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ELECTRICITY INVERCARGILL LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

**ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005**

Prepared for the Purposes of the Electricity Information Disclosure Requirements 2004.

INFORMATION DISCLOSURE DISCLAIMER

The information disclosed in this 2005 Information Disclosure package issued by Electricity Invercargill Limited has been prepared solely for the purposes of the Electricity Information Disclosure Requirements 2004.

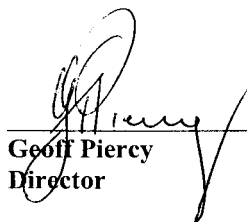
The Requirements require the information to be disclosed in the manner it is presented.


The information should not be used for any other purposes than that intended under the Requirements.

The financial information presented is for the line business as described within the Electricity Information Disclosure Requirements 2004. There are also additional activities of the Company that are not required to be reported under the Requirements.

APPROVAL BY DIRECTORS

The Directors have approved for issue the Financial Statements of Electricity Invercargill Limited Line Business for the period ended 31 March 2005 on pages 2 to 21.



Geoff Piercy
Director

Philip Mulvey
Director

For and on behalf of the
Board of Directors

25 August 2005

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2005

		Group		Parent	
	Note	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Operating Revenue	(2)	13,298	12,737	8,000	7,239
Operating Expenses	(3)	(7,374)	(7,243)	(2,176)	(2,006)
Net Surplus Before Taxation		5,924	5,494	5,824	5,233
Taxation Expense		(1,874)	(1,829)	(1,855)	(1,719)
Net Surplus After Taxation		4,050	3,665	3,969	3,514

The accompanying notes on pages 6 to 13 form part of and should be read in conjunction with these financial statements.

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2005

Note	Group		Parent	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Total Recognised Revenues and Expenses				
Net Surplus for the Year	4,050	3,665	3,969	3,514
Revaluation of Assets	111	4,669	111	4,669
	4,161	8,334	4,080	8,183
Contributions from Shareholders				
- Capital Introduced	-	1	-	-
	-	1	-	-
Distributions to Shareholders				
- Dividend Declared and Paid	(3,100)	(5,000)	(3,100)	(5,000)
	(3,100)	(5,000)	(3,100)	(5,000)
Movements in Equity for the Year	1,061	3,335	980	3,183
Equity at Beginning of Year	45,252	41,917	44,686	41,503
Equity at End of Year (4)	46,313	45,252	45,666	44,686

The accompanying notes on pages 6 to 13 form part of and should be read in conjunction with these financial statements.

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2005

		Group		Parent	
	Note	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Equity	(4)	46,313	45,252	45,666	44,686
Represented By:					
Current Assets					
Cash and Short Term Deposits	(5)	3,235	1,816	998	561
Receivables and Prepayments	(6)	1,129	1,104	1,169	532
Inventories		24	26	-	-
Total Current Assets		4,388	2,946	2,167	1,093
Non-Current Assets					
Intercompany Advance		-	-	946	938
Property, Plant and Equipment	(7)	45,793	46,170	45,274	45,652
Capital Work in Progress		727	126	721	116
Total Non-Current Assets		46,520	46,296	46,941	46,706
Total Assets		50,908	49,242	49,108	47,799
Current Liabilities					
Accounts Payable and Provisions	(8)	1,495	1,390	342	513
Provision for Dividend		3,100	2,600	3,100	2,600
Total Current Liabilities		4,595	3,990	3,442	3,113
Total Liabilities		4,595	3,990	3,442	3,113
Net Assets		46,313	45,252	45,666	44,686

The accompanying notes on pages 6 to 13 form part of and should be read in conjunction with these financial statements.

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2005

	Note	Group 2005 \$000	2004 \$000	Parent 2005 \$000	2004 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Was Provided From:					
Receipts from Customers		13,038	12,012	7,136	7,155
Interest Received		140	90	146	101
Dividend Income		-	-	-	83
Sundry Income		120	62	79	12
		13,298	12,164	7,361	7,351
Cash Was Applied To:					
Payments to Suppliers		5,076	4,991	650	828
Payments to Employees		420	397	-	-
Income Tax Paid		1,887	1,847	1,854	1,719
Interest Paid		-	2	-	-
		7,383	7,237	2,504	2,547
Net Cash Flows From Operating Activities	(10)	5,915	4,927	4,857	4,804
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash Was Provided From:					
Sale of Property, Plant and Equipment		18	40	17	37
		18	40	17	37
Cash Was Applied To:					
Purchase of Property, Plant and Equipment		1,914	1,670	1,830	1,542
Intercompany Advance		-	-	7	94
		1,914	1,670	1,837	1,636
Net Cash Flows Used in Investing Activities		(1,896)	(1,630)	(1,820)	(1,599)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash Was Provided From:					
Sale of Shares		-	1	-	-
		-	1	-	-
Cash Was Applied To:					
Dividend		2,600	2,400	2,600	2,400
		2,600	2,400	2,600	2,400
Net Cash Flows Used in Financing Activities		(2,600)	(2,399)	(2,600)	(2,400)
Net Increase/(Decrease) in Cash Held		1,419	898	437	805
Add Opening Cash Brought Forward		1,816	918	561	(244)
Closing Cash Carried Forward		3,235	1,816	998	561

