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NETWORK WAITAKI LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

NETWORK WAITAKI LIMITED

LINES 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 Network Waitaki 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 purpose 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.

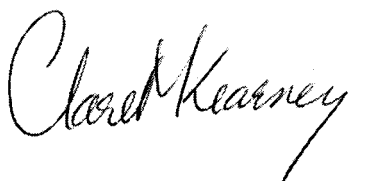
APPROVAL BY DIRECTORS

The Directors have approved the Consolidated Financial Statements of Network Waitaki Limited Line Business for the period ended 31 March 2005 on pages 1 to 14.

For and on behalf of the Board of Directors



Director
16 August 2005



Director
16 August 2005

Network Waitaki Limited Lines Business**Statement of Financial Performance for the Year Ended 31 March 2005**

REVENUE	Note	2005	2004
		\$	\$
Operating revenue			
Revenue from line/access charges		7,254,948	7,489,997
Revenue returned as Customer Discount		(1,001,545)	(1,519,350)
Revenue from "Other" business for services carried out by the line business		0	0
Interest on cash, bank balances and short term investments		592,265	453,586
AC loss-rental rebates		159,933	275,824
Other revenue not listed above			
Capital Contributions		870,607	655,321
Use of Money Interest		0	0
Other		0	0
		<u>870,607</u>	<u>655,321</u>
Total operating revenue		<u>7,876,208</u>	<u>7,355,378</u>
EXPENDITURE			
Operating expenditure			
Payment for transmission charges		2,326,560	2,201,995
Transfer payments to the "Other" business for			
Asset maintenance	3	1,055,748	913,645
Consumer disconnection/reconnection services		0	0
Meter data		0	0
Consumer-based load control services		0	0
Royalty and patent expenses		0	0
Avoided transmission charges on account of own generation		0	0
Other goods and services		606,032	493,967
Total transfer payment to the "Other" business		<u>1,661,780</u>	<u>1,407,612</u>
Expense to entities that are not related parties for			
Asset maintenance		134,936	146,722
Consumer disconnection/reconnection services		0	0
Meter data		0	0
Consumer-based load control services		0	0
Royalty and patent expenses		0	0
Total of specified expenses to non-related parties		<u>134,936</u>	<u>146,722</u>
Employee salaries, wages and redundancies		57,318	35,618
Consumer billing and information system expense		25,900	19,408
Depreciation on			
System Property, Plant and Equipment		2,025,406	1,623,414
Other Property, Plant and Equipment		6,000	3,786
Total depreciation		<u>2,031,406</u>	<u>1,627,200</u>
Amortisation of			
Goodwill		0	0
Other intangibles		0	0
Total amortisation of intangibles		<u>0</u>	<u>0</u>
Corporate and administration		224,646	195,299
Human resource expenses		1,096	772
Marketing/advertising		6,291	3,258
Merger and acquisition expenses		0	0
Takeover defence expenses		0	0
Research and development expenses		0	0
Consultancy and legal expenses		62,764	5,500
Donations		0	0
Directors' fees		83,966	74,233
Auditors' fees			
Audit fees paid to principal auditors		43,778	13,043
Audit fees paid to other auditors		0	0
Fees paid for other services provided by principal and other auditors		0	0
Total auditors' fees		<u>43,778</u>	<u>13,043</u>

Network Waitaki Limited Lines Business**Statement of Financial Performance for the Year Ended 31 March 2005 - Continued**

	Note	2005 \$	2004 \$
Costs of offering credit			
Bad debts written off		0	0
Increase in estimated doubtful debts		0	0
Total cost of offering credit		<u>0</u>	<u>0</u>
Local authority rates expense		63,763	0
AC loss-rentals (distribution to retailers/customers) expense		0	0
Rebates to consumers due to ownership interest		0	0
Subvention payments		0	0
Unusual expenses		0	0
Other expenditure not listed above		67,457	124,370
Total operating expenditure		<u>6,791,661</u>	<u>5,855,031</u>
Operating surplus before interest and income tax		<u>1,084,547</u>	<u>1,500,347</u>
Interest expense			
Interest expense on borrowings		0	0
Financing charges related to finance leases		0	0
Other interest expense		0	0
Total interest expense		<u>0</u>	<u>0</u>
Operating surplus before income tax		<u>1,084,547</u>	<u>1,500,347</u>
Income tax	4	741,288	815,835
Net surplus after tax		<u>343,259</u>	<u>684,512</u>

