39	25
	b = Total number of Class C interruptions	109	131	133	111
	24 Hours	1%	0%	1%	0%
	a = number of interruptions not restored within 24 hours	1	0	1	0
	b = Total number of Class C interruptions	109	131	133	111
5 (a)	The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
	11kV	8.42	9.81	10.18	8.37
(b)	Target for 2006 / 2007 year				
	11kV	7.96			
(c)	Average Target for 2006 / 2007 to 2010 / 2011 years				
	11kV	7.57			
6	The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line				
	11kV	3.03	5.45	0.00	0.00
7	The total number of faults per 100 circuit kilometres of overhead prescribed voltage electric line				
	11kV	8.71	9.99	10.61	8.60

WAIPA NETWORKS LIMITED - LINES BUSINESS

		2006	2005	2004	2003
8	The SAIDI for the total number of interruptions	176.23	278.74	491.04	247.32
9	SAIDI targets for 2006 / 2007				
	Class B - Planned - by Waipa Networks	38			
	Class C - Unplanned - by Waipa Networks	168			
10	Average SAIDI target for 2006 / 2007 to 2010 / 2011 years				
	Class B - Planned - by Waipa Networks	34			
	Class C - Unplanned - by Waipa Networks	154			
11	The SAIDI for the total number of interruptions within each interruption class				
	Class A - Planned - by Transpower	0.00	0.00	204.14	0.00
	Class B - Planned - by Waipa Networks	16.97	9.48	19.02	73.74
	Class C - Unplanned - by Waipa Networks	154.48	152.68	244.74	162.40
	Class D - Unplanned - by Transpower	4.70	113.08	20.57	4.49
	Class E - Unplanned - by Line Owner generatoı	0.00	0.00	0.00	0.00
	Class F - Unplanned - by other generation	0.00	0.00	0.00	0.00
	Class G - Unplanned - by another line owner	0.08	3.50	2.57	6.69
	Class H - Planned - by another line owner	0.00	0.00	0.00	0.00
	Class I - Any other loss of supply	0.00	0.00	0.00	0.00
12	The SAIFI for the total number of interruptions	3.94	4.29	5.58	4.21
13	SAIFI targets for 2006 / 2007				
	Class B - Planned - by Waipa Networks	0.15			
	Class C - Unplanned - by Waipa Networks	2.54			
14	Average SAIFI target for 2006 / 2007 to 2010 / 2011 years				
	Class B - Planned - by Waipa Networks	0.14			
	Class C - Unplanned - by Waipa Networks	2.40			
15	The SAIFI for the total number of interruptions within each interruption class				
	Class A - Planned - by Transpower	0.00	0.00	0.56	0.00
	Class B - Planned - by Waipa Networks	0.08	0.05	0.08	0.32
	Class C - Unplanned - by Waipa Networks	2.68	3.04	4.31	3.23
	Class D - Unplanned - by Transpower	1.18	1.14	0.56	0.56
	Class E - Unplanned - by Line Owner generatoı	0.00	0.00	0.00	0.00
	Class F - Unplanned - by other generation	0.00	0.00	0.00	0.00
	Class G - Unplanned - by another line owner	0.00	0.06	0.07	0.10
	Class H - Planned - by another line owner	0.00	0.00	0.00	0.00
	Class I - Any other loss of supply	0.00	0.00	0.00	0.00

WAIPA NETWORKS LIMITED - LINES BUSINESS

		2006	2005	2004	2003
16	The CAIDI for the total number of interruptions	45	65	88	59
17	CAIDI targets for 2006 / 2007				
	Class B - Planned - by Waipa Networks	250			
	Class C - Unplanned - by Waipa Networks	66			
18	Average CAIDI Target for 2006 / 2007 to 2010 / 2011 years				
	Class B - Planned - by Waipa Networks	250			
	Class C - Unplanned - by Waipa Networks	64			
19	The CAIDI for the total number of interruptions within each interruption class				
	Class A - Planned - by Transpower	0	0	366	0
	Class B - Planned - by Waipa Networks	222	205	253	232
	Class C - Unplanned - by Waipa Networks	58	50	57	50
	Class D - Unplanned - by Transpower	4	100	37	8
	Class E - Unplanned - by Line Owner generator	0	0	0	0
	Class F - Unplanned - by other generation	0	0	0	0
	Class G - Unplanned - by another line owner	25	63	35	65
	Class H - Planned - by another line owner	0	0	0	0
	Class I - Any other loss of supply	0	0	0	0

