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ELECTRICITY ASHBURTON LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

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

We, Edwin Glass and Gary Richard Leech, Directors of Electricity Ashburton Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) The attached audited financial statements of Electricity Ashburton Limited, prepared for the purposes of regulation 6 of the Commerce Commission's Electricity Information Disclosure Requirements 2004 comply with those Requirements; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to Electricity Ashburton 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.

Dated this 22nd day of December 2004



Director



Director

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2004**

	Note	2004 \$	2003 \$
REVENUE			
Line Charges	2	17,958,775	16,569,339
Other		<u>1,847,950</u>	<u>617,698</u>
		19,806,725	17,187,037
OPERATING EXPENDITURE	3		
Transmission Charges		5,130,031	4,696,763
Other		<u>7,897,791</u>	<u>7,837,285</u>
		13,027,822	12,534,048
OPERATING SURPLUS before Deferred Discount		6,778,903	4,652,989
Customer Deferred Discount	5	<u>0</u>	<u>2,936,582</u>
OPERATING SURPLUS before Taxation		6,778,903	1,716,407
Taxation	4	<u>2,768,421</u>	<u>1,373,171</u>
NET SURPLUS after Taxation		4,010,482	343,236

**ELECTRICITY ASHBURTON LIMITED – LINES BUSINESS
STATEMENT OF MOVEMENT IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2004**

EQUITY AT START OF YEAR	6	68,190,563	67,834,327
Operating Surplus after Taxation		4,010,482	343,236
Prior Year Adjustment Deferred Taxation			
Distribution System Revaluation	9	<u>12,735,748</u>	<u>0</u>
Total Recognised Revenue and Expenses for the Period		16,746,230	343,236
Other Movements			
Provision for Dividend	5	(1,173,000)	0
Share Issued		<u>34,300</u>	<u>13,000</u>
		83,798,093	68,190,563

The accompanying notes form part of these financial statements

ELECTRICITY ASHBURTON LTD – LINES BUSINESS
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2004

	Note	2004 \$	2003 \$
CURRENT ASSETS	7		
Inventory		1,808,515	2,230,324
Receivables and Prepayments		<u>1,980,128</u>	<u>2,279,082</u>
Total Current Assets		3,788,643	4,509,406
NON CURRENT ASSETS			
Investments			
Ashburton Aquatic Park Trust Loan		300,000	300,000
Fixed Assets	9		
Distribution System		106,541,997	88,932,726
Land & Buildings		2,099,833	2,696,765
Motor Vehicles		116,472	121,589
Plant, Furniture & Equipment		541,843	856,695
Work in Progress		<u>735,568</u>	<u>1,801,363</u>
Total Non Current Assets		110,335,713	94,709,138
TOTAL ASSETS		<u>\$114,124,356</u>	<u>\$99,218,544</u>
CURRENT LIABILITIES	8		
Bank Overdraft		1,765,082	2,769,858
Provision for Dividend		1,173,000	0
Provision for Taxation		985,139	0
Creditors		<u>1,953,215</u>	<u>1,816,572</u>
Total Current Liabilities		5,876,436	4,586,430
NON CURRENT LIABILITIES	8		
Deferred Taxation	4	10,199,827	8,691,551
Bank Loan		<u>14,250,000</u>	<u>17,750,000</u>
Total Non Current Liabilities		24,449,827	26,441,551
SHAREHOLDERS' FUNDS			
Deferred Shares		28,750,000	28,750,000
Rebate Shares		1,250,000	1,250,000
Non Allocated Shares		(77,000)	(111,300)
Reserves		47,479,654	34,743,906
Retained Earnings		<u>6,395,439</u>	<u>3,557,957</u>
Total Shareholders Funds		83,798,093	68,190,563
TOTAL EQUITY AND LIABILITIES		<u>\$114,124,356</u>	<u>\$99,218,544</u>

For and on behalf of the Board

Date: 22 December 2004


DIRECTOR


DIRECTOR

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LIMITED – LINES BUSINESS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2004**