Network Waitaki Limited Lines Business**Statement of Movements in Equity for the Year Ended 31 March 2005**

Equity at the Beginning of the Year	<u>51,323,398</u>	<u>42,509,773</u>
Net Surplus (Deficit) for the Period	343,259	684,512
Revaluation	0	8,129,113
Total Recognised Revenue and Expenses	<u>343,259</u>	<u>8,813,625</u>
Dividends Paid	0	0
Equity at the End of the Year	<u>51,666,657</u>	<u>51,323,398</u>

Network Waitaki Limited Lines Business**Statement of Financial Position as at 31 March 2005**

	Note	2005 \$	2004 \$
Current assets			
Cash and bank balances		287,189	92,429
Short-term investments		9,000,000	8,200,000
Inventories		131,709	162,419
Accounts receivable		360,130	582,469
GST		276,692	153,595
Provisional Tax		147,062	156,924
Other current assets		145,062	8,791
Total current assets		10,347,844	9,356,627
Plant, Property & Equipment			
System Plant, Property & Equipment		45,677,011	45,926,475
Consumer billing and information system plant, property & equipment		0	0
Motor vehicles		0	0
Office equipment		0	0
Land and buildings		51,000	0
Capital works under construction (system plant, property & equipment)		898,608	388,885
Other Plant, Property & Equipment		4,936	8,199
Total Plant, Property & Equipment		46,631,555	46,323,559
Other tangible assets not listed above		0	0
Total tangible assets		56,979,399	55,680,186
Intangible assets			
Goodwill		0	0
Other intangibles		0	0
Total intangible assets		0	0
Total assets		56,979,399	55,680,186
Current liabilities			
Bank overdraft		0	0
Short-term borrowings		0	0
Payables and accruals		1,280,982	720,347
Provision for dividends payable		0	0
Provision for taxation		0	0
GST		0	0
Other current liabilities		0	0
Total current liabilities		1,280,982	720,347
Non-current liabilities			
Payables and accruals		0	0
Borrowings		0	0
Deferred tax	5	4,031,760	3,636,441
Other non-current liabilities		0	0
Total non-current liabilities		4,031,760	3,636,441
Equity			
Shareholders' equity			
Share capital		7,368,870	7,368,870
Retained earnings		7,018,879	6,675,620
Reserves		37,278,908	37,278,908
Total Shareholders' equity		51,666,657	51,323,398
Minority interests in subsidiaries		0	0
Total equity		51,666,657	51,323,398
Capital notes		0	0
Total capital funds		51,666,657	51,323,398
Total equity and liabilities		56,979,399	55,680,186

Network Waitaki Limited Lines Business

Statement of Cash Flows for the Year Ended 31 March 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from Customers		6,339,471	6,619,036
Interest		592,265	453,586
GST		0	0
Income Tax		0	0
<i>Cash was disbursed to:</i>			
Customer Discounts			
Payments to Suppliers		(3,063,570)	(4,197,858)
Employees		0	0
Income Tax		(410,906)	90,164
GST		(123,097)	(186,740)
FBT		0	0
Interest Paid		0	0
NET CASH FLOWS FROM OPERATING ACTIVITIES	6	<u>3,334,162</u>	<u>2,778,188</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from sales of Plant, Property & Equipment		0	0
Collection on Loans		0	0
<i>Cash was applied to:</i>			
Cash Outflows for Plant, Property & Equipment		(2,339,402)	(1,795,081)
Investments		0	0
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(2,339,402)</u>	<u>(1,795,081)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Loan transferred from other activities		0	0
<i>Cash was applied to:</i>			
Dividend paid		0	0
Loan repaid		0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH HELD			
Add Opening Cash Brought Forward		994,760	983,107
Equity Transferred From (To) Other		8,292,429	7,309,322
ENDING CASH CARRIED FORWARD		<u>9,287,189</u>	<u>8,292,429</u>

Network Waitaki Limited Line Business

Notes to and Forming Part of the Financial Statements
for the Year Ending 31 March 2005

1. Statement of Accounting Policies**Reporting Entity**

The financial statements presented here are for the Line Business of Network Waitaki Limited.

The financial statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993.

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity Information Disclosure Requirements 2004.