The accompanying notes on pages 6 to 13 form part of and should be read in conjunction with these financial statements.

**ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS
NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005**

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Electricity Invercargill Limited is a company registered under the Companies Act 1993. The Company is a wholly-owned subsidiary of Invercargill City Holdings Limited.

The Parent Entity consists of the network assets of Electricity Invercargill Limited.

The Group consists of the Lines Business network assets of Electricity Invercargill Limited, along with the joint venture interests in PowerNet Limited, held by Electricity Invercargill Limited's wholly owned subsidiary Pylon Limited.

Purpose of the Financial Statements

These financial statements have been prepared for the purpose of complying with the Electricity Information Disclosure Requirements 2004 and relate to the Group's Line Business incorporating the conveyance of electricity, ownership of works for conveyance of electricity and provision of line function services in accordance with Requirement 6 of the Requirements.

The activities of the Parent have been separately disclosed in these Financial Statements as that is a requirement of generally accepted accounting practice. The Parent activities are not required under the Electricity Information Disclosure Requirements 2004.

Measurement Base

The measurement base adopted is that of historical cost except for the revaluation of certain items of property, plant and equipment as stated. Reliance is placed on the fact that Electricity Invercargill Limited is a going concern.

Specific Accounting Policies

a) Principles of Consolidation

The Group interest in PowerNet Limited has been accounted for on a line by line consolidation of revenue and expenses after the elimination of all significant inter-company transactions.

b) Revenue

Network Charges

Revenue comprises the amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

Investment Income

Interest and dividend income are accounted for as earned.

Customer Contributions

Contributions from customers in relation to the construction of new lines for the network are accounted for as income in the year in which they are received.

c) Avoidable Cost Allocation Methodology

The Avoidable Cost Allocation Methodology as described in the Electricity Information Disclosure Handbook has been used to separate "Other" activities from Electricity Invercargill Limited and PowerNet Limited. Other activities or non Line Business activity has been excluded from these accounts.

*(Notes to the Consolidated Financial Statements Continued)***d) Receivables**

Receivables are stated at their estimated realisable value. All known losses are written off in the period in which it becomes apparent the debts are not collectable.

e) Inventories

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

f) Property, Plant and Equipment

All property, plant and equipment is initially recorded at cost less accumulated depreciation. The cost of purchased property, plant and equipment is the fair 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.

Revaluation

The Electricity Invercargill Limited network assets were revalued as at 31 March 2004 to Depreciated Replacement Cost (DRC) as assessed by independent valuers PricewaterhouseCoopers. Previously these assets were recorded at cost less accumulated depreciation

Network assets are revalued on a cyclical basis with no asset being recognised at a valuation undertaken more than five years previously.

Revaluation increments are transferred to the Asset Revaluation Reserve.

g) Depreciation

Property, plant and equipment is depreciated on the basis of valuation cost price less estimated residual value over the period of their estimated useful life.

The Economic life ranges for the various classes of assets are:

Buildings	1.0%-10.0%	Straight line/diminishing value
Plant and Equipment	5.0%-39.6%	Straight line/diminishing value
Motor Vehicles	18.0%-31.2%	Diminishing value
Office Furniture and EDP Equipment	5.0%-60.0%	Straight line/diminishing value
Network Assets	1.4%-15.0%	Straight line

h) Impairment

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Statement of Financial Performance.

i) Income Tax

The income tax expense charged against the profit for the year is the estimated liability calculated at 33 cents in the dollar in respect of that profit.

j) Goods and Services Tax

All amounts in the financial statements have been shown exclusive of goods and services tax, with the exception of accounts receivable and accounts payable, which are shown inclusive of goods and services tax.

(Notes to the Consolidated Financial Statements Continued)

k) Work in Progress

The cost of work in progress includes the cost of direct material and direct labour used in putting replacement and new systems in their present location and condition.

l) Financial Instruments

The Line Business is party to financial instrument arrangements as part of its everyday operations. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance on an accrual basis.

The Line Business has no off-balance sheet exposures. The Line Business values all financial instruments at fair value in the Statement of Financial Position.

m) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

n) Employee Entitlements

Provision is made in respect of the Company's liability for annual and long service leave. Leave has been calculated on an actual entitlement basis at current rates of pay.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the year ended 31 March 2005.

(Notes to the Consolidated Financial Statements Continued)

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

	Group		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
2. Operating Revenue				
<i>Operating Revenue Comprises:</i>				
Network Charges	12,779	12,092	7,775	7,043
AC Loss-Rental Rebates	258	493	-	-
Interest on Investments	140	90	145	101
Dividend Income	-	-	-	83
Other Revenue	121	62	80	12
Total Operating Revenue	13,298	12,737	8,000	7,239
3. Operating Expenses				
<i>Operating Expenses Include:</i>				
Auditors Remuneration:				
- Statutory Audit	38	48	30	39
- Other	27	19	27	19
Bad Debts Written Off	1	2	-	-
Depreciation:				
- Buildings	6	7	-	-
- Office Equipment & EDP Equipment	55	98	-	-
- Motor Vehicles	-	-	-	-
- Plant and Equipment	26	27	-	-
- Network Assets	1,676	1,458	1,676	1,458
Directors' Fees	102	96	60	60
Interest Expense	-	2	-	-
Lease Costs	33	30	-	-
Loss on Disposal of Fixed Assets	21	-	20	-
4. Equity				
Paid in Capital	13,007	13,007	13,000	13,000
General Reserve	547	547	547	547
Revaluation Reserve	20,529	20,418	20,529	20,418
Retained Earnings	12,230	11,280	11,590	10,721
Total Equity	46,313	45,252	45,666	44,686
5. Cash and Short Term Deposits				
Current Account	2,295	1,301	58	46
Short Term Deposits	940	515	940	515
Total Cash and Short Term Deposits	3,235	1,816	998	561
6. Receivables and Prepayments				
Trade Debtors	1,079	1,081	1,168	531
Prepayments	50	23	1	1
Total Receivables and Prepayments	1,129	1,104	1,169	532

(Notes to the Consolidated Financial Statements Continued)

	Group		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
7. Property, Plant and Equipment				
Land (At Cost)	24	24	-	-
Buildings (At Cost)	166	165	-	-
Accumulated Depreciation	(86)	(77)	-	-
	80	88	-	-
Customer Billing & Information System Assets (At Cost)	745	787	-	-
Accumulated Depreciation	(507)	(590)	-	-
	238	197	-	-
Plant and Equipment (At Cost)	515	495	-	-
Accumulated Depreciation	(381)	(336)	-	-
	134	159	-	-
Office Equipment (At Cost)	185	184	-	-
Accumulated Depreciation	(142)	(134)	-	-
	43	50	-	-
Network Assets (At Cost and Valuation)	46,949	47,109	46,949	47,109
Accumulated Depreciation	(1,675)	(1,457)	(1,675)	(1,457)
	45,274	45,652	45,274	45,652
Total Property, Plant and Equipment	45,793	46,170	45,274	45,652
8. Accounts Payable and Provisions				
Trade Creditors and Accruals	1,338	1,263	268	479
GST Payable	93	65	74	34
Provision for Employee Entitlements	93	78	-	-
Provision for Taxation	(29)	(16)	-	-
Total Accounts Payable and Provisions	1,495	1,390	342	513
9. Commitments				
Operating Lease Commitments				
Operating Lease Commitments are payable as follows:				
- No later than one year	15	28	-	-
- Later than one year and not later than two years	8	14	-	-
- Later than two years and not later than five years	8	16	-	-
- Later than five years	-	-	-	-
Total Operating Lease Commitments	31	58	-	-

(Notes to the Consolidated Financial Statements Continued)

	Group		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
10. Reconciliation of Net Surplus After Taxation with Net Operating Cash Flows				
Net Surplus After Taxation	4,050	3,665	3,969	3,514
Plus/(Less) Non Cash Items:				
Depreciation	1,762	1,590	1,676	1,458
	1,762	1,590	1,676	1,458
Plus/(Less) Items Classified as Investing Activities				
Loss on Sale of Property, Plant and Equipment	21	-	20	-
Gain on Sale of Property, Plant and Equipment	-	-	-	-
	21	-	20	-
Plus/(Less) Movements in Working Capital Items:				
(Increase)/Decrease in Receivables	(25)	(75)	(637)	131
(Increase)/Decrease in Inventories	2	10	-	-
(Decrease)/Increase in Accounts Payable	105	(263)	(171)	(299)
	82	(328)	(808)	(168)
Net Cash Flows from Operating Activities	5,915	4,927	4,857	4,804

11. Contingent Liabilities

There are no contingent liabilities as at 31 March 2005 (2004: Nil).

