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TOP ENERGY LIMITED

INFORMATION FOR DISCLOSURE


PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986


**CERTIFICATION OF FINANCIAL STATEMENTS,
PERFORMANCE MEASURES AND STATISTICS
DISCLOSED BY LINE OWNERS OTHER THAN TRANSPower**

We, Jack Poutsma and Michael Simm, directors of Top Energy Limited certify that, having made all reasonable enquiries, to the best of our knowledge:

- a. The attached audited financial statements of Top Energy Limited prepared for the purposes of regulation 6 of the Commerce Commission's 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 Top Energy 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 2005.



J P Poutsma

M W Simm

Date: 4 August 2005

IMPORTANT NOTE

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

The Requirements determine that the information 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 information contained in this package may change at any time. Pricing and terms are as at the date of disclosure indicated and are not a quote or estimate of rates or terms that will apply in the future.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 12 MONTHS ENDED 31 MARCH 2005**

	<i>Notes</i>	LINE BUSINESS	
		\$	
		2005	2004
Income	1	21,951,828	20,358,632
Less expenses, excluding finance costs	2	17,496,313	15,073,693
Profit before finance, abnormals and taxation		4,455,515	5,284,939
Less net finance costs	3	664,892	630,428
Profit before taxation		3,790,623	4,654,511
Less taxation	4	1,889,642	6,495,000
Profit/(Loss) after taxation		1,900,981	(1,840,489)

This statement is to be read in conjunction with the accompanying notes, accounting policies and audit report.
The Financial Statements have been prepared solely for the purpose of complying with requirements 6(2) and 6(3) of the Electricity Information Disclosure Requirements 2004 and are not intended for any other purpose.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF MOVEMENTS IN EQUITY
FOR THE 12 MONTHS ENDED 31 MARCH 2005**

	<i>Notes</i>	LINE BUSINESS	
		\$	
		2005	2004
EQUITY AS AT 1 APRIL		91,754,451	73,877,216
Profit/(Loss) after taxation		1,900,981	(1,840,489)
Add revaluation of distribution asset			25,067,724
Total recognised revenue and expenses for the year		1,900,981	23,227,235
Less dividends	5	5,500,000	5,350,000
EQUITY AS AT 31 MARCH		88,155,432	91,754,451
Represented by:			
RETAINED EARNINGS			
Opening balance		8,264,017	15,909,306
Profit after taxation		1,900,981	(1,840,489)
Dividend paid	5	(5,500,000)	(5,350,000)
Transfer to capital contribution reserve		(870,220)	(454,800)
		3,794,778	8,264,017
CAPITAL CONTRIBUTIONS RESERVE	Policy 2		
Opening balance		2,986,437	2,531,637
Transferred from retained earnings		870,220	454,800
		3,856,657	2,986,437
ASSET REVALUATION RESERVE	Policy 5		
Opening balance		57,286,017	32,218,293
Revaluation of Distribution asset	10 (ii)		23,941,436
Revaluation of Land & Buildings			1,126,288
		57,286,017	57,286,017
PAID IN CAPITAL	6	23,217,980	23,217,980
		88,155,432	91,754,451

This statement is to be read in conjunction with the accompanying notes, accounting policies and audit report.
The Financial Statements have been prepared solely for the purpose of complying with requirements 6(2) and 6(3) of the Electricity Information Disclosure Requirements 2004 and are not intended for any other purpose.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2005**

	<i>Notes</i>	LINE BUSINESS	
		\$	
		2005	2004
SHAREHOLDERS' FUNDS		88,155,432	91,754,451
Represented by:			
NON CURRENT LIABILITIES			
Term Liabilities	8	7,684,932	7,000,000
Deferred tax	4	4,984,601	4,549,000
CURRENT LIABILITIES			
Bank balances	11	3,878	46,207
Interbusiness current account	12	1,835,285	
Creditors and accruals	9	1,638,097	1,337,436
Term Liabilities within 12 months	8	2,215,068	1,400,000
Taxation payable		1,454,041	1,946,000
		7,146,369	4,729,643
TOTAL EQUITY & LIABILITIES		107,971,334	108,033,094
FIXED ASSETS	10	105,852,010	104,671,243
CURRENT ASSETS			
Cash and bank balances	11	273	343
Interbusiness current account	12		1,773,856
Accounts receivable	13	2,119,051	1,587,652
		2,119,324	3,361,851
TOTAL ASSETS		107,971,334	108,033,094
		88,155,432	91,754,451

This statement is to be read in conjunction with the accompanying notes, accounting policies and audit report.
The Financial Statements have been prepared solely for the purpose of complying with requirements 6(2) and 6(3) of the Electricity Information Disclosure Requirements 2004 and are not intended for any other purpose.