The Line Business operates a line business activity, as defined by Regulation 2 of the Electricity Information Disclosure Regulations, in the Waitaki area.

Measurement Base

The financial statements have been prepared on the basis of Historical Cost with the exception of certain items for which specific accounting policies are identified.

Accrual accounting is used to match expenses and revenues.

Reliance is placed on the fact that the Company is a going concern.

Accounting Policies

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out below.

Revenue**Goods and Services**

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

Investment Income

Interest is 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.

Property, Plant & Equipment

All property, plant and equipment are initially recorded at cost. System property, plant and equipment are subsequently revalued to net current value as determined by an independent valuer using the depreciated replacement cost valuation method. Other property, plant and equipment are stated at cost less an allowance for depreciation.

Depreciation

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates that will allocate the assets' cost or valuation, to their residual values, over their estimated useful lives. Distribution assets and buildings are depreciated on a straight-line basis. All other assets are depreciated on diminishing value bases.

The useful lives and associated depreciation rates for major classes of assets used in the preparation of the financial statements are as follows:

Distribution System	10 to 70 years	1.4%	to 10%
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Freehold Building	40 to 100 years	1%	to 2.5%
Motor Vehicles	4 to 7 years	15%	to 26%
Plant and Equipment	2 to 14 years	7.5%	to 50%
Office Furniture and Equipment	3 to 10 years	10%	to 33%

Gains and Losses

Disposal of property, plant and equipment are taken into account in determining the operating result for the year.

Accounts receivable

Accounts receivable are shown at expected realisable value after providing for doubtful debts.

Inventories

Inventories are valued at the lower of cost or net realisable value. Serial numbered stock is recorded at the appropriate individual value, while other stock is recorded at weighted average cost.

Goods and Services Tax (GST)

The statements of financial performance and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Income tax

Income tax expense has been calculated using the liability method. Tax effect accounting is applied on a comprehensive basis to all timing differences. A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is recognised only if there is virtual certainty of realisation.

Investments

All Investments are stated at cost.

Capital Contributions

Contributions received toward capital works are recorded in the statement of financial performance and shown as income earned in the year in which they are received.

Financial Instruments

Financial Instruments carried on the statement of financial position include cash and bank balances, investments, receivables, trade creditors and borrowings. The particular recognition methods adopted are disclosed in individual policy statements associated with each item. Network Waitaki Limited has no off balance sheet exposure.

Statement of Cash Flows

The following are definitions of terms used in the statement of cash flows:

Operating activities include all transactions and other events that are not investing or financing activities.

Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments can include securities not falling within the definition of cash.

Financing activities are those activities that result in changes in the size and composition of the capital structure. These include both equity and debt not falling within the definition of cash.

Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

Changes in Accounting Policy:

There have been no changes in accounting policies.

Methodology of Separation of Business: The basis of allocation adopted is the avoidable cost methodology.

2. Commitments and Contingent Liabilities

There were capital commitments at 31 March 2005 of \$552,547 (2004 \$380,500). The Lines Business has no contingent liabilities at the end of the period (2004 Nil).

3. Related Party Transactions

Associated Entity: Networks South Limited

Networks South Limited is 50% owned by Network Waitaki Limited and provided administrative, engineering and planning functions for the network from 1 April 2004 to 31 March 2005. These services are charged on a fixed contract basis.

During the period, this charge totalled \$928,728 (2004 \$985,200). The outstanding amount as at 31 March 2005 was \$93,090 (2004 \$238) payable on normal commercial terms.

No debts were written off or forgiven and no transactions took place at nil or nominal value.

Transactions do not relate to the categories specified in the Disclosure Regulations.

Associated Entity: NetCon Limited

NetCon is wholly owned by Networks South Limited and provided asset maintenance and construction services for the network from 1 April 2004 to 31 March 2005. Services were charged on both a fixed price basis or "time and materials" basis.

During the period, this charge totalled \$2,973,100 (2004 \$1,675,229). The outstanding amount as at 31 March 2005 was \$738,285 (2004 \$173,138) payable on normal commercial terms.

No debts were written off or forgiven and no transactions took place at nil or nominal value.