	Note	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES:	15		
Cash was Provided from:			
Receipts from Customers		18,837,462	16,739,814
Interest		10,435	5,413
		<u>18,847,897</u>	<u>16,745,227</u>
Cash was Disbursed for:			
Payment to Suppliers & Employees		(7,991,480)	(10,580,228)
Interest Paid		(1,016,029)	(866,118)
Net G S T Movement		48,018	203,110
Taxation Expenses		<u>(275,006)</u>	<u>(40,411)</u>
		<u>(9,234,497)</u>	<u>(11,283,647)</u>
Net Cash Flows from Operating Activities		9,613,400	5,461,580
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash was Provided from:			
Sale of Fixed Assets		1,997,588	21,890
		<u>1,997,588</u>	<u>21,890</u>
Cash was Applied to:			
Distribution System Improvements		(6,621,716)	(11,035,170)
Other Fixed Asset Additions		<u>(518,796)</u>	<u>(682,931)</u>
		<u>(7,140,512)</u>	<u>(11,718,101)</u>
Net Cash Flows Used in Investing Activities		(5,142,924)	(11,696,211)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash was Provided from:			
Contribution from Owners		34,300	13,000
Loan Received		0	5,750,000
		<u>34,300</u>	<u>5,763,000</u>
Cash was Applied to:			
Industry & Loan Repayments		(3,500,000)	0
Dividend		0	0
		<u>(3,500,000)</u>	<u>0</u>
Net Cash Flows From Financing Activities		(3,465,700)	5,763,000
NET INCREASE (DECREASE) IN CASH HELD		1,004,996	(471,631)
Opening Cash Brought Forward		<u>(2,769,858)</u>	<u>(2,298,227)</u>
Ending Cash Carried Forward		<u><u>(\$1,765,082)</u></u>	<u><u>(\$2,769,858)</u></u>
REPRESENTED BY:			
Bank Account		<u>\$ (1,765,082)</u>	<u>\$ (2,769,858)</u>

The accompanying notes form part of these financial statements

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004**

1 STATEMENT OF ACCOUNTING POLICIES

Statutory Base

Electricity Ashburton Limited is a Co-operative company registered under the Co-operative Companies Act 1996.

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity Information Disclosure Requirements 2004 from the financial statements of Electricity Ashburton Limited as at 31 March 2004.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a modified historic cost basis have been followed.

Accounting Policies

a) Revenue

Line revenue is recognised as actual amounts invoiced during the period.
Capital contributions are recognised as revenue in the year of receipt.

b) Transmission Charges

Transmission charges are recognised as a direct cost to the line business activity.

c) Depreciation

Depreciation has been provided on all tangible fixed assets other than freehold land on the following basis and at the following rates which amortise the cost of the asset over their economic lives.

Fixed Assets:

Distribution Network	1.4 % to 6.7% straight line
Buildings	
- concrete	1% straight line
- brick	2% straight line
- wooden	2.5% straight line
Motor Vehicles	14.4% to 31.2 % diminishing value

Plant & Equipment 7.5% to 60.0% diminishing value

Depreciation has been charged on a monthly basis on assets acquired and which became operational during the month.

d) Income Taxation

The income taxation expense charged against the operating surplus for the year is the estimated liability in respect of that operating surplus and is calculated after allowance for permanent differences.

Deferred Taxation is calculated on the comprehensive basis using the liability method (see Note 4). Future tax benefits attributable to tax losses or timing differences are only realised when there is virtual certainty of realisation.

e) Valuation of Assets

Land is stated at cost, all other fixed assets (except distribution assets) are stated at cost less accumulated depreciation.

All distribution system assets were revalued on an Optimised Deprival Value (ODV) basis by PricewaterhouseCoopers as at 31 March 2004. All additions to the distribution network are recorded at cost. Distribution system assets will be revalued at least once every three years.

f) Accounts Receivable

Receivables are shown at net realisable value. All known bad debts have been written off during the year.

g) Inventories

Inventories are valued at the lower of cost, determined on a weighted average cost basis, and net realisable value.

h) Goods and Services Tax (GST)

These financial statements have been prepared exclusive of GST with the exception of accounts receivable and accounts payable, which are shown inclusive of GST.

i) Allocation Methodologies

Allocations of costs, revenues, assets and liabilities have been allocated in accordance with the Electricity Information Disclosure Requirements 2004.

Changes in Accounting Policies

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

	2004	2003
	\$	\$
2 REVENUE		
a) Revenue from line / access charges;	0	0
i) Revenue invoiced to customers by electricity retailer	17,204,593	16,013,596
ii) Revenue invoiced to customers by line owner	0	0
b) Revenue for services carried out by the line business	0	0
c) Income from interest on cash, bank balance and short term investments	10,435	5,413
d) AC loss – rental rebates	754,182	555,743
e) Other Revenue not listed in (a to d)	<u>1,837,515</u>	<u>612,285</u>
f) Total Operating Revenue	19,806,725	17,187,037
3 OPERATING EXPENDITURE		
a) Transmission Charges	5,130,031	4,696,763
b) Transfer Payments to "Other" Business		
i) Asset Maintenance	862,560	1,471,873
ii) Consumer Disconnection and Reconnection Services	0	0
iii) Meter Data	0	0
iv) Consumer – based load control Services	35,802	24,068
v) Royalty and Patent expense	0	0
vi) Avoided transmission charges for own generation	0	0
vi) Other Goods and Services not listed in (i to vi)	<u>0</u>	<u>0</u>
Total transfer payment to the "Other" Business	898,362	1,495,941
c) Expense to entities that are not related parties for -		
i) Asset Maintenance	112,729	106,533
ii) Consumer Disconnection and Reconnections Services	0	0
iii) Meter Data	0	0
iv) Consumer – based load control Services	11,775	21,061
v) Royalty and Patent expense	<u>0</u>	<u>0</u>
Total of specified expenses to non-related parties	124,504	127,594

	2004	2003
	\$	\$
d) Employee Salaries and Redundancies	1,497,123	1,332,860
e) Consumer billing and information system expense	0	0
f) Depreciation on-		
i) System fixed assets	3,093,161	2,918,427
ii) Other system assets not listed in (i)	382,727	307,987
Total Depreciation	3,475,888	3,226,414
g) Amortised of-		
i) Goodwill	0	0
ii) Other Tangibles	0	0
iii) Total amortisation of Intangibles	0	0
h) Corporate and Administration	320,465	297,150
i) Human Resource expenses	17,250	19,400
j) Marketing and advertising	35,031	35,077
k) Merger and acquisition expenses	0	0
l) Takeover defence expense	0	0
m) Research and development expenses	0	0
n) Consultancy and legal expenses	40,420	23,774
o) Donations	0	0
p) Directors fees	185,344	170,284
q) Auditors fees-		
i) Audit fees paid to principal auditors	17,823	17,260
ii) Audit fees paid to other auditors:	16,069	0
iii) Fees paid for other services provided by principal and other auditors	0	0
iv) Total auditors fees	33,892	17,260
r) Cost of offering credit-		
i) Bad debts written off	16,899	3,773
ii) Increase in estimated doubtful debts	0	0
iii) Total cost of offering credit	16,899	3,773
s) Local Authority rate expense	88,626	84,781
t) AC loss - rental rebates (distribution to retailers) expense	0	0
u) Rebates to customers due to ownership interest	0	2,936,582
v) Subvention payments	0	0
w) Unusual expenses	0	0
x) Other expenditure not listed in (a to x)	174,489	61,999
Total Operating Expenditure	12,038,684	14,529,652
Operating surplus before interest and income tax	7,768,041	2,657,385
Interest Expense		
a) Interest expense on borrowings	989,138	940,203
b) Financing charges related to finance lease	0	0
c) Other interest expense not listed in (a to b)	0	775
d) Total interest expense	0	0
	989,138	940,978
Operating surplus before income tax	6,778,903	1,716,407
Income Tax	2,768,421	1,373,171
Net Surplus after tax	\$4,010,482	\$343,236

	2004 \$	2003 \$
4 TAXATION		
Net Surplus before Taxation	<u>6,778,903</u>	<u>1,716,407</u>
Prima facie taxation at 33%	2,237,038	566,414
Plus Tax effect on permanent differences	<u>531,383</u>	<u>806,757</u>
Total Taxation Expense	<u><u>2,768,421</u></u>	<u><u>1,373,171</u></u>
The Taxation charge comprises:		
Current Taxation	1,260,144	0
Deferred Taxation	<u>1,508,277</u>	<u>1,373,171</u>
	<u><u>2,768,421</u></u>	<u><u>1,373,171</u></u>
Deferred Taxation Liability:		
Opening Balance	8,691,551	7,318,380
Current Year Movement	1,508,276	1,373,171
Prior Year Adjustment	<u>0</u>	<u>0</u>
	<u><u>10,199,827</u></u>	<u><u>8,691,551</u></u>

5 CUSTOMER DEFERRED DISCOUNT AND DIVIDEND

A fully imputed dividend of \$100 for each shareholder has been provided for in these accounts.

6 EQUITY

a) Shareholders' equity-		
i) Share capital	29,923,000	29,888,700
ii) Retained earnings	6,395,439	3,557,957
iii) Reserves	<u>47,479,654</u>	<u>34,743,906</u>
iv) Total shareholders' equity	83,798,093	68,190,563
b) Minority interests in subsidiaries	<u>0</u>	<u>0</u>
c) Total equity	83,798,093	68,190,563
d) Capital notes	<u>0</u>	<u>0</u>
e) Total capital funds	83,798,093	68,190,563

There are 28,750,000 deferred shares held by the Ashburton District Council and these have the following conditions attached to them:

- i) There is no right to distributions, dividends or rebates
- ii) There is a right to vote if the rights attached to the deferred shares are to be altered or there is a proposal which would change the control of the Company or the rights of the Council are not carried forward on amalgamation
- iii) The shares are not transferable except to another local authority or if 25% of the voting shares are controlled by one person.
- iv) The right to an equal distribution with the holders of the rebate shares on a winding up of the Company

The Share capital of \$29,923,000 is the total shareholding in Electricity Ashburton Limited

	2004	2003
	\$	\$

7 CURRENT ASSETS

a) Cash and bank balances	0	0
b) Short term investments	0	0
c) Inventories	1,808,515	2,230,324
d) Accounts receivable	1,980,128	2,279,082
e) Other current assets not listed in (a to d)	<u>0</u>	<u>0</u>
f) Total Current Assets	3,788,643	4,509,406

8 CURRENT LIABILITIES

a) Bank overdraft	1,765,082	2,769,858
b) Short term borrowings	0	0
c) Payables and accruals	1,953,215	1,816,572
d) Provision for dividend payable	1,173,000	0
e) Provision for income tax	985,139	0
f) Other current liabilities not listed in (a to e)	<u>0</u>	<u>0</u>
g) Total Current Liabilities	5,876,436	4,586,430

NON CURRENT LIABILITIES

a) Payroll and accruals	0	0
b) Borrowings	14,250,000	17,750,000
c) Deferred tax	10,199,827	8,691,551
d) Other non current liabilities not listed in (a to c)	<u>0</u>	<u>0</u>
e) Total Non Current Liabilities	24,449,827	26,441,551

9 FIXED ASSETS

a) System fixed assets	106,541,997	88,932,726
c) Consumer billing and information system assets	124,451	241,187
d) Motor Vehicles	116,472	121,589
e) Office Equipment	417,392	615,508
f) Land & Buildings	2,099,833	2,696,765
g) Capital works under construction:		
i) Subtransmission assets (transfer payment)	0	0
ii) Zone substations (transfer payments)	0	1,164,704
iii) Distribution lines and cables (transfer payments)	525,293	367,917
iv) Medium voltage switchgear (transfer payments)	0	0
v) Distribution transformers	0	0
vi) Distribution substations (transfer payments)	210,275	140,277
vii) Low voltage lines and cables (transfer payments)	0	128,465
viii) Other system fixed assets (transfer payments) as categorised in standard asset tables in the ODV Handbook	0	0
h) Other fixed assets not listed in (a to g)	<u>0</u>	<u>0</u>
i) Total Fixed Assets	110,035,713	94,409,138
j) Other tangible assets not listed above.	300,000	300,000

	2004 \$	2003 \$
Intangible Assets		
a) Goodwill	0	0
b) Other intangible assets not listed in (a)	<u>0</u>	<u>0</u>
c) Total Intangible Assets	0	0
 FIXED ASSETS DEPRECIATION		
Distribution System	106,541,997	94,471,615
Accumulated Depreciation	<u>0</u>	<u>5,538,889</u>
	106,541,997	88,932,726
 Land & Buildings	2,662,598	3,214,387
Accumulated Depreciation	<u>562,765</u>	<u>517,622</u>
	2,099,833	2,696,765
 Motor Vehicles	620,624	593,336
Accumulated Depreciation	<u>504,152</u>	<u>471,747</u>
	116,472	121,589
 Plant, Furniture & Equipment	3,497,646	3,726,431
Accumulated Depreciation	<u>2,955,803</u>	<u>2,869,736</u>
	541,843	856,695
 Work in Progress	735,568	1,801,363
 Total Non Current Assets	<u>110,035,713</u>	<u>94,409,138</u>

Distribution assets were revalued by PricewaterhouseCoopers as at 31 March 2004. The revaluation amount of \$12,735,748 is included in these disclosures.

The directors believe that rating valuation is a fair representation of the fair value of the company's land and buildings. The rating valuation of land and buildings at 1 July 2003 is \$2,367,750.

10 FINANCIAL INSTRUMENTS

Electricity Ashburton Limited estimates that in respect of the reported Financial Instruments being cash, bank deposits, account receivables, investments and industry loan reported in the financial statement:-

- a) Fair value is equivalent to carrying an amount as stated in the statement of financial position.
- b) Concentration of credit risk is minimised in respect of:-
 - i) Receivables, the company has exposure of credit risk by having six line customers. Credit risk with each of these customers is managed by a use of system agreement. The company performs credit evaluations where considered necessary.
 - ii) Bank deposits, by a specific policy of spreading investments between registered trading banks, Ashburton Building Society and the Loan and Building Society.
 - iii) Cash, by being held in minimal quantities.

11 COMMITMENTS

Estimated capital expenditure contracted for at balance date is \$1,431,252 (2003: \$690,494).

12 CONTINGENT LIABILITIES

As at 31 March 2004 there were no material contingent liabilities. (2003 Nil)

13 SEGMENT INFORMATION

The predominant activity of Electricity Ashburton Limited is the distribution of electricity. All operations are conducted in New Zealand.

14 RELATED PARTIES

Electricity Ashburton Limited has a contracting division that provides services to the Lines Business. The services provided are for the maintenance of the network and capital construction of System Assets. The services are provided in an ongoing capacity. The standard charge for these services are:

Labour	\$22 to \$32 per hour
External Purchase	Charged at cost
Transport (light truck)	\$7.20 per hour
Transport (heavy truck)	\$18 to \$27 per hour

The contracting division of Electricity Ashburton Limited has provided the following services at cost, including overheads, for the period 1 April 2003 to 31 March 2004

	2004	2003
	\$	\$
Construction of distribution lines & cables	3,236,950	5,890,467
Construction of medium voltage switchgear	0	0
Construction of distribution transformers	1,256,298	452,627
Construction of distribution substations	1,727,960	2,224,146
Construction of low voltage lines and cables	94,955	514,101
Construction of other system fixed assets	0	0
Maintenance of assets	862,560	1,471,873
Consumer connections and reconnections	0	0
Other services	30,819	12,983

No amounts have been forgiven or written off, and no amounts remain outstanding at the end of the period.

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

Reported Net profit after tax	4,010,482	343,236
Add Non Cash items:		
Movement in Deferred Taxation	1,508,277	1,373,171
Capital Gain on Assets	(1,087,003)	0
Loss on Sale of Assets	774	0
Depreciation Recovered	(137,562)	0
Depreciation	3,475,888	3,226,414
	<u>7,770,856</u>	<u>4,942,821</u>
Add (less) Movements in Working Capital Items:		
Decrease (Increase) in Receivables	298,954	187,937
Decrease (Increase) in Inventories	421,808	378,228
(Decrease) Increase in Accounts Payable	136,643	(6,995)
(Decrease) Increase in Tax Payable	985,139	(40,411)
	<u>1,842,544</u>	<u>518,759</u>
Add (less) Items Classified as Investing Activities:		
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Net Cash Flows from Operating Activities	<u>9,613,400</u>	<u>5,461,580</u>

	2004	2003
	\$	\$

16 ANNUAL ODV VALUATION RECONCILIATION

System fixed assets at ODV – end of previous financial year	90,623,564	83,707,196
Add system fixed assets acquired during the year at ODV	6,323,411	10,023,825
Less system fixed assets disposed of during the year at ODV	(20,422)	(189,030)
Less depreciation on system fixed assets at ODV	(3,093,161)	(2,918,427)
Add revaluations of system fixed assets	<u>12,735,748</u>	<u>0</u>
System fixed assets at ODV – end of financial year	106,569,140	90,623,564

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	7,768,041				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	7,768,041				
Interest on cash, bank balances, and short-term investments (ISTI)	-10,435				
OSBIIT minus ISTI	7,757,606	a	7,757,606		7,757,606
Net surplus after tax from financial statements	4,010,482				
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	4,010,482	n		4,010,482	
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)	3,093,161				
Depreciation of SFA at ODV (y)	3,093,161				
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	322,972	q			deduct 322,972
Revaluations	12,735,748	r			add 12,735,748
Income tax	2,768,421	p			deduct 2,768,421
Numerator			OSBIIT ^{ADJ} = a + g + s + d	NSAT ^{ADJ} = n + g + s + s*t + d	OSBIIT ^{ADJ} = a + g - q + r + s + d - p - s*t
Fixed assets at end of previous financial year (FA ₀)	94,409,138				
Fixed assets at end of current financial year (FA ₁)	110,035,713				
Adjusted net working capital at end of previous financial year (ANWC ₀)	2,692,834				
Adjusted net working capital at end of current financial year (ANWC ₁)	2,051,653				
Average total funds employed (ATFE)	104,594,669	c	104,594,669		104,594,669
Total equity at end of previous financial year (TE ₀)	68,190,563				
Total equity at end of current financial year (TE ₁)	83,798,093				
Average total equity	75,994,328 (or regulation 33 time-weighted average)	k		75,994,328	
WUC at end of previous financial year (WUC ₀)	1,801,363				
WUC at end of current financial year (WUC ₁)	735,566				
Average total works under construction	1,268,466 (or regulation 33 time-weighted average)	e	deduct 1,268,466	deduct 1,268,466	deduct 1,268,466
Revaluations	12,735,748	r			
Half of revaluations	6,367,874	r/2			deduct 6,367,874
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})	88,932,726				
System fixed assets at end of current financial year at book value (SFA _{bv1})	106,541,997				
Average value of system fixed assets at book value	97,608,509 (or regulation 33 time-weighted average)	f	deduct 97,608,509	deduct 97,608,509	deduct 97,608,509
System Fixed assets at year beginning at ODV value (SFA _{odv0})	90,603,564				
System Fixed assets at end of current financial year at ODV value (SFA _{odv1})	106,569,140				
Average value of system fixed assets at ODV value	98,585,852 (or regulation 33 time-weighted average)	h	add 98,585,852	add 98,585,852	add 98,585,852
Denominator			ATFE ^{ADJ} = c - e - f + h	Ave TE ^{ADJ} = k - e - m + v - f + h	ATFE ^{ADJ} = c - e - 1/2r - f + h
Financial Performance Measure:			7.4	5.3	17.8
			ROF = OSBIIT ^{ADJ} /ATFE ^{ADJ} x 100	ROE = NSAT ^{ADJ} /ATE ^{ADJ} x 100	ROI = OSBIIT ^{ADJ} /ATFE ^{ADJ} x 100

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

**ELECTRICITY ASHBURTON LIMITED - LINES BUSINESS
PERFORMANCE MEASURES
FOR THE YEAR ENDED 31 MARCH 2004**

FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES

	2004	2003	2002	2001
1 Financial Performance Measures				
(a) Return on funds	7.4%	2.8%	1.2%	3.0%
(b) Return on equity	5.3%	0.5%	0.7%	2.2%
(c) Return on investment	17.8%	1.0%	0.7%	6.4%
2 Efficiency Performance Measures				
(a) Direct line costs per kilometre	934	1,107	822	846
(b) Indirect line costs per electricity customer	51	48	45	52

ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS

1 Energy Delivery Efficiency Performance Measures:

(a) Load factor	50.16%	55.57%	52.43%	57.49%
(b) Loss ratio	8.65%	8.20%	6.88%	6.55%
(c) Capacity utilisation	30.59%	31.02%	28.40%	27.30%

2 Statistics

(a) Circuit Length (Total kms)				
66 kV	179	127	53	31
33 kV	200	227	252	246
22 kV	444	374	319	288
11 kV	1,561	1,606	1,627	1,637
230/400 V	346	337	328	318
	-----	-----	-----	-----
Total	2,730	2,671	2,579	2,520
(b) Circuit Length - Overhead (kms)				
66 kV	178	126	52	30
33 kV	194	221	246	240
22 kV	440	371	317	286
11 kV	1,467	1,517	1,543	1,560
230/400 V	145	146	146	147
	-----	-----	-----	-----
Total Overhead	2,424	2,381	2,304	2,263

	2004	2003	2002	2001
(c) Circuit Length - Underground (kms)				
66 kV	1	1	1	1
33 kV	6	6	6	6
22 kV	4	3	2	2
11 kV	94	89	84	77
230/400 V	201	191	182	171
	-----	-----	-----	-----
Total Underground	306	290	275	257
(d) Transformer Capacity (kVA))	298,165	270,503	262,739	253,786
(e) Maximum Demand (kW)	91,206	83,918	74,622	69,288
(f) Total electricity entering system before losses (kWh)				
	401,877,688	408,500,045	342,704,202	348,946,369
(g) Total electricity supplied from system after losses (kWh)				
Retailer A	190,751,776	221,466,356	206,946,451	215,299,174
Retailer B	133,601,732	121,853,775	83,748,471	82,609,122
Retailer C	8,059,288	3,099,157	3,751,917	5,508,125
Retailer D	0	0	5,399,981	12,888,835
Retailer F	34,030,383	27,449,843	18,521,786	9,117,533
Retailer G	658,537	1,152,684	757,546	652,254
	-----	-----	-----	-----
Total	367,101,716	375,021,815	319,126,152	326,075,043
(h) Total Customers	15,049	14,789	14,558	14,285

RELIABILITY PERFORMANCE MEASURES

1 Total number of interruptions

Class B - Planned by Line Owner	192	241	295	100
Class C - Unplanned by Line Owner	214	293	153	188
Class D - Unplanned by Transpower	0	2	0	0
Class G - Unplanned by Other Line Owners	0	0	0	0
	-----	-----	-----	-----
Total	406	536	448	288

2 Interruption targets for (next year)

Class B - Planned by Line Owner	190
Class C - Unplanned by Line Owner	210

3 Average interruption targets (5 years)

Class B - Planned by Line Owner	190
Class C - Unplanned by Line Owner	210

	2004	2003	2002	2001
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4 Fault Restoration Times (Class C) interruptions not restored within:

3 Hours	17.29%	24.57%	32.68%	20.21%
24 Hours	0.00%	1.71%	0.65%	0%

5 Number of faults per 100 km of prescribed voltage line**(a) Total number of faults**

66 kV	0.0	3.1	3.8	6.5
33 kV	3.5	1.3	1.6	1.2
22 kV	18.0	16.3	14.1	13.9
11 kV	8.1	14.0	6.3	8.7
Total	7.8	11.0	5.9	7.5

(b) Target for (next year)

66 kV	2.0
33 kV	2.0
22 kV	7.0
11 kV	7.0
Total	5.4

(c) Average Target (5 years)

66 kV	2.0
33 kV	2.0
22 kV	7.0
11kV	7.0
Total	5.4

6 The total number of faults per 100km of prescribed voltage underground line

66 KV	0	0	0	0
33 kV	0	0	0	0
22 kV	0	0	0	0
11kV	3.2	2.2	0	5.2
Total	1.0	0.7	0	1.6

7 The total number of faults per 100km of prescribed voltage overhead line

66 kV	0.0	3.2	3.8	6.7
33 kV	3.6	1.4	1.6	1.3
22 kV	18.2	16.4	14.2	14.0
11 kV	8.5	14.7	6.6	8.9
Total	8.7	12.2	6.6	8.1

8 SAIDI for the total number of interruptions

198.63	318.86	228.56	130.88
--------	--------	--------	--------

9 SAIDI targets (next year)

Class B - Planned by Line Owner	69
Class C - Unplanned by Line Owner	106

	2004	2003	2002	2001
10 Average SAIDI targets (5 years)				
Class B - Planned by Line Owner	69			
Class C - Unplanned by Line Owner	106			
11 SAIDI - Classification of interruptions				
Class B - Planned by Line Owner	88.61	103.80	151.13	41.09
Class C - Unplanned by Line Owner	110.02	201.37	77.43	87.79
Class D - Unplanned by Transpower	0.00	13.69	0	0
12 SAIFI for the total number of interruptions	1.47	2.40	1.55	1.21
13 SAIFI targets (next year)				
Class B - Planned by Line Owner	0.25			
Class C - Unplanned by Line Owner	1.35			
14 Average SAIFI targets (5 years)				
Class B - Planned by Line Owner	0.25			
Class C - Unplanned by Line Owner	1.35			
15 SAIFI - Classification of interruptions				
Class B - Planned by Line Owner	0.30	0.38	0.44	0.13
Class C - Unplanned by Line Owner	1.17	1.51	1.11	1.09
Class D - Unplanned by Transpower	0.00	0.52	0	0
16 CAIDI for the total number of interruptions	135	133	147	108
17 CAIDI targets for (next year)				
Class B - Planned by Line Owner	276			
Class C - Unplanned by Line Owner	78			
18 Average CAIDI target (5 years)				
Class B - Planned by Line Owner	276			
Class C - Unplanned by Line Owner	78			
19 CAIDI - Classification of Interruptions				
Class B - Planned by Line Owner	295	275	340	317
Class C - Unplanned by Line Owner	94	134	70	83
Class D - Unplanned by Transpower	0	27	0	0

Gabites, Sinclair & Partners

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AUDITORS REPORT

To the readers of the Financial Statements of Electricity Ashburton Limited.

We have audited the accompanying financial statements of Electricity Ashburton Limited on pages two to twelve. The financial statements provide information about the past financial performance of Electricity Ashburton Limited and its financial position as at 31 March 2004. This information is stated in accordance with the accounting policies set out on pages five and six.

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 Ashburton Limited as at 31 March 2004, and the results of operations and cash flows for the year ended 31 March 2004.

Auditor's Responsibilities

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

Basis of Opinion

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

- the significant estimates and judgments made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Electricity Ashburton Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary. We obtained sufficient evidence to give 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.

Our firm and the partners and employees of our firm, deal with the company on normal terms within the ordinary course of the business of the company. As part of these trading activities our firm and the partners and the employees are obliged to hold shares in the company. Our firm and the partners and employees have no other interests in the company.

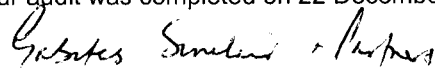
Unqualified Opinion

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

In our opinion:-

- proper accounting records have been maintained by Electricity Ashburton Limited as far as appears from our examination of those records; and
- the financial statements of Electricity Ashburton Limited on pages two to twelve:-
 - (a) comply with generally accepted accounting practice; and
 - (b) give a true and fair view of the financial position of the Company as at 31 March 2004 and the results of its operations and cash flows for the year then ended; and
 - (c) comply with the Electricity Information Disclosure Requirements 2004

Our audit was completed on 22 December 2004 and our opinion is expressed as at that date.


GABITES, SINCLAIR & PARTNERS
ASHBURTON

PARTNERS: Alistair J. Rooney C.A.
Philip S. Quaid C.A.



Eric T. Parr B.Com., C.A.
Ross S. Gibson B.Com., C.A.

Gabites Sinclair & Partners

Chartered Accountants & Business Advisers

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P O Box 424
ASHBURTON, N.Z.Phone (03) 308 5099
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Email email@gabitesinclair.co.nz**AUDITOR'S OPINION OF PERFORMANCE MEASURES**

We have examined the attached information, being –

- (a) a derivation table; and
- (b) an annual ODV reconciliation report; and
- (c) time-weighted averages calculations (if they apply); and
- (d) financial performance measures; and
- (e) financial components of the efficiency performance measures

that were prepared by Electricity Ashburton Limited and dated 22 December 2004 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

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

**GABITES, SINCLAIR & PARTNERS
ASHBURTON**

22 December 2004

DIRECTORS: Alistair J. Rooney C.A.
Philip S. Quaid C.A.



Eric T. Parr B.Com., C.A.
Ross S. Gibson B.Com., C.A.