TOP ENERGY LIMITED**SPECIAL PURPOSE FINANCIAL STATEMENTS****FINANCIAL STATEMENTS****STATEMENT OF CASH FLOW****FOR THE YEAR ENDED 31 MARCH 2005**

	LINE BUSINESS	
	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Receipts from customers	21,420,439	21,319,051
Interest received		
Dividends received		
GST receivable	54,019	33,575
	21,474,458	21,352,626
Cash was disbursed to:		
Payments to suppliers and employees	12,690,877	11,672,618
Interest paid	654,218	630,232
Taxation paid	1,946,000	1,472,000
GST Payable		
	15,291,095	13,774,850
Net cash from operating activities	6,183,363	7,577,776
CASHFLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Sale of fixed assets		
Other businesses	3,484,058	2,711,366
Cash was applied to:		
Purchase and construction of fixed assets	5,625,162	4,419,672
Net cash used in investing activities	(2,141,104)	(1,708,306)
CASHFLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Proceeds of Term Loan	1,500,000	
Cash was applied to:		
Dividends paid	5,500,000	5,350,000
Repayment of loans		600,000
Net cash from financing activities	(4,000,000)	(5,950,000)
NET INCREASE/(DECREASE) IN CASH HELD	42,259	(80,530)
OPENING CASH	(45,864)	34,666
CLOSING CASH	(3,605)	(45,864)

This statement is to be read in conjunction with the accompanying notes, accounting policies and audit report.
The Financial Statements have been prepared solely for the purpose of complying with requirements 6(2) and 6(3)
of the Electricity Information Disclosure Requirements 2004 and are not intended for any other purpose.

TOP ENERGY LIMITED**FINANCIAL STATEMENTS****SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF CASH FLOW****FOR THE YEAR ENDED 31 MARCH 2005**

	LINE BUSINESS	
	2005 \$	2004 \$
CASH COMPRISES		
Cash on hand	273	343
BNZ current account	(3,878)	(46,207)
	(3,605)	(45,864)
RECONCILIATION OF NET PROFIT AFTER TAXATION TO CASHFLOW FROM OPERATING ACTIVITIES		
Reported Net Profit/(Loss) after Taxation	1,900,981	(1,840,489)
Add/(Less) items classified as investing or financing activities		
Net loss/(profit) on disposal of assets	43,408	105,199
Add/(Less) other non-cash items:		
Change in provisions for leave etc	231,026	(33,289)
Depreciation	4,400,987	3,465,727
Provision for deferred tax	435,601	4,549,000
	5,067,614	7,981,438
Add/(Less) movement in other working capital items		
Increase/(decrease) in tax payable	(491,960)	474,000
(Increase)/decrease in accounts receivable	(531,399)	960,419
Increase/(decrease) in accounts payable	194,719	(102,791)
	(828,640)	1,331,628
NET CASHFLOWS FROM OPERATING ACTIVITIES	6,183,363	7,577,776

This statement is to be read in conjunction with the accompanying notes, accounting policies and audit report.
The Financial Statements have been prepared solely for the purpose of complying with requirements 6(2) and 6(3)
of the Electricity Information Disclosure Requirements 2004 and are not intended for any other purpose.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF ACCOUNTING POLICIES
FOR THE 12 MONTHS ENDED 31 MARCH 2005****STATEMENT OF ACCOUNTING POLICIES**

The financial statements are those of the Line business of Top Energy Limited. Top Energy Limited is owned 100% by the Top Energy Consumer Trust and these organisations are in a "Prescribed Business Relationship" as defined by Requirement 3(1)(a)(ii) of the Electricity Information Disclosure Requirements 2004.

The period reported is 1 April 2004 to 31 March 2005.

These financial statements are prepared in accordance with Regulations 6(2) and 6(3) of the Electricity Information Disclosure Requirements 2004. The financial statements have not been prepared for the purpose of the Financial Reporting Act 1993, or the Energy Companies Act 1992.

GENERAL ACCOUNTING POLICIES

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

Methodology of Separation of Business

Top Energy Limited has followed the Electricity Information Disclosure Requirements 2004 dated 7 May 2004, as issued by the Commerce Commission.

PARTICULAR ACCOUNTING POLICIES

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

1 Sales

Sales shown in the Statement of Financial Performance comprise the amounts received and receivable by the Company for electricity distribution services supplied to customers in the ordinary course of business. Sales are stated exclusive of Goods and Services Tax collected from customers.

2 Capital Contributions

Funds received from customers, as a contribution towards the cost of uneconomic supply facilities, are recognised in the statement of financial performance as soon as any obligations attaching to the contributions have been met.

Where a customer's circumstances change such that a part or all of the contribution is to be refunded, then a separately established reserve has been set up for this purpose. Contributions may be refunded within 10 years of the original date of payment.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF ACCOUNTING POLICIES
FOR THE 12 MONTHS ENDED 31 MARCH 2005****3 Taxation**

The taxation charged against the profit for the year is both the current year's provision and the income tax effects of timing differences calculated using the liability method.

Tax effect accounting is applied on a comprehensive basis to all timing differences. Future taxation benefits attributable to timing differences or to losses carried forward are recognized in the financial statements only where there is virtual certainty that the benefit of the losses will be utilised by the Company.

4 Accounts Receivable

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

5 Property, Plant & Equipment

Property, plant & equipment held by the former Bay of Islands Electric Power Board were vested in the Company, Top Energy Ltd, on 1 May 1993 under the Energy Companies Act 1992. Property, plant & equipment were vested at book value as at 1 May 1993, and represent "cost" to the Company.

The cost of Property, plant & equipment purchased after 1 May 1993 is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The cost of self - constructed assets includes the cost of all materials used in construction, direct labour on the project, costs of obtaining Resource Management Act consents and an appropriate proportion of variable and fixed overheads. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency cost.