During the period capital construction transactions totalled the following:

	Year to 31/3/2005	Year to 31/3/2004
	\$	\$
Subtransmission assets	297,568	0
Zone substations	40,357	17,259
Distribution lines	695,224	403,534
Medium voltage switchgear	2,222	97,083
Distribution transformers	48,434	11,733
Distribution substations	347,719	68,663
Low voltage lines	246,210	215,205
Other property, plant & equipment	618,079	36,477
Other transactions totalled:		
Maintenance of System Property, Plant & Equipment	1,178,085	825,275
Cost of customer connections and disconnections	0	0

4. Taxation

Surplus (Deficit) Before Taxation	1,084,547	1,500,349
Income tax expense at 33 cents in the dollar	357,901	495,115
Plus (Less) the Effect of:		
Realised capital gains		0
Non-assessable receipts	(287,300)	(216,256)
Non-deductible expenses	670,687	536,976
Unrecognised timing differences	0	0
	<u>741,288</u>	<u>815,835</u>
Taxation Charge is Represented by:		
Income Tax Liability (Benefit) in respect of the current year	345,969	455,239
Deferred Taxation	<u>395,319</u>	<u>360,596</u>
	<u>741,288</u>	<u>815,835</u>

5. Movement in Deferred Tax Account

	2005	2004
	\$	\$
Opening Balance	3,636,441	2,869,749
Movement in Deferred Tax	395,319	360,596
Deferred Tax on Revalued Assets	<u>0</u>	<u>406,096</u>
Closing Balance	<u>4,031,760</u>	<u>3,636,441</u>

6. Reconciliation of Net Surplus (Deficit) after Taxation with Net Cash Flow from Operating

Surplus after Taxation	343,259	684,514
Add Non-cash Items		
Depreciation	2,031,406	1,627,200
Deferred Tax	<u>395,319</u>	<u>766,692</u>
	2,426,725	2,393,892
Add (Less) Movement in Working Capital Items		
Accounts Receivable	86,068	(315,354)
Inventories	30,710	2,748
GST	(123,097)	(157,545)
Tax Asset	9,862	139,307
Other Current Assets	0	0
Payable and Accruals	560,635	30,628
Other Current Liabilities	<u>0</u>	<u>0</u>
	564,178	(300,216)
	<u>3,334,162</u>	<u>2,778,190</u>

Network Waitaki Limited Lines Business**Financial Performance Measures - 31 March 2005**

	2005	2004	2003	2002
Accounting return on funds	2.50%	3.77%	0.40%	2.09%
Accounting return on equity	0.73%	2.62%	-0.75%	0.93%
Accounting return on investments	0.55%	1.82%	-1.80%	-3.81%#

Corrected - refer to the Form for the Derivation of Financial Performance Measures From Financial Statements
- Year Ended 31 March 2002

Efficiency Performance Measures - 31 March 2005

	2005	2004	2003	2002
Direct line costs per kilometre	\$801.64	\$803.97	\$757.17	\$717.43
Direct expenditure	1,555,643	1,554,334	1,459,645	\$1,370,989
System length (km)	1,940.57	1,933.33	1,927.75	1,910.98
Indirect line costs per consumer	\$42.96	\$40.55	\$38.31	\$22.60
Indirect expenditure	514,431	466,001	436,742	\$256,336
Total consumers	11,975	11,491	11,400	11,341

Energy Delivery Efficiency Performance Measures - 31 March 2005

	2005	2004	2003	2002
Load Factor (= a/b/c x 100)	66.03%	61.24%	71.04%	69.15%
a = kWh of electricity entering system	194,090,295	194,267,825	194,539,566	175,814,935
b = Maximum Demand (kW)	33,556	36,210	31,260	29,026
c = Total number of hours	8,760	8,760	8,760	8,760
Loss Ratio (= a/b x 100)	5.52%	5.66%	5.64%	6.39%
a = Total Electricity lost in the Network (kWh)*	10,722,772	10,996,292	10,964,858	11,239,979
b = Total Electricity entering the Network before losses (kWh)	194,090,295	194,267,825	194,539,566	175,814,935
Capacity Utilisation (= a/b x 100)	24.43%	26.85%	24.56%	23.20%
a = Maximum Demand (kW)	33,556	36,210	31,260	29,026
b = Transformer Capacity (kVA)	137,347	134,837	127,270	125,113

*Network Waitaki relies on sales information reported by electricity retailers to calculate this value.