WAIPA NETWORKS LIMITED - LINES BUSINESS

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	1,758,536				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	1,758,536				
Interest on cash, bank balances, and short-term investments (ISTI)	15,821				
OSBIIT minus ISTI	1,742,715	a	1,742,715		1,742,715
Net surplus after tax from financial statements	790,681				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	790,681	n		790,681	
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)	1,497,378				
Depreciation of SFA at ODV (y)	2,167,219				
ODV depreciation adjustment	-669,841	d	add -669,841	add -669,841	add -669,841
Subvention payment tax adjustment	0	s*t		deduct 0	deduct 0
Interest tax shield	264,059	q			deduct 264,059
Revaluations	0	r			add 0
Income tax	151,855	p			deduct 151,855
Numerator			1,072,874 $OSBIIT^{ADJ} = a + g + s + d$	120,840 $NSAT^{ADJ} = n + g + s - s*t + d$	656,960 $T^{ADJ} = a + g - q + r + s + d - p - s*t$
Fixed assets at end of previous financial year (FA0)	58,774,792				
Fixed assets at end of current financial year (FA1)	60,784,458				
Adjusted net working capital at end of previous financial year (ANWC0)	898,849				
Adjusted net working capital at end of current financial year (ANWC1)	803,188				
Average total funds employed (ATFE)	60,630,644 (or regulation 33 time-weighted average)	c	60,630,644		60,630,644
Total equity at end of previous financial year (TE0)	51,964,826				
Total equity at end of current financial year (TE1)	52,755,507				
Average total equity	52,360,167 (or regulation 33 time-weighted average)	k		52,360,167	
WUC at end of previous financial year (WUC0)	0				
WUC at end of current financial year (WUC1)	0				
Average total works under construction	0 (or regulation 33 time-weighted average)	e	deduct 0	deduct 0	deduct 0
Revaluations	0	r			
Half of revaluations	0	r/2			deduct 0
Intangible assets at end of previous financial year (IA0)	0				
Intangible assets at end of current financial year (IA1)	0				
Average total intangible asset	0 (or regulation 33 time-weighted average)	m		add 0	
Subvention payment at end of previous financial year (S0)	0				
Subvention payment at end of current financial year (S1)	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})	57,827,502				
System fixed assets at end of current financial year at book value (SFA_{bv1})	59,845,149				
Average value of system fixed assets at book value	58,836,326 (or regulation 33 time-weighted average)	f	deduct 58,836,326	deduct 58,836,326	deduct 58,836,326
System Fixed assets at year beginning at ODV value (SFAodv0)	58,537,486				
System Fixed assets at end of current financial year at ODV value (SFAodv1)	59,948,163				
Average value of system fixed assets at ODV value	59,242,825 (or regulation 33 time-weighted average)	h	add 59,242,825	add 59,242,825	add 59,242,825
Denominator			61,037,143 $ATFE^{ADJ} = c - e - f + h$	52,766,666 $Ave\ TE^{ADJ} = k - e - m + v - f + h$	61,037,143 $ATFE^{ADJ} = c - e - ½r - f + h$
Financial Performance Measure:			1.76 $ROF = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$	0.23 $ROE = NSAT^{ADJ}/ATE^{ADJ} \times 100$	1.08 $ROI = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$

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

AUDIT NEW ZEALAND

REPORT OF THE AUDITOR-GENERAL

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

We have audited the financial statements of Waipa Networks Limited on pages 1 to 12. The financial statements provide information about the past financial performance of Waipa Networks Limited and its financial position as at 31 March 2006. This information is stated in accordance with the accounting policies set out on pages 4 to 6.

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 Waipa Networks 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 John Scott 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 Waipa Network 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 Waipa Networks Limited.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been maintained by Waipa Networks Limited as far as appears from our examination of those records; and

- the financial statements of Waipa Networks Limited on pages 1 to 12:

  (a) comply with generally accepted accounting practice in New Zealand; and

  (b) give a true and fair view of Waipa Network 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 October 2006 and our unqualified opinion is expressed as at that date.

John Scott
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

AUDIT NEW ZEALAND

AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF WAIPA NETWORKS LIMITED

We have examined the information on pages 13 to 21, 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 Waipa Networks Limited and dated 24 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 those Electricity Information Disclosure Requirements 2004.

John Scott
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand
24 October 2006

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