12. Financial Instruments**Off Balance Sheet Financial Instruments -**

The Line Business does not have any off balance sheet financial instruments.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Line Business, causing the Line Business to incur a loss.

Financial instruments which potentially subject the Line Business to credit risk principally consist of cash, short-term deposits and accounts receivable. Bank deposits are placed with high credit quality financial institutions. The Line Business performs credit evaluations on all customers requiring credit and generally does not require collateral.

Maximum exposures to credit risk at balance date are:

	\$000	\$000	\$000	\$000
Current Account	2,295	1,301	58	46
Short Term Deposits	940	515	940	515
Receivables	1,129	1,104	1,169	532
	4,364	2,920	2,167	1,093

The above exposures are net of any recognised provision for losses on these financial instruments.

*(Notes to the Consolidated Financial Statements Continued)***Concentrations of Credit Risk**

The Line Business is exposed to a Concentration of Credit Risk by one significant energy retailer. This entity is considered to be a high quality entity.

Foreign Exchange Risk

The Line Business is not exposed to any foreign exchange risk.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Line Business is exposed to normal fluctuations in market interest rates.

Fair Values

The estimated fair value of the Line Business' financial instruments are represented by the carrying values.

13. Related Parties

Electricity Invercargill Limited "Line Business" consists of line activities conducted in Electricity Invercargill Limited and its joint venture company PowerNet Limited. Electricity Invercargill Limited "Other Business" consists of other or non-line activities conducted in Electricity Invercargill Limited and its joint venture company PowerNet Limited.

All related party transactions between Electricity Invercargill Limited Line Business and PowerNet Limited Line Business have been eliminated in the preparation of the financial statements.

During the year related party transactions took place between Electricity Invercargill Limited Line Business and Electricity Invercargill Limited Other Business. All related party transactions have been conducted on a commercial and arms length basis.

The Line Business purchased goods and services at cost, including overheads where applicable, from the Other Business. The value of the transactions, parties involved, and description of goods or services purchased were as follows:

Electricity Invercargill Limited Line Business purchased from PowerNet Limited Other Business:

	31 March 2005 \$000	31 March 2004 \$000
Construction of:		
➤ Subtransmission assets	-	-
➤ Zone substations	213	243
➤ Distribution lines and cables	297	182
➤ Medium Voltage switchgear	143	135
➤ Distribution transformers	349	237
➤ Distribution substations	66	46
➤ Low voltage reticulation	649	876
➤ Other system fixed assets	-	5

These amounts represent the capital works programme undertaken by PowerNet Limited on behalf of Electricity Invercargill Limited.

Maintenance of assets	-	-
Customer connections and disconnections	-	-

The value of transactions owing at balance date were as follows:

- ❑ Electricity Invercargill Limited Line Business owes PowerNet Limited Other Business \$492,000 (2004: \$299,000).

No related party debts have been written off or forgiven during 2005 or 2004.

(Notes to the Consolidated Financial Statements Continued)

14. Annual Valuation Reconciliation Report	31 March 2005 \$000	31 March 2004 \$000
System fixed assets at ODV – end of previous financial year	45,708	37,760
<i>Add</i> system fixed assets acquired during year at ODV	1,323	2,005
<i>Less</i> system fixed assets disposed of during year at ODV	(37)	(29)
<i>Less</i> depreciation on system fixed assets at ODV	(1,678)	(1,612)
<i>Add</i> revaluations of system fixed assets	-	7,584
System fixed assets at ODV – end of the financial year	45,316	45,708

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS

DISCLOSURE OF INFORMATION

Pursuant to Requirement 6(2) of the Electricity Information Disclosure Requirements 2004, Schedule 1 Part 2.