Network Waitaki Limited Lines Business**Network Statistics - 31 March 2005**

		2005	2004	2003	2002
Total System Length (kms)	33kV	138.31	138.31	138.31	138.13
	11kV	1,582.90	1,575.66	1,570.22	1,554.33
	230/400 V	219.36	219.36	219.23	218.52
	Total	1,940.57	1,933.33	1,927.75	1,910.98
Overhead Circuit Length (kms)	33kV	138.02	138.02	138.02	137.85
	11kV	1,542.52	1,537.81	1,535.51	1,522.80
	230/400 V	192.88	192.88	193.12	192.36
	Total	1,873.42	1,868.71	1,866.65	1,853.00
Underground Circuit Length (kms)	33kV	0.29	0.29	0.29	0.28
	11kV	40.37	37.84	34.71	31.54
	230/400 V	26.48	26.48	26.11	26.16
	Total	67.14	64.61	61.10	57.98

Transformer Capacity (kVA)	11,000/400V	137,222	134,712	127,145	124,988
	33,000/400V	125	125	125	125
	Total	137,347	134,837	127,270	125,113

Maximum Demand (kW)		33,556	36,210	31,260	29,026
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Total Electricity entering the Network- before losses (kWh)		194,090,295	194,267,825	194,539,566	175,814,935
Amount of electricity supplied from the system (kWh)*	Retailer A	134,877,953	161,114,352	163,386,098	134,961,945
	Retailer B	10,083,253	5,361,901	4,180,152	13,792,718
	Retailer C	10,778,183	9,179,280	10,028,620	10,695,532
	Retailer D	0	0	0	3,616,764
	Retailer E	1,982,670	1,771,768	3,214,192	1,120,555
	Retailer F	25,645,464	5,844,232	2,765,646	387,442
	Total	183,367,523	183,271,533	183,574,708	164,574,956

Total number of Consumers	Number	11,975	11,491	11,400	11,341
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*Network Waitaki relies on sales information reported by electricity retailers to calculate these amounts.

Network Waitaki Limited Lines Business

Reliability and Performance Measures

<u>Interruptions</u>	<u>Class</u>	<u>2006/10</u> <u>(Target)</u>	<u>2006</u> <u>(Target)</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Number of Interruptions								
	Class A	0	0	0	0	0	0	0
<i>Planned Interruptions</i>	Class B	80	80	202	102	68	70	28
<i>Unplanned Interruptions</i>	Class C	80	80	58	109	75	75	79
	Class D	0	0	0	0	0	0	0
	Class E - I	0	0	0	0	0	0	0
	Total	160	160	260	211	143	145	107

Proportion of Total Class C Interruptions not restored:								
	Within 3 Hours			13.79%	34.86%	13.3%	8.1%	5.1%
	Within 24 Hours			0.0%	0.0%	0.0%	0.0%	0.0%

<u>Faults</u>	<u>Voltage</u>	<u>2006/10</u> <u>(Target)</u>	<u>2006</u> <u>(Target)</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Overall System								
Faults per 100 circuit kilometres of prescribed voltage electric line		0.58	4.68	3.37	6.53	4.39	4.43	4.70
Faults per 100 circuit kilometres	33kV	1.00	1.00	0.00	0.72	0.72	0.72	0.72
	11kV	9.00	5.00	3.66	7.04	4.71	4.76	5.05
Overhead								
Faults per 100 circuit kilometres of prescribed voltage electric line				3.45	6.50	4.48	4.46	4.78
Faults per 100 circuit kilometres	33kV			0.00	0.72	0.72	0.73	0.73
	11kV			3.76	7.02	4.82	4.79	5.15
Underground								
Faults per 100 circuit kilometres of prescribed voltage electric line				0.00	7.87	0.00	3.14	0.00
Faults per 100 circuit kilometres	33kV			0.00	0.00	0.00	0.00	0.00
	11kV			0.00	7.93	0.00	3.17	0.00

Network Waitaki Limited Lines Business

Reliability and Performance Measures

System Average Interruption Duration Index (SAIDI)