The Distribution system asset has been valued to depreciated replacement cost at 31 March 2004 based on a valuation conducted by Sinclair, Knight and Mertz Ltd, registered valuers. The Distribution system asset is valued on a 3 - 5 year cycle

Capital work-in-progress includes materials, and a portion of direct labour and production overhead appropriate to the stage of completion attained.

Land and Buildings relating to substations are "owned" by the lines business. These have been valued to fair value at 31 March 2004 based on a valuation conducted by Telfer Young Ltd, registered valuers.

TOP ENERGY LIMITED

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES FOR THE 12 MONTHS ENDED 31 MARCH 2005

6 Depreciation

Land and work-in-progress assets are not depreciated. Other property, plant & equipment assets are depreciated on a straight line (SL) or diminishing value (DV) basis that has regard to their historical cost, estimated useful life and expected residual value:

	Years
Straight line basis	
Distribution system	
Lines, Transformers & Substations	45 – 60
Switchgear	35
SCADA Communications equipment	15
Buildings	50
Office equipment, Plant and Furniture	10
Information systems assets	5 - 10
Chainsaws	3
Computer Software	3
	Rate
Diminishing value basis	
Motor Vehicles	20%

7 Statement of Cash Flows

The following is the definition of terms used in the Statement of Cash Flows:

“Cash” means coins and notes, demand deposits and other highly liquid investments in which the Company has invested as part of its day-to-day cash management. Cash includes liabilities which are the negative form of the above, such as the bank overdraft. Cash does not include accounts receivable or payable, or any borrowing subject to a term facility.

“Investing activities” are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.

“Financing activities” are those activities which result in changes in the size and capital structure of the Company. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.

“Operating activities” include all transactions and other events that are not investing or financing activities and includes interest and dividends received in relation to investments.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****STATEMENT OF ACCOUNTING POLICIES
FOR THE 12 MONTHS ENDED 31 MARCH 2005****8 Financial Instruments**

All financial instruments are recognised in the Statement of Financial Position except for off balance sheet instruments such as guarantees.

Financial instruments including cash, bank, accounts receivable, accounts payable, and term debt are generally carried at their estimated fair value.

Top Energy Ltd has entered into various financial instruments with off-balance sheet risk for the primary purpose of reducing its exposure to interest. While these financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.

Changes in Accounting Policies

There were no material changes in accounting policy.

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2005**

		LINE BUSINESS	
		\$	
		2005	2004
1	INCOME		
	Electricity Line revenue	20,391,889	18,991,430
	AC loss rental rebate	482,697	786,713
	Capital contributions	1,077,242	580,489
	Total income	21,951,828	20,358,632
2	NET PROFIT BEFORE TAXATION		
	The net profit before tax is stated after charging:		
	Loss/(Profit) on disposal of fixed assets	43,408	105,199
	Depreciation	4,400,987	3,465,727
	Buildings	-	4,440
	Distribution System	4,009,459	3,092,346
	Centralised Load control equipment	21,750	12,632
	Office equipment & furniture	14,093	9,821
	Information system & billing assets	329,039	313,181
	Vehicles	26,646	33,307
	Auditors - audit services	35,333	40,208
	- regulatory/ODV reporting & price control submission	30,530	37,931
	Directors' fees	149,589	141,420
	Bad debts		

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2005**

		LINE BUSINESS	
		\$	
		2005	2004
3 NET FINANCE COSTS	Comprise:		
	Interest - term debt	658,476	608,548
	Interest - other	6,416	21,880
	Net finance costs	664,892	630,428
4 TAXATION			
	The taxation provision has been calculated as follows:		
	Profit for the period	3,790,623	4,654,511
	Taxation for the period at 33%	1,250,906	1,535,989
	Plus/(Less) tax effect of:		
	Non taxable income	(355,490)	(191,561)
	Non deductible items	994,226	
	Unrecognised timing differences		5,130,397
	Timing differences not previously recognised		
		1,889,642	6,474,825
	The taxation charge is represented by:		
	Taxation payable in respect of the current period	1,454,041	1,925,824
	Prior year under/(over)provision		20,176
	Deferred tax	435,601	4,549,000
		1,889,642	6,495,000
DEFERRED TAX LIABILITY		\$	\$
Balance at beginning of year		4,549,000	
Transfer to Statement of financial performance		435,601	4,549,000
Balance at end of year		4,984,601	4,549,000
5 DIVIDENDS			
	Ordinary dividend paid (.214 cents per share)		5,350,000
	Ordinary dividend paid (.22 cents per share)	5,500,000	
	Total dividends paid or provided	5,500,000	5,350,000

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2005**

	LINE BUSINESS	
	\$	
	2005	2004
6 SHARE CAPITAL		
23,042,500 ordinary shares issued to the trustees of the Top Energy Consumer Trust for a consideration of	23,217,980	23,217,980
Net assets vested in the Company 1 May 1993	23,217,980	23,217,980
7 IMPUTATION CREDIT ACCOUNT		
Opening balance	(1,261,582)	(98,507)
Plus income tax paid	1,946,000	1,472,000
Imputation credits attached to dividends paid	(2,708,955)	(2,635,075)
Closing Balance	(2,024,537)	(1,261,582)

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2005**

				LINE BUSINESS	
				\$	
8 TERM LIABILITIES	Interest			2005	2004
	Rate %	Repayable	Fair Value		
BNZ Loans **					
Borrowing 31.03.05	7.17	05.04.05	45,206	45,205	
Borrowing 21.03.05	7.15	20.04.05	1,627,540	1,627,397	
Borrowing 29.03.05	7.10	20.04.05	544,576	542,466	
Borrowing 18.12.03	6.85*	09.08.10	2,194,574	2,260,274	
Borrowing 18.12.03	7.00*	21.03.11	1,312,208	1,356,164	
Borrowing 18.12.03	6.76*	04.05.12	1,727,243	1,808,219	
Borrowing 18.12.03	6.81*	07.08.12	2,163,563	2,260,274	
BNZ loans					8,400,000
				9,900,000	8,400,000
Less current portion				2,215,068	1,400,000
Term liabilities				7,684,932	7,000,000
Repayable as follows:					
Due after 1 but before 2 years					
Due after 2 but before 5 years					
Due after 5 but before 10 years				7,684,932	7,000,000
				7,684,932	7,000,000

* Effective interest rate under interest rate swap agreements

** Under a Facility Agreement dated 17 December 2003.

BNZ loans are secured by deed of guarantee from group companies.

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2005**

9 CREDITORS AND ACCRUALS	LINE BUSINESS	
	\$	
	2005	2004
	2005	2004
Accounts payable and accruals	1,290,764	779,105
Payroll & other provisions	347,333	558,331
	1,638,097	1,337,436

10 FIXED ASSETS

	Cost or Valuation		Acc. Depreciation		Net Book Value	
	2005	2004	2005	2004	2005	2004
Land & Buildings at valuation	1,522,342	1,477,000	(48,461)		1,473,881	1,477,000
Distribution system	106,718,505	102,057,321	(4,052,867)		102,665,638	102,057,321
- At Cost	4,661,184		(40,425)		4,620,759	-
- At Valuation	102,057,321	102,057,321	(4,012,442)		98,044,879	102,057,321
Centralised load control equipment	183,879	183,879	(21,750)		162,129	183,879
Office equipment & furniture	154,521	136,300	(103,100)	(87,512)	51,421	48,788
Information system & billing assets	1,907,758	2,072,158	(1,352,524)	(1,435,010)	555,234	637,148
Vehicles	163,444	186,854	(35,965)	(53,626)	127,479	133,228
Capital work in progress	816,228	133,879			816,228	133,879
Total fixed assets	111,466,677	106,247,391	(5,614,667)	(1,576,148)	105,852,010	104,671,243

i) There is no Goodwill or other intangible fixed asset in Line business Fixed assets.

ii) Land & buildings were revalued at 31 March 2004 by Telfer Young Ltd, registered valuer.

The Distribution system was revalued by independent engineering consultants, Sinclair, Knight & Mertz. The valuation was carried out at 31 March 2004 and the report is dated 21 May 2004. Additions for 2005 are at cost. The valuation is based on depreciated replacement cost (DRC) of the distribution system asset. The Directors consider this valuation to be fair.

TOP ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2005**

	LINE BUSINESS	
	\$	
	2005	2004
11 CASH AND BANK BALANCES		
CURRENT ASSETS		
Comprise		
Cash on hand	273	343
BNZ current account	273	343
CURRENT LIABILITY		
BNZ current account	(3,878)	(46,207)
Net cash & Bank position	(3,605)	(45,864)
12 INTERBUSINESS CURRENT ACCOUNT		
Represents notional net funds advanced to the Lines business from 'Other businesses',		
- Account (payable)/ receivable	(1,203,585)	2,304,166
- Account (payable) for March month	(631,700)	(530,310)
	(1,835,285)	1,773,856
13 ACCOUNTS RECEIVABLE		
Comprise:		
Trade debtors	1,932,491	1,470,475
Accruals and prepayments	186,560	117,177
	2,119,051	1,587,652

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2005****14 RELATED PARTY TRANSACTIONS**

There have been no material related party transactions requiring disclosure in accordance with SSAP 22 "Related Party Disclosures", apart from the following:

i. Top Energy Consumer Trust:

Top Energy Ltd is wholly owned by Top Energy Consumer Trust. For the period ended 31 March 2005, Top Energy Ltd paid \$5.5m (31 March 2004: \$5.35m) in the form of a dividend to the above Trust. This payment is reflected in the Statement of movements in Equity of Top Energy Ltd.

During the period Top Energy processed transactions on an agency basis on behalf of the Trust in order to settle routine business dealings. As at 31 March 2005, a balance of \$93,277 (31 March 2004: \$1,379 Account Receivable) owing by the Company to the Trust has been included in accounts payable in the statement of financial position. All transactions with the Trust were made on normal business terms.

ii. Transfer Payments between Line & 'Other' business:

The following related party transactions occurred in the year between the Line & Other businesses.

Note		2005 (Income)/cost	2004 (Income)/cost
Transfer Payment Cost to Line:			
	a	3,629,789	2,472,716
Asset maintenance services			
Avoided transmission charges	b	610,885	609,000
Property rental	c	77,872	37,456
Payment for meter data		Nil	Nil
Consumer based load control		Nil	Nil
Disconnection/reconnection services		Nil	Nil
Asset construction	d		
Subtransmission assets		Nil	Nil
Zone substations		34,200	934,935
Distribution lines & cable		2,360,412	1,478,895
Medium voltage switchgear		-	-
Distribution transformers		1,635,801	17,936
Distribution substations		-	-
Low voltage lines & cables		1,261,173	706,772
Other system fixed assets		-	-

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2005****14 RELATED PARTY TRANSACTIONS**

- a. Asset maintenance services are provided by the Contracting Division in respect of the System fixed asset. Services are provided as contracted by the Line business and are charged at market rates on an arms length basis. Services were provided throughout the year. The outstanding balance at 31 March 2005 was \$279,000 (2004: \$206,000).
- b. Avoided Transmission charges are paid in respect of embedded generation provided by Ngawha Generation Limited. Charges are based on the Transpower market rate. The service was provided for the full year. The outstanding balance at 31 March 2005 was \$50,900 (2004: \$50,750).
- c. Property facilities are provided to the Line business by the Property Division. Rentals are at market rates for the specific sites. Services were provided throughout the year. The property rental includes cost recovery in respect of rates of \$14,617 (2004: \$13,996).
- d. Asset construction services are provided by the Contracting Division in respect of the System fixed asset. Services are provided as contracted by the Line business and are charged on a full cost recovery basis. Services were provided throughout the year. The outstanding balance at 31 March 2005 was \$301,800 (2004: \$261,544).

15 FINANCIAL INSTRUMENTS**a. Currency and Interest Rate Risk**

Nature of activities and management policies with respect to financial instruments:

i. Currency

The Group has undertaken foreign currency transactions from time to time in connection with its activities. To manage the foreign currency risk the Group has used forward exchange contracts. There are no contracts in place at 31 March 2005.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2005****15 FINANCIAL INSTRUMENTS****ii. Interest Rate**

The Company has a \$65m Facility Agreement with BNZ. An amount of \$35m is a facility in relation to the possible expansion of the Ngawha geothermal project, no advance has been made at balance date. The Core business facility of \$30m allows borrowings to be made over variable periods. At balance date \$9.9m was advanced to the Line business and these advances will be renewed to coincide with funding requirements. The expected repayment dates are disclosed in Note 8.

The principal or contract amounts of interest rate contracts outstanding at 31 March 2005 for the Line business are \$7.68m (2004: \$7m). The effective interest rates are disclosed in Note 8.

The Company has not entered into forward agreements or futures transactions.

b. Concentration of Credit Risk

In the normal course of its business, the Company incurs credit risk from trade debtors and transactions with financial institutions.

The Company has a credit policy which is used to manage its exposure to credit risk. As part of this policy, limits on exposures with counterparties have been set and approved by the Board of Directors and are monitored on a regular basis.

The Company does not have any significant concentrations of credit risk. The Company does not require any collateral or security to support financial instruments as it only deposits with, or lends to, banks and other financial institutions of recognised quality. The Company does not expect the non-performance of any material obligations at balance date.

c. Fair Values

The following methods were used to estimate the fair values of these classes of financial instruments:

- i. Cash and liquid deposits, debtors and other accounts receivable including sundry debtors, creditors and other accounts payable including sundry creditors, loans payable within twelve months.

The carrying value of these items is equivalent to their fair value.

ii. Term Liabilities – see Note 8.

TOP ENERGY LIMITED**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 31 MARCH 2005****16 SEGMENT INFORMATION**

The Lines business operates primarily in one industry, the electricity conveyance industry, and in one geographic location: Northland, New Zealand.

17 CAPITAL EXPENDITURE COMMITMENTS

Top Energy Ltd had no commitments for capital expenditure at 31 March 2005 (31 March 2004: \$94,616).

18 CONTINGENT LIABILITIES

The Company and its subsidiaries provide bank guarantees.

19 EVENTS OCCURRING AFTER BALANCE DATE

There are no events which have arisen after the balance sheet date that require disclosure.

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

para		2005 \$	2004 \$
1	Current assets		
(a)	Cash and bank balances:	273	343
(b)	Short-term investments:		
(c)	Inventories:		
(d)	Accounts receivable:	2,119,051	1,587,652
(e)	Other current assets not listed in (a) to (d):		1,773,856
(f)	Total current assets	2,119,324	3,361,851
2	Fixed assets		
(a)	System fixed assets:	104,301,648	103,718,201
(b)	Consumer billing and information system assets:	555,234	637,148
(c)	Motor vehicles:	127,479	133,228
(d)	Office equipment:	51,421	48,788
(e)	Land and buildings:		
(f)	Capital works under construction:	816,228	133,879
(g)	Other fixed assets not listed in (a) to (f):		
(h)	Total fixed assets	105,852,010	104,671,242
3	Other tangible assets not listed above	0	0
4	Total tangible assets	107,971,334	108,033,093
5	Intangible assets		
(a)	Goodwill:	0	0
(b)	Other intangibles not listed in (a) above:	0	0
(c)	Total intangible assets	0	0
6	Total assets	107,971,334	108,033,093
7	Current liabilities		
(a)	Bank overdraft:	3,878	46,207
(b)	Short-term borrowings:	2,215,068	1,400,000
(c)	Payables and accruals:	1,638,097	1,337,436
(d)	Provision for dividends payable:		
(e)	Provision for income tax:	1,454,041	1,946,000
(f)	Other current liabilities not listed in (a) to (e) above:	1,835,285	
(g)	Total current liabilities	7,146,369	4,729,643
8	Non-current liabilities		
(a)	Payables and accruals:		
(b)	Borrowings:	7,684,932	7,000,000
(c)	Deferred tax:	4,984,601	4,549,000
(d)	Other non-current liabilities not listed in (a) to (c) above:	0	0
(e)	Total non-current liabilities	12,669,533	11,549,000
9	Equity		
(a)	Shareholders' equity:		
(i)	Share capital:	23,217,980	23,217,980
(ii)	Retained earnings:	3,794,778	8,264,017
(iii)	Reserves:	61,142,674	60,272,454
(iv)	Total Shareholders' equity:	88,155,432	91,754,451
(b)	Minority interests in subsidiaries:	0	0
(c)	Total equity:	88,155,432	91,754,451
(d)	Capital notes:	0	0
(e)	Total capital funds:	88,155,432	91,754,451
10	Total equity and liabilities	107,971,334	108,033,094

Operating Revenue (Schedule 1, Part 2)

para

11

11 Operating revenue

- (a) (a) Revenue from line/access charges:
- (b) (b) Revenue from "Other" business for services carried out by the line business (transfer payment):
- (c) (c) Interest on cash, bank balances and short term investments:
- (e) (d) AC loss-rental rebates:
- (f) (e) Other revenue not listed in (a) to (d):
- (g) **Total operating revenue**

2005	2004
20,391,889	18,991,430
482,697	786,713
1,077,242	580,489
21,951,828	20,358,632

para

Expenditure (Schedule 1, Part 2)**12 Operating expenditure**

- (a) Payment for transmission charges
- (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
 - (viii) **Total transfer payment to the "Other" business**
- (c) Expense to entities that are not related parties for:
 - (i) Asset maintenance:
 - (ii) Consumer disconnection/reconnection services
 - (iii) Meter data
 - (iv) Consumer-based load control services
 - (v) Royalty and patent expenses
 - (vi) Total of specified expenses to non-related parties (sum of (i) to (v))
- (d) Employee salaries, wages and redundancies
- (e) Consumer billing and information system expense
- (f) Depreciation on:
 - (i) System fixed assets:
 - (ii) Other assets not listed in (i)
 - (iii) **Total depreciation**
- (g) Amortisation of:
 - (i) Goodwill:
 - (ii) Other intangibles:
 - (iii) **Total amortisation of intangibles**

2005	2004
5,148,446	4,811,438
3,356,241	2,472,316
610,885	609,000
3,967,126	3,081,316
535,113	499,980
2,059,085	1,864,981
104,963	113,040
4,009,459	3,210,177
391,528	360,750
4,400,987	3,570,927
0	0

Expenditure (Schedule 1, Part 2)

		2005	2004
(h)	Corporate and administration:	441,122	356,380
(i)	Human resource expenses:	86,554	74,578
(j)	Marketing/advertising:	172,896	168,591
(k)	Merger and acquisition expenses:		
(l)	Takeover defence expenses:		
(m)	Research and development expenses:		
(n)	Consultancy and legal expenses:	197,389	212,311
(o)	Donations:		
(p)	Directors' fees:	155,967	141,420
(q)	Auditors' fees:		
	(i) Audit fees paid to principal auditors:	35,333	40,208
	(ii) Audit fees paid to other auditors:		
	(iii) Fees paid for other services provided by principal and other auditors:	30,530	37,931
	(iv) Total auditors' fees:	65,863	78,139
(r)	Costs of offering credit:		
	(i) Bad debts written off:		
	(ii) Increase in estimated doubtful debts:		
	(iii) Total cost of offering credit:		
(s)	Local authority rates expense:		
(t)	AC loss-rentals (distribution to retailers/customers) expense:		
(u)	Rebates to consumers due to ownership interest:		
(v)	Subvention payments:		
(w)	Unusual expenses:		
(x)	Other expenditure not listed in (a) to (w)	160,803	100,592
13	Total operating expenditure	17,496,313	15,073,693
14	Operating surplus before interest and income tax	4,455,515	5,284,939
15	Interest expense		
	(a) Interest expense on borrowings	664,892	630,428
	(b) Financing charges related to finance leases		
	(c) Other interest expense		
	(d) Total interest expense		
16	Operating surplus before income tax	664,892	4,654,511
17	Income tax	1,889,642	6,495,000
18	Net surplus/(defecit) after tax	1,900,981	(1,840,489)

**Schedule 1 -part 8 of the Electricity Requirements 2004****Annual Valuation Reconciliation Report of System Fixed Assets**

	\$'000
Year ending 31 March 2005	98,120
System fixed assets at ODV – 31 March 2004	96,695
Add system fixed assets acquired during the year	5,477
Less system fixed assets disposed of during the year	(43)
Less depreciation on system fixed assets	(4,009)
Revaluations	-
Equals system fixed assets at ODV – 31 March 2005	<u>98,120</u>

August 2005

TOP ENERGY LIMITED

Performance Measures and Statistics
For the Year Ended 31 March 2005

Regulation 22

Reliability Performance Measures

i. Total number of interruptions and breakdowns by interruption class

Class Type of Interruption	Target		2005	2004	2003	2002
	5yr Ave.	2006				
A Planned - Transpower			No	No	No	No
B Planned - Top Energy			0	0	0	2
C Unplanned - Top Energy	135	135	147	169	144	195
D Unplanned - Transpower	200	210	220	219	249	244
E Unplanned - Embedded Generation			2	1	0	6
F Unplanned - Other Generation			0	0	0	0
G Unplanned - Another Line owner			0	0	0	0
H Planned - Another Line owner			0	0	0	0
I Any other interruption			0	0	0	0
Total - All interruptions			369	389	393	447
Class C Interruptions not restored:			%	%	%	%
a Within 3 hours			46%	42%	30%	34%
b Within 24 hours			0%	1%	0%	0%

ii. Number of faults per 100 circuit kms

Line Voltage	Total				Underground				Overhead			
	2005	2004	2003	2002	2005	2004	2003	2002	2005	2004	2003	2002
100kV												
66kV												
33kV	2.22	4.78	7.74	4.10	0	0	0	0	2.22	4.81	7.74	4.10
11kV	8.71	7.28	7.21	7.34	0	0	0	0	8.71	7.59	7.38	7.50
6.6kV												
3.3kV												
Total	8.07	7.06	7.25	7.11	0	0	0	0	8.07	7.34	7.41	7.25
Target Faults:			Target	Target	Target			Target	Target	Target	Target	Target
			5yr Ave.	2006				5yr Ave.	2006			
33kV			2.0	2.0				0.0	0.0			
11kV			6.5	7.7				0.0	0.0			
Total			6.0	7.0				0.0	0.0			

iii. Breakdown of statistics by interruption class

Class Type of Interruption	SAIDI (Minutes)				SAIFI (Interruptions)				CAIDI (Minutes)			
	2005	2004	2003	2002	2005	2004	2003	2002	2005	2004	2003	2002
A Planned - Transpower	0.0	0.0	0.0	148.0	0.0	0.0	0.0	1.3	0.0	0.0	0.0	115.0
B Planned - Top Energy	39.4	39.5	37.0	48.0	0.3	0.3	0.3	0.3	154.0	113.0	136.0	150.0
C Unplanned - Top Energy	343.1	311.9	382.9	287.0	4.3	4.2	6.1	4.8	80.0	74.0	63.0	60.0
D Unplanned - Transpower	113.7	1.5	0.0	191.0	1.6	0.1	0.0	3.8	71.0	17.0	0.0	50.0
E Unplanned - Embedded Generatio	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
F Unplanned - Other Generation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
G Unplanned - Another Line owner	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
H Planned - Another Line owner	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
I Any other interruption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total - All interruptions	496.2	352.9	419.9	674.0	6.2	4.6	6.4	10.2	81.0	77.0	66.0	66.0
Targets:	Target 5yr Ave.	Target 2006			Target 5yr Ave.	Target 2006			Target 5yr Ave.	Target 2006		
B Planned - Top Energy	40	40			0.3	0.3			139	133		
C Unplanned - Top Energy	290	300			4.9	4.9			65	65		

TOP ENERGY LIMITED

Performance Measures and Statistics
For the Year Ended 31 March 2005

Regulations 15 and 16

i. Financial Performance Measures

	2005	2004*	2003	2002
a. Return on Funds	4.5%	5.9%	8.60%	9.30%
b. Return on Equity	2.3%	-2.4%	6.20%	6.40%
c. Return on Investment	2.4%	24.6%	6.00%	6.90%

* 2004 - includes the effect of (1) revaluations and (2) providing for deferred tax for the first time.

ii. Efficiency Performance Measures

	2005	2004	2003	2002
	\$	\$	\$	\$
a. Direct Line Costs per kilometre	1,388	1,087	853	782
b. Indirect Line Costs per Electricity Customer	77	68	63	62

Optimised Deprival Valuation

The Optimised Deprival Valuation as at 31 March 2005 is \$98,120,000.

Regulation 21

i. Energy Delivery Efficiency Performance Measures

	2005	2004	2003	2002
	%	%	%	%
a. Load Factor	67.5	65.0	63.0	62.0
b. Loss Ratio	7.7	6.8	7.2	9.3
c. Capacity Utilisation	29.7	33.0	32.0	32.0

ii. Statistics

See table below for the following statistics:

- a. System Length (kms) and breakdown by nominal line voltage.
b. Underground circuit length (kms) and breakdown by nominal line voltage.
c. Overhead circuit length (kms) and breakdown by nominal line voltage.

		Kilometres							
		(c)				(b)			
		Overhead Circuit				Underground Circuit			
		2005	2004	2003	2002	2005	2004	2003	2002
33kV		270	270	270	270	2	2	2	2
11kV		2,717	2,713	2,703	2,689	133	116	109	101
400V		307	310	310	310	441	417	400	383
		<u>3,294</u>	<u>3,293</u>	<u>3,283</u>	<u>3,269</u>	<u>576</u>	<u>535</u>	<u>511</u>	<u>486</u>

		(a)			
		Total System			
		2005	2004	2003	2002
		272	272	272	272
		2,850	2,829	2,812	2,790
		<u>748</u>	<u>727</u>	<u>710</u>	<u>693</u>
		<u>3,870</u>	<u>3,828</u>	<u>3,794</u>	<u>3,755</u>

	2005	2004	2003	2002
d. Transformer Capacity (kVA)	198,815	181,420	187,228	180,899
e. Maximum Demand (kW)	59,000	59,000	59,000	58,000
f. Total Electricity supplied by System before losses	348,720,837	336,368,518	326,432,018	316,149,000
g. Total Elec' conveyed by System for other persons after losses	321,750,316	313,545,550	302,869,976	286,724,192
Retailer 1	220,374,975	216,756,107	213,985,548	210,461,645
Retailer 2	65,305,548	56,924,734	55,250,394	42,789,736
Retailer 3	17,479,397	12,872,628	19,619,233	21,080,083
Retailer 4	8,111,455	14,307,470	9,104,627	5,540,988
Retailer 5	8,009,326	6,666,071	2,458,876	3,575,163
Retailer 6	2,852,309	6,018,540	2,451,298	3,164,853
Retailer 7				111,724
h. Total Customers (average for year)	27,656	27,075	27,590	27,044

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					
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	4,455,515				
Interest on cash, bank balances, and short-term investments (ISTI)	0				
OSBIT minus ISTI	4,455,515	a	4,455,515		4,455,515
Net surplus after tax from financial statements	1,900,981				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	1,900,981	n		1,900,981	
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)	4,009,459				
Depreciation of SFA at ODV (y)	4,009,459				
ODV depreciation adjustment	0	d	add 0	add 0	add 0
Subvention payment tax adjustment	0	s*t		deduct 0	deduct 0
Interest tax shield	219,414	q			deduct 219,414
Revaluations	0	r			add 0
Income tax	1,889,642	p			deduct 1,889,642
Numerator			4,455,515 OSBIT ^{ADJ} = a + q + s + d	1,900,981 NSAT ^{ADJ} = n + q + s - s*t + d	2,346,459 OSBIT ^{ADJ} = a + g + q + r + s + d - p - s*t
Fixed assets at end of previous financial year (FA ₀)	104,671,242				
Fixed assets at end of current financial year (FA ₁)	105,852,010				
Adjusted net working capital at end of previous financial year (ANWC ₀)	204,009				
Adjusted net working capital at end of current financial year (ANWC ₁)	476,803				
Average total funds employed (ATFE)	105,602,032 (or regulation 33 time-weighted average)	c	105,602,032		105,602,032
Total equity at end of previous financial year (TE ₀)	91,754,451				
Total equity at end of current financial year (TE ₁)	88,155,432				
Average total equity	89,954,942 (or regulation 33 time-weighted average)	k		89,954,942	
WUC at end of previous financial year (WUC ₀)	133,879				
WUC at end of current financial year (WUC ₁)	816,228				
Average total works under construction	475,054 (or regulation 33 time-weighted average)	e	deduct 475,054	deduct 475,054	deduct 475,054
Revaluations	0	r			
Half of revaluations	0	r/2			deduct 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	0 (or regulation 33 time-weighted average)	m		add 0	
Subvention payment at end of previous financial year (S ₀)	0				
Subvention payment at end of current financial year (S ₁)	0				
Subvention payment tax adjustment at end of previous financial year	0				
Subvention payment tax adjustment at end of current financial year	0				
Average subvention payment & related tax adjustment	0	v		add 0	
System fixed assets at end of previous financial year at book value (SFA _{bv0})	103,718,201				
System fixed assets at end of current financial year at book value (SFA _{bv1})	104,301,648				
Average value of system fixed assets at book value	104,009,925 (or regulation 33 time-weighted average)	f	deduct 104,009,925	deduct 104,009,925	deduct 104,009,925
System Fixed assets at year beginning at ODV value (SFA _{odv0})	96,695,000				
System Fixed assets at end of current financial year at ODV value (SFA _{odv1})	98,120,000				
Average value of system fixed assets at ODV value	97,407,500 (or regulation 33 time-weighted average)	h	add 97,407,500	add 97,407,500	add 97,407,500
Denominator			98,524,554 ATFE ^{ADJ} = c - e - f + h	82,877,464 Ave TE ^{ADJ} = k - e - m + v - f + h	98,524,554 ATFE ^{ADJ} = c - e - 1/2r - f + h
Financial Performance Measure:			4.5 ROF = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100	2.3 ROE = NSAT ^{ADJ} /ATE ^{ADJ} x 100	2.4 ROI = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100

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



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AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF TOP ENERGY LIMITED

We have examined the information 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 Top Energy Limited and dated 4 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 read 'G. Pinfold'.

Graeme Pinfold
PricewaterhouseCoopers
On behalf of the Auditor-General
Auckland, New Zealand
4 August 2005



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REPORT OF THE AUDITOR-GENERAL

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

We have audited the financial statements of Top Energy Limited – Lines Business on pages 1 to 20. The financial statements provide information about the past financial performance of Top Energy 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 7 to 10.

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 Top Energy 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 Graeme Pinfold 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 Top Energy 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 the Top Energy 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 assignment we have no relationship with or interest in the Top Energy Limited.

**Unqualified Opinion**

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

In our opinion –

- proper accounting records have been maintained by Top Energy Limited – Lines Business as far as appears from our examination of those records; and
- the financial statements of Top Energy Limited – Lines Business on pages 1 to 20:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Top Energy 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 4 August 2005 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'G Pinfold', written over a horizontal line.

Graeme Pinfold
PricewaterhouseCoopers
On behalf of the Auditor-General
Auckland, New Zealand