	31 March 2005 \$000	31 March 2004 \$000
Current Assets		
(a) Cash and bank balances	2,295	1,301
(b) Short-term investments	940	515
(c) Inventories	24	26
(d) Accounts receivable	1,129	1,104
(e) Other current assets not listed in (a) to (d)	-	-
Total Current Assets	4,388	2,946
Property, Plant and Equipment		
(a) System fixed assets	45,274	45,652
(b) Consumer billing and information system assets	238	197
(c) Motor vehicles	-	-
(d) Office equipment	43	50
(e) Land and buildings	104	112
(f) Capital works under construction	727	126
(g) Other fixed assets not listed in (a) to (f)	134	159
Total Property, Plant and Equipment	46,520	46,296
Other tangible assets not listed above	-	-
Total Tangible Assets	50,908	49,242
Intangible Assets		
(a) Goodwill	-	-
(b) Other intangibles not listed in (a) above	-	-
Total Intangible Assets	-	-
TOTAL ASSETS	50,908	49,242
Current Liabilities		
(a) Bank overdraft	-	-
(b) Short-term borrowings	-	-
(c) Payables and accruals	1,524	1,406
(d) Provision for dividends payable	3,100	2,600
(e) Provision for income tax	(29)	(16)
(f) Other current liabilities not listed in (a) to (e) above	-	-
Total Current Liabilities	4,595	3,990
Non-Current Liabilities		
(a) Payables and accruals	-	-
(b) Borrowings	-	-
(c) Deferred tax	-	-
(d) Other non-current liabilities not listed in (a)-(c) above	-	-
Total Non-Current Liabilities	-	-
Equity		
(a) Shareholders' equity:		
(i) Share capital	13,007	13,007
(ii) Retained earnings	12,230	11,280
(iii) Reserves	21,076	20,965
Total Shareholders' equity	46,313	45,252
(b) Minority interests in subsidiaries	-	-
Total Equity	46,313	45,252
(c) Capital notes	-	-
Total Capital Funds	46,313	45,252
TOTAL EQUITY AND LIABILITIES	50,908	49,242

	31 March 2005 \$000	31 March 2004 \$000
Operating Revenue		
(a) Revenue from line/access charges.	12,779	12,092
(b) Revenue from "Other" business for services carried out by the line business (transfer payment)	-	-
(c) Interest on cash, bank balances and short-term investments	140	90
(d) AC loss-rental rebates	258	493
(e) Other revenue not listed in (a) to (d)	121	62
Total Operating Revenue	13,298	12,737
Operating Expenditure		
(a) Payment for transmission charges	3,182	2,822
(b) Transfer payments to the "Other" business for:		
(i) Asset maintenance	-	-
(ii) Consumer disconnection/reconnection services	-	-
(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) above	-	-
Total transfer payment to the "Other" business	-	-
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance	785	992
(ii) Consumer disconnection/reconnection services	-	-
(iii) Meter data	-	-
(iv) Consumer-based load control services	-	-
(v) Royalty and patent expenses	-	-
Total of specified expenses to non-related parties	785	992
(d) Employee salaries, wages and redundancies	420	397
(e) Consumer billing and information system expense	47	52
(f) Depreciation on:		
(i) System fixed assets:	1,676	1,458
(ii) Other assets not listed in (i)	87	132
Total depreciation	1,763	1,590
(g) Amortisation of:		
(i) Goodwill:	-	-
(ii) Other intangibles:	-	-
Total Amortisation of Intangibles	-	-
(h) Corporate and administration:	408	296
(i) Human resource expenses:	36	40
(j) Marketing/advertising:	62	59
(k) Merger and acquisition expenses:	-	-
(l) Takeover defence expenses:	-	-
(m) Research and development expenses:	-	-

	31 March 2005 \$000	31 March 2004 \$000
(n) Consultancy and legal expenses:	79	80
(o) Donations:	-	-
(p) Directors' fees:	102	96
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors:	38	48
(ii) Audit fees paid to other auditors:	27	19
(iii) Fees paid for other services provided by principal and other auditors:	-	-
Total Auditors' fees:	65	67
(r) Costs of offering credit:		
(i) Bad debts written off:	1	2
(ii) Increase in estimated doubtful debts:	-	-
Total cost of offering credit:	1	2
(s) Local authority rates expense:	53	41
(t) AC loss-rentals (distribution to retailers/customers) expense:	258	493
(u) Rebates to consumers due to ownership interest:	-	-
(v) Subvention payments:	32	150
(w) Unusual expenses:	-	-
(x) Other expenditure not listed in (a) to (w)	81	64
Total operating expenditure	7,374	7,241
Operating surplus before interest and income tax	5,924	5,496
Interest expense		
(a) Interest expense on borrowings	-	2
(b) Financing charges related to finance leases	-	-
(c) Other interest expense	-	-
Total interest expense	-	2
Operating surplus before income tax	5,924	5,494
Income tax	1,874	1,829
Net surplus after tax	4,050	3,665

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS FINANCIAL AND EFFICIENCY PERFORMANCE MEASURES

PURSUANT TO REQUIREMENT 14 OF THE ELECTRICITY INFORMATION DISCLOSURE
REQUIREMENTS 2004, SCHEDULE 1 PART 3

FINANCIAL PERFORMANCE MEASURES

	2005	2004	2003	2002
Return on Funds	12.72%	12.92%	14.57%	13.54%
Return on Equity	8.95%	8.61%	9.56%	8.64%
Return on Investment	8.95%	20.83%	9.68%	8.20%
Return on Investment (excluding revaluation)		8.50%		8.81%

EFFICIENCY PERFORMANCE MEASURES

	2005	2004	2003	2002
Direct Line Costs per Kilometre	\$1,482	\$1,779	\$1,600	\$1,991
Indirect Line Costs per Electricity Customer	\$67	\$58	\$50	\$54

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

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements	5,924,425				
Operating surplus before interest and income tax adjusted pursuant to requirement 18 (OSBIIT)	5,924,425				
Interest on cash, bank balances, and short-term investments (ISTI)	140,330				
OSBIIT minus ISTI	5,784,095	a	5,784,095		5,784,095
Net surplus after tax from financial statements	4,050,389				
Net surplus after tax adjusted pursuant to Requirement 18 (NSAT)	4,050,389	n		4,050,389	
Amortisation of goodwill and amortisation of other intangibles	0	g	add	0	0
Subvention payment	32,249	s	add	32,249	add 32,249
Depreciation of SFA at BV (x)	1,675,757				
Depreciation of SFA at ODV (y)	1,678,000				
ODV depreciation adjustment	-2,243	d	add	-2,243	add -2,243
Subvention payment tax adjustment	10,642	s*t		deduct 10,642	deduct 10,642
Interest tax shield	-46,309	q			deduct -46,309
Revaluations	110,624	r			add 110,624
Income tax	1,874,036	p			deduct 1,874,036
Numerator			OSBIIT ^{ADJ} = a+g+s+t+d	NSAT ^{ADJ} = n+g+s*t+t+d	OSBIIT ^{ADJ} = a+g-q+t+s+d-p-s*t
Fixed assets at end of previous financial year (FA ₀)	46,295,884				
Fixed assets at end of current financial year (FA ₁)	46,520,192				
Adjusted net working capital at end of previous financial year (ANWC ₀)	-276,544				
Adjusted net working capital at end of current financial year (ANWC ₁)	-370,794				
Average total funds employed (ATFE)	46,084,369 (or requirement 32 time-weighted average)	c	46,084,369		46,084,369
Total equity at end of previous financial year (TE ₀)	45,252,805				
Total equity at end of current financial year (TE ₁)	46,313,876				
Average total equity	45,783,340 (or requirement 32 time-weighted average)	k		45,783,340	
WUC at end of previous financial year (WUC ₀)	126,151				
WUC at end of current financial year (WUC ₁)	727,049				
Average total works under construction	426,600 (or requirement 32 time-weighted average)	e	deduct 426,600	deduct 426,600	deduct 426,600
Revaluations	110,624	r			
Half of revaluations	55,312	r/2			deduct 55,312

DERIVATION TABLE	INPUT AND CALCULATIONS	SYMBOL IN FORMULA	ROF	ROE	ROI
Intangible assets at end of previous financial year (IA_0)	0				
Intangible assets at end of current financial year (IA_1)	0				
Average total intangible asset	0	m		deduct	0
	(or requirement 32 time-weighted average)				
Subvention payment at end of previous financial year (S_0)	149,836				
Subvention payment at end of current financial year (S_1)	32,249				
Subvention payment tax adjustment at end of previous financial year	49,446				
Subvention payment tax adjustment at end of current financial year	10,642				
Average subvention payment and related tax adjustment	60,998	v		add	60,998
System fixed assets at end of previous financial year at BV (SFA_{bvo})	45,650,885				
System fixed assets at end of current financial year at BV (SFA_{bvt})	45,273,551				
Average value of system fixed assets at BV	45,462,218	f	deduct	45,462,218	deduct
	(or requirement 32 time-weighted average)				
System Fixed assets at year beginning at ODV value (SFA_{odv0})	45,708,000				
System Fixed assets at end of current financial year at ODV value (SFA_{odvt})	45,316,000				
Average value of system fixed assets at ODV value	45,512,000	h	add	45,512,000	add
	(or requirement 32 time-weighted average)				
Denominator			ATFE ^{ADJ} = c-e-f+h	45,467,521	45,652,240
Financial Performance Measure			ROF=OSBIT ^{odv} /ATFE ^{odv} x 100	ROE=NSAT ^{ADJ} /ATE ^{ADJ} x 100	ROI=OSBIT ^{ADJ} /ATFE ^{ADJ} x 100
			12.72	8.95	8.95

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

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS ENERGY EFFICIENCY PERFORMANCE MEASURES

PURSUANT TO REQUIREMENT 20 OF THE ELECTRICITY INFORMATION DISCLOSURE
REQUIREMENTS 2004, SCHEDULE 1 PART 4

Energy Delivery Efficiency Performance Measures Years Ending 31 March 2002, 2003, 2004 and 2005

	2005	2004	2003	2002
Load Factor (Percentage of electrical energy entering the transmission system over maximum demand times hours per year.)	53.4%	52.6%	54.4%	48.6%
Loss Ratio (Transmission losses over energy entering the system)	7.4%	8.3%	9.7%	11.0%
Capacity Utilisation (Maximum demand over total transformer capacity)	42.0%	42.3%	42.1%	44.1%

The loss ratio is derived from electricity supplied information provided by other parties. Electricity Invercargill Limited is unable to audit this information and is not confident with its accuracy and estimates the losses at 4.0%.

Statistics

		66kV	33kV	22kV	11kV	6.6kV	400V	Total
System Length (km's)	2001/02	-	23	-	180	-	485	688
	2002/03	-	23	-	181	-	489	694
	2003/04	-	25	-	199	-	452	676
	2004/05	-	26	-	199	-	454	679
Overhead Lines (km's)	2001/02	-	0.8	-	42	-	76	119
	2002/03	-	1.0	-	39	-	67	107
	2003/04	-	1.0	-	36	-	55	92
	2004/05	-	1.4	-	35	-	52	88
Underground Cables (km's)	2001/02	-	22	-	138	-	409	569
	2002/03	-	22	-	143	-	422	587
	2003/04	-	24	-	163	-	397	584
	2004/05	-	25	-	164	-	402	591

	TX Capacity	Maximum Demand	Electricity Supplied	Electricity Conveyed	Total Customers
2001/02	140,770	62,113	264,562,646	235,363,540	16,847
2002/03	141,915	59,686	284,541,935	257,047,355	16,961
2003/04	142,125	60,070	276,531,554	253,538,024	16,922
2004/05	144,415	60,611	283,589,781	262,530,504	16,842

Electricity Conveyed for Retailers and The Power Company Limited

	2005 kWh	2004 kWh	2003 kWh	2002 kWh
Retailer A	200,772,249	191,835,995	186,623,868	175,477,077
Retailer B	3,458,864	3,744,172	7,964,609	4,914,775
Retailer C	38,832,367	39,099,074	34,605,351	22,741,371
Retailer D	1,031,124	1,066,856	1,597,380	3,486,775
The Power Company Limited OCB46	6,559,573	6,196,189	6,464,423	5,981,473
Retailer E	-	-	-	7,284,490
Retailer F	11,876,327	11,595,738	19,791,724	15,477,579
TOTAL	262,530,504	253,538,024	257,047,355	235,363,540

The Electricity Conveyed details are provided by other parties. Electricity Invercargill Limited is unable to audit this information and is not confident with its accuracy.

ELECTRICITY INVERCARGILL LIMITED LINE BUSINESS

RELIABILITY PERFORMANCE MEASURES

PURSUANT TO REQUIREMENT 21 OF THE ELECTRICITY INFORMATION DISCLOSURE
REQUIREMENTS 2004, SCHEDULE 1 PART 5

Reliability Statistics For Years Ending 31 March 2002, 2003, 2004 and 2005

Class		A	B	C	D	E	F	G	H	I	TOTAL
Interruptions	2001/02	-	11	22	2	-	-	-	-	-	35
	2002/03	-	6	15	-	-	-	-	-	-	21
	2003/04	-	9	19	-	-	-	-	-	-	28
	2004/05	-	5	15	-	-	-	-	-	-	20
Predicted 2005/2006		-	11	21	-	-	-	-	-	-	-
5-Year Average Target		-	11	21	-	-	-	-	-	-	-
SAIDI	2001/02	-	4.0	32.0	59.8	-	-	-	-	-	95.8
	2002/03	-	2.0	19.4	-	-	-	-	-	-	21.4
	2003/04	-	4.5	45.1	-	-	-	-	-	-	49.6
	2004/05	-	2.1	13.3	-	-	-	-	-	-	15.4
Predicted 2005/2006		-	4.2	28.9	-	-	-	-	-	-	-
5-Year Average Target		-	4.2	28.9	-	-	-	-	-	-	-
SAIFI	2001/02	-	0.04	1.12	1.71	-	-	-	-	-	2.87
	2002/03	-	0.01	0.69	-	-	-	-	-	-	0.70
	2003/04	-	0.03	1.25	-	-	-	-	-	-	1.28
	2004/05	-	0.03	0.25	-	-	-	-	-	-	0.28
Predicted 2005/2006		-	0.04	0.93	-	-	-	-	-	-	-
5-Year Average Target		-	0.04	0.93	-	-	-	-	-	-	-
CAIDI	2001/02	-	98.8	28.5	35.0	-	-	-	-	-	33.3
	2002/03	-	180.9	28.2	-	-	-	-	-	-	30.6
	2003/04	-	161.1	36.1	-	-	-	-	-	-	38.9
	2004/05	-	81.4	53.8	-	-	-	-	-	-	56.4
Predicted 2005/2006		-	98.8	31.1	-	-	-	-	-	-	-
5-Year Average Target		-	98.8	31.1	-	-	-	-	-	-	-

Faults by Voltage		66kV	33kV	11kV	Total
OH per 100km	2001/02	-	-	37.59	36.90
	2002/03	-	-	33.40	32.29
	2003/04	-	-	42.40	41.51
	2004/05	-	-	22.90	22.02
UG per 100km	2001/02	-	-	4.35	3.75
	2002/03	-	-	0.70	0.61
	2003/04	-	-	0.70	0.60
	2004/05	-	-	4.27	3.71
Total per 100km	2001/02	-	-	12.19	10.83
	2002/03	-	-	7.73	6.84
	2003/04	-	-	9.37	8.78
	2004/05	-	-	7.55	6.67
Predicted 2005/2006		-	-	10.06	8.89
5-Year Average Target		-	-	10.06	8.89

Class C Interruptions Not Restored in	3 hours	6.67%
Class C Interruptions Not Restored in	24 hours	Nil

**ELECTRICITY INVERCARGILL LIMITED
CERTIFICATION OF FINANCIAL STATEMENTS
PERFORMANCE MEASURES AND STATISTICS
DISCLOSED BY DISCLOSING ENTITIES
(OTHER THAN TRANSPower)**

We, Geoffery Thomson Piercy and Philip James Mulvey, Directors of Electricity Invercargill Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

- a) The attached audited financial statements of Electricity Invercargill 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 Electricity Invercargill 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 2004.

Signed:

.....
[Director]

.....
[Director]

Dated:

25 August 2005

25 August 2005



Audit New Zealand

**REPORT OF THE AUDITOR-GENERAL
TO THE READERS OF THE FINANCIAL STATEMENTS OF
ELECTRICITY INVERCARGILL LIMITED
FOR THE YEAR ENDED 31 MARCH 2005**

We have audited the financial statements of Electricity Invercargill Limited on pages 2 to 13. The financial statements provide information about the past financial performance of Electricity Invercargill Limited and its financial position as at 31 March 2005. This information is stated in accordance with the accounting policies set out on pages 6 to 8.

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 Electricity Invercargill Limited as at 31 March 2005, 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 Tony Uttley 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 Electricity Invercargill 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 Electricity Invercargill Limited.

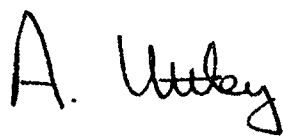
Unqualified Opinion

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

In our opinion –

- proper accounting records have been maintained by Electricity Invercargill Limited as far as appears from our examination of those records; and
- the financial statements of Electricity Invercargill Limited on pages 2 to 13:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Electricity Invercargill Limited financial position as at 31 March 2005 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 25 August 2005 and our unqualified opinion is expressed as at that date.



Tony Uttley
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand





Audit New Zealand

**AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF
ELECTRICITY INVERCARGILL LIMITED
FOR THE YEAR ENDED 31 MARCH 2005**

We have examined the information on pages 13 to 19, 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 Electricity Invercargill Limited and dated 25 August 2005 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.

Tony Uttley
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand

25 August 2005