Class		2006/10 (Target)	2006 (Target)	2005	2004	2003	2002	2001	
SAIDI for total number of interruptions	Overall	100	100	104.85	187.0	91.6	78.1	72.2	
SAIDI for total number of interruptions within each interruption class (= a/b)	Class A			0.00	0.0	0.0	0.0	0.0	
	Class B	50	50	61.14	36.7	29.6	34.6	16.7	
	Class C	50	50	43.71	150.3	62.1	43.5	55.5	
	Class D			0.00	0.0	0.0	0.0	0.0	
	Class E - I			0.00	0.0	0.0	0.0	0.0	
a = sum of interruption duration factors for all interruptions within the particular interruption class	Class A				0	0	0	0	
	Class B	550,000	560,000	732,104	421,371	337,116	392,644	189,510	
	Class C	550,000	560,000	523,463	1,727,489	707,489	493,454	631,089	
	Class D				0	0	0	0	
	Class E - I				0	0	0	0	
b = Total Consumers			11,000	11,200	11,975	11,491	11,400	11,341	11,372

System Average Interruption Frequency Index (SAIFI)

Class		2006/10 (Target)	2006 (Target)	2005	2004	2003	2002	2001	
SAIFI for total number of interruptions	Overall	1.39	1.39	1.38	1.65	1.27	1.00	1.03	
SAIFI for total number of interruptions within each interruption class (= a/b)	Class A			0.00	0.00	0.00	0.00	0.00	
	Class B	0.35	0.35	0.35	0.18	0.15	0.20	0.12	
	Class C	1.04	1.04	1.03	1.47	1.12	0.80	0.90	
	Class D			0.00	0.00	0.00	0.00	0.00	
	Class E - I			0.00	0.00	0.00	0.00	0.00	
a = sum of electricity consumers affected by all interruptions	Class A				0	0	0	0	
	Class B	4,207	4,207	4,179	2,084	1,687	2,293	1,380	
	Class C	12,501	12,501	12,322	16,932	12,803	9,019	10,279	
	Class D				0	0	0	0	
	Class E - I				0	0	0	0	
b = Total Consumers			12,020	12,020	11,975	11,491	11,400	11,341	11,372

Connection Average Interruption Duration Index (CAIDI)

Class		2006/10 (Target)	2006 (Target)	2005	2004	2003	2002	2001	
CAIDI for total number of interruptions		Overall	66	67	76.11	113.00	72.09	78.33	70.38
CAIDI for total number of interruptions within each interruption class	Class A			0.000	0.00	0.00	0.00	0.00	
	Class B	143	133	175.144	202.19	199.83	171.24	137.33	
	Class C	48	45	42.499	102.03	55.26	54.71	61.40	
	Class D			0.000	0.00	0.00	0.00	0.00	
	Classes E-I			0.000	0.00	0.00	0.00	0.00	

Network Waitaki Limited Lines Business

FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS - YEAR ENDED 31 MARCH 2005

Derivation Table		Input and Calculations	Symbol	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements		1,084,547				
Operating surplus after interest and income tax adjusted pursuant to regulation 18 (C)		1,084,547				
Interest on cash, bank balances, and short-term investments (ISTI)		502,285				
OSBIT minus ISTI	a	482,282				
Net surplus after tax from financial statements		343,259				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)		343,259				
Amortisation of goodwill and amortisation of other intangibles		0				
Subvention payment	n	0				
Depreciation of PPE at BV (x)	g	0				
Depreciation of PPE at ODV (y)	s	0				
ODV depreciation adjustment	d	1,623,414				
Subvention payment tax adjustment	s ¹	2,025,898				
Interest tax shield	q	(402,474)				
Revaluations	r	195,447				
Income tax	p	741,288				
Numerator				OSBIT ^{AD} = a + n + s + d	NSAT ^{AD} = n + q + s + s ¹ + d	OSBIT ^{AD} = a + q + r + s + d - p - s ¹
Plant, Property & Equipment at end of previous financial year (PA ₀)		45,665,091				
Plant, Property & Equipment at end of current financial year (PA ₁)		45,667,011				
Adjusted net working capital at end of previous financial year (ANWC ₀)		343,851				
Adjusted net working capital at end of current financial year (ANWC ₁)		(220,327)				
Average total funds employed (ATFE)	c	45,728,314				
Total equity at end of previous financial year (TE ₀)		51,323,398				
Total equity at end of current financial year (TE ₁)	k	51,695,697				
Average total equity		51,485,027				
WUC at end of previous financial year (WUC ₀)		389,895				
WUC at end of current financial year (WUC ₁)		899,608				
Average total works under construction	e	643,747				
Revaluations	f	0				
Half of revaluations	r/2	0				
Intangible assets at end of previous financial year (IA ₀)		0				
Intangible assets at end of current financial year (IA ₁)		0				
Average total intangible asset	m	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	v	0				
System Plant, Property & Equipment at end of previous financial year at book value (S)		45,926,475				
System Plant, Property & Equipment at end of current financial year at book value (SF)		45,877,011				
Average value of system plant, property & equipment at book value		45,801,743				
System Plant, Property & Equipment at year beginning at ODV value (SFA _{0,ODV})	f	45,926,475				
System Plant, Property & Equipment at year end at ODV value (SFA _{1,ODV})		45,877,011				
Average value of system plant, property & equipment at ODV value	h	45,801,743				
Denominator				ATFE ^{AD} = c - e - f + h	Ave TE ^{AD} = k - e - m + v - f + h	ATFE ^{AD} = c - e - f + h
Financial Performance Measure:				ROF = OSBIT ^{AD} /ATFE ^{AD} x 100	ROE = NSAT ^{AD} /ATE ^{AD} x 100	ROI = OSBIT ^{AD} /ATFE ^{AD} x 100
				0.20%	-0.12%	-1.88%

1 = 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

Network Waitaki (Lines)
Annual Valuation Reconciliation Report

	2005 \$	2004 \$
System Property, Plant & Equipment at ODV	45,668,091	37,303,371
Adjustment following Commerce Commission Comprehensive Audit Process (under Commerce Act 1986)	0	0
Restated System Property, Plant & Equipment at ODV (start of period)	45,668,091	37,303,371
Add System Property, Plant & Equipment acquired During the period at ODV	2,024,808	1,779,282
Less System Property, Plant and Equipment disposed of During the year	0	(131,478)
Less depreciation on system Property, Plant, & Equipment at ODV	(2,025,888)	(1,623,414)
Add revaluations of system Property, Plant & Equipment		8,340,330
Gives System Property, Plant & Equipment at ODV (end of period)	45,667,011	45,668,091

**Certificate of Financial Statements, Performance Measures, and Statistics
Disclosed by Line Owners other than Transpower**

We, Lindsay Mitchell Malcolm and Clear Margaret Kearney, Directors of Network Waitaki Limited certify that, having made all reasonable enquiry, to the best of our Knowledge.

(a) the attached audited financial statements of Network Waitaki Limited prepared for the purposes Of regulation 6 of the Electricity Information Disclosure Requirements 2004 comply with the requirements of those regulations; and

(b) the attached information, being the derivation table, financial performance measures, efficiency performance measures, statistics, and reliability performance measures in relation to Network Waitaki Limited, and having been prepared for the purpose of regulations 14, 15, 20, and 21 of the Electricity Information Disclosure Requirements 2004 comply with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31 March 2004.



Lindsay Mitchell Malcolm

16 August 2005



Clear Margaret Kearney

16 August 2005



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REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF NETWORK WAITAKI LIMITED – LINES BUSINESS FOR THE YEAR ENDED 31 MARCH 2005

We have audited the financial statements of Network Waitaki Limited – Lines Business on pages 1 to 8. The financial statements provide information about the past financial performance of Network Waitaki Limited – Lines Business and its financial position as at 31 March 2005. This information is stated in accordance with the accounting policies set out on pages 5 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 Network Waitaki Limited – Lines Business 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 Maurice Noone of PricewaterhouseCoopers to undertake the audit.

Basis of Opinion

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

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

We conducted the audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

In addition to the audit we have carried out an audit related assignment for Network Waitaki Limited. This involved issuing an audit opinion on the annual financial statements for the year ended 31 March 2005 as well as audit certificates pursuant to the Commerce Act Electricity Lines Threshold Notice 2004. Other than these assignments we have no relationship with or interest in Network Waitaki Limited.



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AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF NETWORK WAITAKI LIMITED

We have examined the information on pages 13 to 14 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 Network Waitaki Limited and dated 16 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.

A handwritten signature in black ink, appearing to be 'M. Noone', written in a cursive, flowing style.

Maurice Noone
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand
16 August 2005



Unqualified Opinion

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

In our opinion –

- proper accounting records have been maintained by Network Waitaki Limited – Lines Business as far as appears from our examination of those records; and
- the financial statements of Network Waitaki Limited – Lines Business on pages 1 to 8:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Network Waitaki Limited – Lines Business's 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 16 August 2005 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'Maurice Noone'. The signature is written in a cursive, flowing style.

Maurice Noone
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand