



# New Zealand Gazette

OF THURSDAY, 12 JULY 2001

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## ELECTRICITY INVERCARGILL LIMITED

### INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION  
DISCLOSURE) REGULATIONS 1999  
(AS AMENDED)

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| <b>ELECTRICITY INVERCARGILL LIMITED</b> |
|---|

**FINANCIAL STATEMENTS AS REQUIRED BY**  
**THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999**  
**(AS AMENDED)**

**FOR THE YEAR ENDED 31 MARCH, 2001**

**DIRECTORY****Board of Directors**

N D Boniface      *Chairman*  
R M Wensley      *Deputy Chairman*  
P J Mulvey  
G T Piercy

**Executive Officer**

A E Falconer

**Registered Office**

Cargill Chambers  
128 Spey Street  
Invercargill

**Auditors**

Audit New Zealand acting for  
the Office of the Controller  
and Auditor General

**Postal Address**

PO Box 88  
Invercargill

**Bankers**

WestpacTrust Limited

**Telecommunications**

Phone            (03) 214-9448  
Fax               (03) 214-9404  
E-mail          ei@xtra.co.nz  
Web site        www.eil.co.nz

**Solicitors**

Preston Russell Law



## Audit New Zealand

### **AUDITOR'S REPORT TO THE READERS OF THE FINANCIAL STATEMENTS OF ELECTRICITY INVERCARGILL LIMITED**

We have audited the accompanying financial statements of Electricity Invercargill Limited on pages 5 to 14. The financial statements provide information about the past financial performance of Electricity Invercargill Limited and its financial position as at 31 March 2001. This information is stated in accordance with the accounting policies set out on pages 8 and 9.

#### **Directors' Responsibilities**

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of Electricity Invercargill Limited as at 31 March 2001 and the results of its operations and cash flows for the year then ended.

#### **Auditor's Responsibilities**

It is the responsibility of the Audit Office to express an independent opinion on the financial statements presented by the Directors and report its opinion to you.

The Controller and Auditor-General has appointed Bede Kearney, of Audit New Zealand, to undertake the audit.

#### **Basis of Opinion**

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

- the significant estimates and judgements made by the Board in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Electricity Invercargill Limited circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including 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. 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.

Other than in our capacity as auditor, acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Electricity Invercargill Limited.

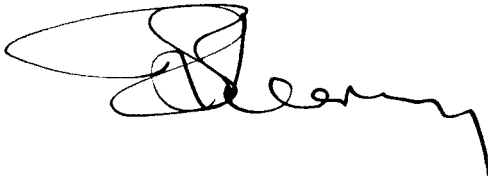
**Unqualified Opinion**

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

In our opinion:

- proper accounting records have been kept by Electricity Invercargill Limited as far as appears from our examination of those records; and
- the financial statements on pages 5 to 14;
  - (a) comply with generally accepted accounting practice; and
  - (b) give a true and fair view of the financial position of Electricity Invercargill Limited as at 31 March 2001 and the results of its operations and cash flows for the year then ended; and
  - (c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 4 July 2001 and our opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'B F Kearney', with a large, stylized initial 'B' and a long, sweeping horizontal stroke extending to the right.

B F Kearney  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
Christchurch, New Zealand

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|---|
| <p style="text-align: center;"><b>LINE BUSINESS<br/>OPERATING STATEMENT<br/>FOR YEAR ENDED 31 MARCH, 2001</b></p> |
|---|

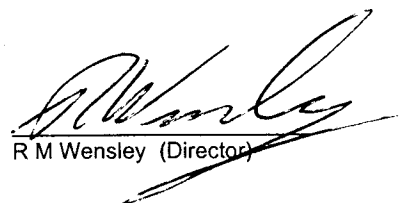
|                                       | <u>2001</u><br>\$            | <u>2000</u><br>\$            |
|---------------------------------------|------------------------------|------------------------------|
| <b>Revenue</b>                        |                              |                              |
| Line Charges                          | 10,976,406                   | 10,357,933                   |
| Transpower Rebate                     | 537,092                      | 187,936                      |
| Interest Received                     | 112,620                      | 154,556                      |
| Sundry Income                         | 52,801                       | 343,175                      |
| <b>Total Revenue</b>                  | <u>11,678,919</u><br>=====   | <u>11,043,600</u><br>=====   |
| <b>Expenses</b>                       |                              |                              |
| Administration                        | 167,907                      | 180,248                      |
| Advertising                           | 47,690                       | 55,252                       |
| Audit Fees                            | 23,970                       | 31,355                       |
| Bad Debts                             | 1,575                        | 44                           |
| Consultants Fees                      | 36,453                       | 155,669                      |
| Contractors/Materials                 | 1,162,004                    | 891,699                      |
| Depreciation                          | 1,374,960                    | 1,416,700                    |
| Directors Fees                        | 82,994                       | 84,073                       |
| Legal Expenses                        | 7,410                        | 18,382                       |
| Motor Vehicles                        | 19,493                       | 25,269                       |
| Occupancy Charges                     | 36,683                       | 41,076                       |
| Repairs & Maintenance                 | 168,602                      | 178,105                      |
| Staff Expenses                        | 584,974                      | 755,415                      |
| Transmission Charges                  | 3,715,467                    | 3,708,144                    |
| <b>Total Operating Expenses</b>       | <u>7,430,182</u><br>=====    | <u>7,541,431</u><br>=====    |
| <b>Profit before Interest and Tax</b> | 4,248,737                    | 3,502,169                    |
| Interest Paid                         | <u>3,861</u>                 | <u>82</u>                    |
| <b>Net Profit before Tax</b>          | 4,244,876                    | 3,502,087                    |
| <b>Taxation</b>                       | 1,408,751                    | 1,176,205                    |
| <b>Net Profit after Tax</b>           | <u>\$ 2,836,125</u><br>===== | <u>\$ 2,325,882</u><br>===== |

|  |
|--|
| <p style="text-align: center;"><b>LINE BUSINESS<br/>BALANCE SHEET<br/>AS AT 31 MARCH, 2001</b></p> |
|--|

|                                     | <u>Note</u> | <u>2001</u><br>\$             | <u>2000</u><br>\$             |
|-------------------------------------|-------------|-------------------------------|-------------------------------|
| <b>Current Assets</b>               |             |                               |                               |
| Cash & Investments                  |             | 2,143,573                     | 3,488,323                     |
| Receivables                         | 2           | 95,606                        | 154,948                       |
| Inventories                         |             | <u>85,578</u>                 | <u>93,451</u>                 |
| <b>Total Current Assets</b>         |             | <b>2,324,757</b>              | <b>3,736,722</b>              |
| <b>Non-Current Assets</b>           |             |                               |                               |
| Capital Work in Progress            |             | 1,056,805                     | 2,122,856                     |
| Fixed Assets                        | 3           | <u>36,856,901</u>             | <u>33,093,149</u>             |
| <b>Total Non-Current Assets</b>     |             | <b>37,913,706</b>             | <b>35,216,005</b>             |
| <b>TOTAL ASSETS</b>                 |             | <b>\$ 40,238,463</b><br>===== | <b>\$ 38,952,727</b><br>===== |
| <b>Current Liabilities</b>          |             |                               |                               |
| Accounts Payable & Accruals         |             | 962,942                       | 1,770,771                     |
| Provision for Dividend              |             | <u>2,000,000</u>              | <u>1,750,000</u>              |
| <b>Total Current Liabilities</b>    |             | <b>2,962,942</b>              | <b>3,520,771</b>              |
| <b>TOTAL LIABILITIES</b>            |             | <b>2,962,942</b>              | <b>3,520,771</b>              |
| <b>Owners' Equity</b>               |             |                               |                               |
| Paid in Capital                     |             | 13,000,000                    | 13,000,000                    |
| Reserves                            | 4           | 16,512,584                    | 15,505,144                    |
| Retained Earnings                   |             | <u>7,762,937</u>              | <u>6,926,812</u>              |
|                                     |             | <b>37,275,521</b>             | <b>35,431,956</b>             |
| <b>TOTAL LIABILITIES AND EQUITY</b> |             | <b>\$ 40,238,463</b><br>===== | <b>\$ 38,952,727</b><br>===== |

  
N D Boniface (Chairman)

4 July, 2001

  
R M Wensley (Director)

|   |
|---|
| <b>STATEMENT OF MOVEMENTS IN EQUITY</b><br><b>FOR YEAR ENDED 31 MARCH, 2001</b> |
|---|

|  | <u>2001</u><br>\$    | <u>2000</u><br>\$    |
|--|----------------------|----------------------|
| <b>Total equity at beginning of year</b>                   | 35,431,956           | 35,546,228           |
| <b>Total recognised revenues and expenses for the year</b> |                      |                      |
| Net surplus for the year                                   | 2,836,125            | 2,325,882            |
| Movement in Revaluation Reserve                            | <u>1,007,440</u>     | <u>(258,237)</u>     |
|  | 3,843,565            | 2,067,645            |
| <b>Distributions to Shareholder during the year</b>        |                      |                      |
| Capital introduced from sale of energy shares              | -                    | 967,494              |
| Repurchase of shares                                       | -                    | (1,399,411)          |
| Dividend   | <u>(2,000,000)</u>   | <u>(1,750,000)</u>   |
| <b>Total equity at end of year</b>                         | <u>\$ 37,275,521</u> | <u>\$ 35,431,956</u> |

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|--|
| <b>STATEMENT OF CASH FLOWS</b><br><b>FOR YEAR ENDED 31 MARCH, 2001</b> |
|--|

|  | <u>Note</u> | <u>2001</u><br>\$     | <u>2000</u><br>\$ |
|--|-------------|-----------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>                      |             |                       |                   |
| <i>Cash was provided from:</i> Receipts from customers           |             | 11,602,834            | 11,975,651        |
| Interest received  |             | <u>126,690</u>        | <u>219,831</u>    |
|  |             | 11,729,524            | 12,195,482        |
| <i>Cash was applied to:</i> Payments to suppliers & employees    |             | 6,111,628             | 5,920,201         |
| GST  |             | (27,886)              | (142,055)         |
| Interest paid  |             | 3,861                 | 14,875            |
| Income Tax   |             | <u>1,638,180</u>      | <u>1,565,717</u>  |
|  |             | 7,725,783             | 7,358,738         |
| <b>Net Cash inflow/(outflow) from Operating Activities</b>       | 7           | 4,003,741             | 4,836,744         |
| <b>Cash Flows from Investing Activities</b>                      |             |                       |                   |
| <i>Cash was provided from:</i> Sale of assets                    |             | <u>13,390</u>         | <u>19,124</u>     |
|  |             | 13,390                | 19,124            |
| <i>Cash was applied to:</i> Purchase of fixed assets             |             | <u>3,611,881</u>      | <u>1,807,118</u>  |
|  |             | 3,611,881             | 1,807,118         |
| <b>Net Cash inflow/(outflow) from Investing Activities</b>       |             | (3,598,491)           | (1,787,994)       |
| <b>Cash Flows from Financing Activities</b>                      |             |                       |                   |
| <i>Cash was provided from:</i> Sale of United Electricity shares |             |                       | <u>967,494</u>    |
|  |             |                       | 967,494           |
| <i>Cash was applied to:</i> Repayment of loans                   |             | -                     | 500,000           |
| Payment of dividends   |             | 1,750,000             | 1,750,000         |
| Repurchase of shares   |             | -                     | 1,399,411         |
|  |             | <u>1,750,000</u>      | <u>3,649,411</u>  |
| <b>Net Cash inflow/(outflow) from Financing Activities</b>       |             | (1,750,000)           | (2,681,917)       |
| <b>Net Increase/(decrease) in cash held</b>                      |             | <u>\$ (1,344,750)</u> | <u>\$ 366,833</u> |
| Cash at start of year  |             | 3,488,323             | 3,121,490         |
| Cash at end of year  |             | <u>2,143,573</u>      | <u>3,488,323</u>  |
| <b>Net increase/(decrease) in cash held</b>                      |             | <u>\$ (1,344,750)</u> | <u>\$ 366,833</u> |



**NOTES TO AND FORMING PART OF THE LINE BUSINESS  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2001**

**ENTITY STATEMENT:** Electricity Invercargill Limited was incorporated as a Local Authority Trading Enterprise on 30 June, 1991 at which time it purchased the electricity distribution undertaking of the Invercargill City Council Municipal Electricity Department and commenced trading on 1 July, 1991. On 28 August, 1996 the Invercargill City Council sold all the shares in Electricity Invercargill Limited to a wholly owned subsidiary, Invercargill City Holdings Limited (Holdco).

United Electricity Limited (in which Electricity Invercargill Limited held a 13% interest) purchased the electricity retailing activities of the Company on 1 November, 1993. Pursuant to Government legislation the Company's interest in United Electricity Limited was sold on 1 October, 1998.

PowerNet Limited (owned 50/50 with The Power Company Limited) assumed complete responsibility for the day to day management of Electricity Invercargill Limited's network on 1 March, 1994. The present Line Business is a consolidation of Electricity Invercargill Limited and its share of PowerNet Limited.

#### **NOTE 1. STATEMENT OF ACCOUNTING POLICIES**

##### **GENERAL ACCOUNTING POLICIES**

These Accounts are prepared for the sole purpose of complying with the requirements of the Electricity (Information Disclosure) Regulations 1999. The generally accepted accounting principles recognised by the Institute of Chartered Accountants of New Zealand as appropriate for the measurement and reporting of earnings and financial position on a modified historical cost basis are followed by the Company in the preparation of this report.

The 31 March balance date set down by the Electricity (Information Disclosure) Regulations has required assumptions to be made which may subsequently prove to be incorrect. These Line Business Accounts are **not comparable** with the consolidated financial statements prepared at 30 June and published with the Company's Annual Report.

##### **PARTICULAR ACCOUNTING POLICIES**

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

###### **(a) Basis of Consolidation**

The Company's interest in PowerNet Limited has been accounted for on a line by line consolidation of revenue and expenses with the elimination of all significant inter-company transactions. The company's share of profits and losses in PowerNet Limited are reflected in the Consolidated Operating Statement and Balance Sheet.

###### **(b) Costs and Revenue**

Costs and Revenues are those directly attributable to the Line Business of Electricity Invercargill Limited. All non Line Business activity is excluded from these accounts.

**(c) Fixed Assets**

At 31 March 2001, Network Assets are recorded at the certified optimised deprival valuation of that date. Depreciation on network assets is calculated on a straight line basis while other assets are shown at depreciated cost. A detailed analysis of the Company's network assets, including underground cable, has been undertaken since the last valuation in 1998. This has enabled an accurate assessment of cable types and ages to be made and remaining lives to be calculated

**(d) Distinction Between Capital and Revenue Expenditure.**

Capital expenditure is defined as all expenditure on the creation of a new asset and any expenditure which results in a significant improvement to the original function of an existing asset.

Revenue expenditure is defined as expenditure which maintains an asset in working condition, and expenditure incurred in maintaining the service performance and operation of the Company.

**(e) Depreciation**

Depreciation has been written off all assets on a straight-line basis; network according to the lives prescribed by the Electricity Information Disclosure Handbook, and other assets on historical cost.

**(f) Receivables:**

Receivables are stated at their estimated realisable value.

**(g) Inventories:**

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

**(h) Income Tax:**

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

**(i) Work in Progress:**

Work in Progress reflects progress payments made for direct labour and materials used in putting replacement and new network assets in their present location and condition.

**(j) Goods and Services Tax:**

These Accounts have been prepared on a GST exclusive basis with the exception of Sundry Debtors and Creditors which are GST inclusive.

**CHANGES IN ACCOUNTING POLICIES**

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

**NOTE 2. RECEIVABLES**

|               | <u>2001</u>      | <u>2000</u>       |
|---------------|------------------|-------------------|
|               | <u>\$</u>        | <u>\$</u>         |
| Trade Debtors | 67,321           | 109,748           |
| Accruals      | 28,285           | 45,200            |
|               | <u>\$ 95,606</u> | <u>\$ 154,948</u> |

**NOTE 3. FIXED ASSETS**

|                                   |                            |                                     | <u>2001</u>               | <u>2000</u>               |
|-----------------------------------|----------------------------|-------------------------------------|---------------------------|---------------------------|
|                                   | <u>ODV/<br/>Cost Price</u> | <u>Accumulated<br/>Depreciation</u> | <u>Carrying<br/>Value</u> | <u>Carrying<br/>Value</u> |
|                                   | <u>\$</u>                  | <u>\$</u>                           | <u>\$</u>                 | <u>\$</u>                 |
| System Fixed Assets               | 36,437,405                 | -                                   | 36,437,405                | 32,718,590                |
| Motor Vehicles                    | 30,883                     | 17,294                              | 13,589                    | 13,564                    |
| Office Equipment, Furniture & EDP | 482,676                    | 343,655                             | 139,021                   | 118,238                   |
| Land & Buildings                  | 216,653                    | 57,293                              | 159,360                   | 175,797                   |
| Plant & Equipment                 | 206,073                    | 98,547                              | 107,526                   | 66,960                    |
|                                   | <u>37,373,690</u>          | <u>516,789</u>                      | <u>36,856,901</u>         | <u>33,093,149</u>         |

**NOTE 4. RESERVES**

|                     | <u>2001</u>         | <u>2000</u>          |
|---------------------|---------------------|----------------------|
|                     | <u>\$</u>           | <u>\$</u>            |
| General Reserve     | 547,491             | 547,491              |
| Revaluation Reserve | 15,965,093          | 14,957,653           |
| <b>TOTAL</b>        | <u>\$16,512,584</u> | <u>\$ 15,505,144</u> |

**NOTE 5. DIVIDEND**

A notional Dividend of \$2,000,000 is included in these accounts to reflect the anticipated position at 31 March, 2001. The Company's financial year ends on 30 June, therefore no recommendation as to dividend will be made until after the final position is known.

**NOTE 6. COMMITMENTS**

|  | <u>2001</u>      | <u>2000</u>      |
|--|------------------|------------------|
|  | <u>\$</u>        | <u>\$</u>        |
| GIS Mapping System                                   | <u>\$ 2,000</u>  | <u>\$ 2,082</u>  |
| Operating Lease Commitments at 31 March              |                  |                  |
| Less than one year                                   | 34,000           | 36,000           |
| Greater than one year but not more than two years    | 21,000           | 27,000           |
| Greater than two years but not more than three years | 5,000            | 14,000           |
|  | <u>\$ 60,000</u> | <u>\$ 77,000</u> |

**NOTE 7. CASH FLOW RECONCILIATION**

|   | <b><u>2001</u></b><br><b><u>\$</u></b> | <b><u>2000</u></b><br><b><u>\$</u></b> |
|---|--|--|
| <b>Reconciliation with reported operating surplus</b> |  |  |
| Net surplus after tax                                 | 2,836,125                              | 2,325,882                              |
| Add/(Deduct) Non-Cash items                           |  |  |
| Depreciation  | 1,374,960                              | 1,416,700                              |
| Net (profit)/loss on disposal of Fixed Assets         | <u>168,193</u>                         | <u>167,434</u>                         |
|   | 1,543,153                              | 1,584,134                              |
| Add/(Deduct) movements in Working Capital             |  |  |
| (Increase)/Decrease in Receivables                    | 59,342                                 | 1,283,690                              |
| (Increase)/Decrease in Inventories                    | 7,873                                  | 62,794                                 |
| Increase/(Decrease) in Accounts Payable & Accruals    | <u>(442,752)</u>                       | <u>(419,756)</u>                       |
|   | (375,537)                              | 926,728                                |
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>      | <b><u>\$ 4,003,741</u></b>             | <b><u>\$ 4,836,744</u></b>             |

**NOTE 8. CONTINGENT LIABILITIES**

|  | <b><u>2001</u></b><br><b><u>\$</u></b> | <b><u>2000</u></b><br><b><u>\$</u></b> |
|--|--|--|
| Electricity Invercargill Limited's share of guarantees given to Contractors by PowerNet Limited for amounts ranging from \$20,000 to \$164,000 | 441,540                                | 441,540                                |
|  | <b><u>\$ 441,540</u></b>               | <b><u>\$ 441,540</u></b>               |

**NOTE 9. FINANCIAL INSTRUMENTS**

**Credit Risk:** Financial instruments which potentially subject the Company to a credit risk consist principally of bank deposits and receivables. Bank deposits are placed with high credit quality financial institutions. Concentrations of credit risk with respect to Receivables relate to PowerNet Limited but are subject to normal terms of trade. Regular monitoring of receivables is undertaken.

**Foreign Exchange and Currency Risk:** The company is not exposed to foreign exchange or currency risk.

**Off-Balance Sheet Financial Instruments:** The company does not have any off-balance sheet financial instruments.

**Fair Values:** The fair value of the on-balance sheet financial instruments are represented by the carrying values.

**NOTE 10. DISCLOSURE OF INFORMATION.**

Information to be disclosed in the Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999 Schedule 1 Part 2

| <b>1. Current Assets</b>                           | <b>2001</b>          | <b>2000</b>          |
|--|----------------------|----------------------|
| (a) Cash and bank balances                         | 1,423,573            | 2,488,323            |
| (b) Short-term investments                         | 720,000              | 1,000,000            |
| (c) Inventories                                    | 85,578               | 93,451               |
| (d) Accounts receivable                            | 95,606               | 154,948              |
| (e) Other current assets not listed in (a) to (d): | -                    | -                    |
| <b>(f) Total Current Assets</b>                    | <b>2,324,757</b>     | <b>3,736,722</b>     |
| <b>2. Fixed Assets</b>                             |                      |                      |
| (a) System fixed assets                            | 36,437,405           | 32,718,590           |
| (b) Customer billing and information system assets | 83,817               | 64,087               |
| (c) Motor vehicles                                 | 13,589               | 13,564               |
| (d) Office equipment                               | 55,204               | 54,151               |
| (e) Land & buildings                               | 159,360              | 175,797              |
| (f) Capital works under construction               | 1,056,805            | 2,122,856            |
| (g) Other fixed assets not listed in (a) to (f):   | 107,526              | 66,960               |
| <b>(h) Total Fixed Assets</b>                      | <b>37,913,706</b>    | <b>35,216,005</b>    |
| <b>3. Other tangible assets not listed above</b>   | -                    | -                    |
| <b>4. Total Assets</b>                             | <b>40,238,463</b>    | <b>35,216,005</b>    |
| <b>5. Intangible assets</b>                        |                      |                      |
| (a) Goodwill                                       | -                    | -                    |
| (b) Other intangible assets not listed in (a)      | -                    | -                    |
| <b>(c) Total Intangible Assets</b>                 | -                    | -                    |
| <b>6. Total Assets</b>                             | <b>\$ 40,238,463</b> | <b>\$ 38,952,727</b> |

| <b>7. Current Liabilities</b>                          | <b>2001</b>          | <b>2000</b>          |
|--|----------------------|----------------------|
| (a) Bank overdraft                                     | -                    | -                    |
| (b) Short-term borrowings                              | -                    | -                    |
| (c) Payables and accruals                              | 1,023,898            | 1,602,298            |
| (d) Provision for dividends payable                    | 2,000,000            | 1,750,000            |
| (e) Provision for income tax                           | (60,956)             | 168,473              |
| (d) Other Current Liabilities not listed in (a) to (e) | -                    | -                    |
| <b>(g) Total Current Liabilities</b>                   | <b>2,962,942</b>     | <b>3,520,771</b>     |
| <b>8. Non-current Liabilities</b>                      |                      |                      |
| (a) Payables and accruals                              | -                    | -                    |
| (b) Borrowings   | -                    | -                    |
| (c) Deferred tax                                       | -                    | -                    |
| (d) Other Current Liabilities not listed in (a) to (c) | -                    | -                    |
| <b>(e) Total Non-current Liabilities</b>               | -                    | -                    |
| <b>9. Equity</b>                                       |                      |                      |
| (a) Shareholders' equity                               |                      |                      |
| (i) Share Capital                                      | 13,000,000           | 13,000,000           |
| (ii) Retained earnings                                 | 7,762,937            | 6,926,812            |
| (iii) Reserves   | 16,512,584           | 15,505,144           |
| <b>Total Shareholders' equity</b>                      | <b>37,275,521</b>    | <b>35,431,956</b>    |
| (b) Minority interests in subsidiaries                 | -                    | -                    |
| (c) Total equity                                       | 37,275,521           | 35,431,956           |
| (d) Capital notes                                      | -                    | -                    |
| <b>(e) Total capital funds</b>                         | <b>37,275,521</b>    | <b>35,431,956</b>    |
| <b>10. Total equity and liabilities</b>                | <b>\$ 40,238,463</b> | <b>\$ 38,952,727</b> |

|  | 2001              | 2000              |
|--|-------------------|-------------------|
| <b>11. Revenue</b>   |                   |                   |
| (a) Revenue from Line/Access Charges                             | 10,976,406        | 10,357,933        |
| (b) Revenue from "Other" business (transfer payment)             | -                 | -                 |
| (c) Income from interest on short-term investments               | 112,620           | 154,556           |
| (d) AC loss-rental rebates                                       | 537,092           | 187,936           |
| (e) Other Revenue not listed in (a) to (d)                       | 52,801            | 343,175           |
| <b>Total revenue</b>   | <b>11,678,919</b> | <b>11,043,600</b> |
|  |                   |                   |
|  |                   |                   |
| <b>12 Expenditure</b>  |                   |                   |
| (a) Transmission Charges   | 3,715,467         | 3,708,144         |
| (b) Transfer payments to "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 for own generation             | -                 | -                 |
| (vii) Other goods and services not listed in (i) to (vi)         | -                 | -                 |
| (viii) <b>Total transfer payment to "Other" business</b>         | -                 | -                 |
| (c) Expense to entities that are not related parties for:        |                   |                   |
| (i) Asset maintenance  | 1,330,606         | 1,069,804         |
| (ii) Consumer disconnection/reconnection services                | -                 | -                 |
| (iii) Meter data   | -                 | -                 |
| (iv) Consumer-based load control services                        | -                 | -                 |
| (v) Royalty and patent expenses                                  | -                 | -                 |
| (vi) <b>Total of specified expenses to non-related parties</b>   | <b>1,330,606</b>  | <b>1,069,804</b>  |
| (d) Employee salaries and redundancies                           | 543,835           | 698,099           |
| (e) Consumer billing and information system expense              | 47,581            | 42,766            |
| (f) Depreciation on:   |                   |                   |
| (i) System fixed assets  | 1,265,579         | 1,325,359         |
| (ii) Other assets not listed in (i)                              | 109,381           | 91,341            |
| (iii) <b>Total depreciation</b>                                  | <b>1,374,960</b>  | <b>1,416,700</b>  |
| (g) Amortisation of:   |                   |                   |
| (i) Goodwill   | -                 | -                 |
| (ii) Other intangibles   | -                 | -                 |
| (iii) <b>Total amortisation of intangibles</b>                   | -                 | -                 |
| (h) Corporate and administration                                 | 173,900           | 197,252           |
| (i) Human resource expenses                                      | 41,139            | 57,316            |
| (j) Marketing/advertising  | 47,690            | 55,252            |
| (k) Merger and acquisition expenses                              | -                 | -                 |
| (l) Takeover defence expenses                                    | -                 | -                 |
| (m) Research and development expenses                            | -                 | -                 |
| (n) Consultancy and legal expenses                               | 43,863            | 174,051           |
| (o) Donations  | -                 | -                 |
| (p) Directors' fees  | 82,994            | 84,073            |
| (q) Auditors fees  |                   |                   |
| (i) Audit fees paid to principal auditors                        | 23,970            | 31,355            |
| (ii) Audit fees paid to other auditors                           | -                 | -                 |
| (iii) Fees paid for other services provided by auditors          | -                 | -                 |
| (iv) <b>Total auditors' fees</b>                                 | <b>23,970</b>     | <b>31,355</b>     |
| (r) Costs of offering credit:                                    |                   |                   |
| (i) Bad debts  | 1,575             | 44                |
| (ii) Increase in estimated doubtful debts                        | -                 | -                 |
| (iii) <b>Total cost of offering credit</b>                       | <b>1,575</b>      | <b>44</b>         |
| (s) Local authority rates expense                                | 2,602             | 6,575             |
| (t) AC loss rentals (distribution to retailer/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)       | -                   | -                   |
| <b>13. Total operating expenditure</b>               | <b>7,430,182</b>    | <b>7,541,431</b>    |
| <b>14. Operating surplus before interest and tax</b> | <b>4,248,737</b>    | <b>3,502,169</b>    |
| <b>15. Interest expense</b>                          |                     |                     |
| (a) Interest expense on borrowings                   | 3,861               | 82                  |
| (b) Financial charges related to finance leases      | -                   | -                   |
| (c) Other interest expense                           | -                   | -                   |
| (d) <b>Total interest expense</b>                    | <b>3,861</b>        | <b>82</b>           |
| <b>16. Operating surplus before income tax</b>       | <b>4,244,876</b>    | <b>3,502,087</b>    |
| <b>17. Income tax</b>                                | <b>1,408,751</b>    | <b>1,176,205</b>    |
| <b>18. Net surplus after tax</b>                     | <b>\$ 2,836,125</b> | <b>\$ 2,325,882</b> |

**NOTE 11. RECONCILIATION OF ODV VALUATION**

|                           | <u>2001</u><br>\$ | <u>2000</u><br>\$ |
|---------------------------|-------------------|-------------------|
| ODV Valuation at 1 April  | 32,718,590        | 32,538,453        |
| Additions for year        | 4,599,498         | 1,793,793         |
| Disposals for year        | (622,544)         | (288,297)         |
| Annual Depreciation       | (1,265,579)       | (1,325,359)       |
| Revaluation               | 1,007,440         |                   |
| ODV Valuation at 31 March | <u>36,437,405</u> | <u>32,718,590</u> |

**NOTE 12. ELECTRICITY CONVEYED FOR RETAILERS**

|                         | <u>2001</u><br>kWh | <u>2000</u><br>kWh |
|-------------------------|--------------------|--------------------|
| Contact Energy          | 218,814,311        | 204,318,635        |
| Genesis                 | 511,267            | 43,120             |
| Meridian                | 5,794,007          | 709,785            |
| Mighty River            | 5,303,671          | 3,881,691          |
| The Power Company OCB46 | 5,946,641          | -                  |
| TransAlta NZ            | 14,200,626         | 11,395,852         |
| TrustPower              | 11,083,277         | 4,878,544          |
| <b>Total</b>            | <u>261,653,800</u> | <u>225,227,627</u> |

**NOTE 13. TRANSACTIONS WITH RELATED PARTIES**

During the year the Company purchased construction and maintenance services from its joint venture company, PowerNet Limited, to an amount of \$3,661,749 (2000 - \$3,084,668). The amount owed to PowerNet Limited at year end is \$82,177 (2000 - \$455,867). No related party debts have been written off or forgiven during this, or last year.

|                             | <u>2001</u><br>\$   |
|-----------------------------|---------------------|
| <b>Asset Construction:</b>  |                     |
| Subtransmission             | 595,060             |
| Zone Substation             | 620,825             |
| Distribution Lines & Cables | 1,661,640           |
| Distribution Switchgear     | 128,000             |
| Distribution Transformers   | 39,900              |
| Distribution Substations    | 10,000              |
| LV Reticulation             | 308,405             |
| Other System Fixed Assets   | 294,979             |
| Customer Connections        | 2,940               |
|                             | <u>\$ 3,661,749</u> |

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                  | 4,248,737  |                   |                                      |  |   |
| Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT) | 4,248,737  |                   |                                      |  |   |
| Interest on cash, bank balances, and short-term investments (ISTI)                          | 112,620  |                   |                                      |  |   |
| OSBIT minus ISTI  | 4,136,117  | a                 | 4,136,117                            |  | 4,136,117   |
| Net surplus after tax from financial statements (NSAT)                                      | 2,836,125  | n                 |                                      | 2,836,125                                |   |
| Amortisation of goodwill and amortisation of other intangibles                              | 0  | g                 | add                                  | add                                      | add   |
| Subvention payment  | 0  | s                 | add                                  | add                                      | add   |
| Depreciation of SFA at BV (x)   | 1,374,960  |                   |                                      |  |   |
| Depreciation of SFA at ODV (y)  | 1,374,960  | d                 | add                                  | add                                      | add   |
| ODV depreciation adjustment   | 0  | s†                | deduct                               | deduct                                   | deduct  |
| Subvention payment tax adjustment   | 0  | q                 |                                      |  |   |
| Interest tax shield   | 1,274  | r                 |                                      |  | 1,274   |
| Revaluations  | 1,007,440  | p                 |                                      |  | 1,007,440   |
| Income tax  | 1,408,751  |                   |                                      |  | 1,408,751   |
| <b>Numerator</b>  |  |                   | OSBIT <sup>ROF</sup> = a + g + s + d | NSAT <sup>ROE</sup> = n + g + s - s† + d | OSBIT <sup>ROI</sup> = a + g - q + r + s + d - p - s† |
| Fixed assets at end of previous financial year (FA <sub>0</sub> )                           | 35,216,005   |                   |                                      |  |   |
| Fixed assets at end of current financial year (FA <sub>1</sub> )                            | 37,913,706   |                   |                                      |  |   |
| Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )         | -353,899   |                   |                                      |  |   |
| Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )          | -842,714   |                   |                                      |  |   |
| Average total funds employed (ATFE)   | 35,966,549<br>(or regulation 33 time-weighted average) | c                 | 35,966,549                           |  | 35,966,549  |
| Total equity at end of previous financial year (TE <sub>0</sub> )                           | 35,431,956   |                   |                                      |  |   |
| Total equity at end of current financial year (TE <sub>1</sub> )                            | 37,275,521   |                   |                                      |  |   |
| Average total equity  | 36,353,739<br>(or regulation 33 time-weighted average) | k                 |                                      | 36,353,739                               |   |
| WUC at end of previous financial year (WUC <sub>0</sub> )                                   | 2,122,856  |                   |                                      |  |   |
| WUC at end of current financial year (WUC <sub>1</sub> )                                    | 1,056,805  |                   |                                      |  |   |
| Average total works under construction  | 1,589,831<br>(or regulation 33 time-weighted average)  | e                 | deduct 1,589,831                     | deduct 1,589,831                         | deduct 1,589,831                                      |
| Revaluations  | 1,007,440  | r                 |                                      |  |   |





|  |
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| <b>PERFORMANCE MEASURES AND OTHER INFORMATION<br/>FOR YEAR ENDED 31 MARCH 2001</b> |
|--|

**1. Financial Performance Measures**

|                      | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Return on Funds      | 12.03%      | 9.98%       | 10.60%      | 12.94%      | 7.67%       |
| Return on Equity     | 8.16%       | 6.93%       | 6.88%       | 8.56%       | 5.50%       |
| Return on Investment | 11.02%      | 5.68%       | 7.62%       | -4.11%      | 6.66%       |

**2. Efficiency Performance Measures**

|                                   | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Direct Line Costs per Kilometre   | \$2,041     | \$1,745     | \$1,578     | \$2,238     | \$2,767     |
| Indirect Expenditure per Customer | \$56        | \$62        | \$70        | \$82        | \$87        |

**3. Energy Delivery Performance Measures**

|                      | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| Load Factor          | 51.6%       | 54.9%       | 53.1%       | 53.8%       | 51.6%       |
| Loss Ratio           | 4.5%        | 4.0%        | 3.7%        | 3.9%        | 5.9%        |
| Capacity Utilisation | 41.5%       | 38.5%       | 41.7%       | 43.0%       | 44.2%       |

**4. Statistics****Overhead & Underground System Lengths in Kilometres**

|              | <u>OVERHEAD</u> |             |             |             |             | <u>UNDERGROUND</u> |             |             |             |             | <u>TOTAL</u> |             |             |             |             |
|--------------|-----------------|-------------|-------------|-------------|-------------|--------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|
|              | <u>2001</u>     | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> | <u>2001</u>        | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> | <u>2001</u>  | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> |
| 33kV         | .3              | .3          | .3          | .3          | .3          | 20                 | 17          | 16          | 16          | 16          | 20           | 17          | 16          | 16          | 16          |
| 11kV         | 49              | 56          | 60          | 61          | 63          | 131                | 125         | 122         | 119         | 117         | 180          | 181         | 182         | 180         | 180         |
| 400V         | 87              | 133         | 175         | 178         | 180         | 399                | 364         | 328         | 319         | 313         | 486          | 497         | 503         | 497         | 493         |
| <b>Total</b> | <b>136</b>      | <b>189</b>  | <b>235</b>  | <b>239</b>  | <b>243</b>  | <b>550</b>         | <b>506</b>  | <b>466</b>  | <b>454</b>  | <b>446</b>  | <b>686</b>   | <b>695</b>  | <b>701</b>  | <b>693</b>  | <b>689</b>  |

|  | <u>2001</u>  | <u>2000</u>  | <u>1999</u>  | <u>1998</u>  | <u>1997</u>   |
|--|--------------|--------------|--------------|--------------|---------------|
| Average Number of Transformers         | 432          | 431          | 430          | 430          | 430           |
| Average Transformer Capacity kVA       | 139,483      | 138,480      | 137,880      | 139,353      | 140,839       |
| Maximum Demand kW                      | 57,871       | 53,380       | 57,472       | 59,228       | 62,306        |
| Total Electricity Supplied kWh         | 249,898,517  | 231,010,555  | 257,563,546  | 268,129,794  | 264,937,491   |
| Electricity Conveyed for Retailers kWh | 261,653,800  | 225,227,627  | 245,208,373  | 7,479,984    | 2,481,653     |
| Total Customers                        | 16,701       | 16,733       | 16,856       | 16,852       | 16,839        |
| Network ODV at 31 March                | \$36,437,405 | \$32,718,590 | \$32,538,453 | \$33,279,630 | \$ 35,529,127 |

|  |
|--|
| <b>PERFORMANCE MEASURES AND OTHER INFORMATION<br/>FOR YEAR ENDED 31 MARCH 2001</b> |
|--|

**5. Reliability Performance Measures****Total number of Interruptions:**

|              | <u>Target<br/>Average</u> | <u>Target<br/>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> |
|--------------|---------------------------|------------------------|-------------|-------------|-------------|-------------|-------------|
| Class B      | 13                        | 14                     | 11          | 18          | 16          | 16          | 17          |
| Class C      | 23                        | 24                     | 29          | 22          | 36          | 32          | 25          |
| Class D      | -                         | -                      | -           | -           | 1           | -           | -           |
| Class G      | -                         | -                      | -           | -           | 1           | -           | -           |
| Total Other  | -                         | -                      | -           | -           | -           | -           | -           |
| <u>Total</u> | 36                        | 38                     | 40          | 40          | 54          | 48          | 42          |

Class C Interruptions not restored in      3 Hours      Nil  
    24 Hours      Nil

**Faults per 100 circuit Km:**

|             |       | <u>Target<br/>Average</u> | <u>Target<br/>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> |
|-------------|-------|---------------------------|------------------------|-------------|-------------|-------------|-------------|-------------|
| Overhead    | 33kV  | -                         | -                      | -           | -           | -           | -           | 370.4       |
| Overhead    | 11kV  | -                         | -                      | 38.8        | 17.9        | 48.9        | 42.4        | 26.3        |
| Overhead    | Total | -                         | -                      | 38.6        | 17.9        | 48.7        | 42.2        | 27.3        |
| Underground | 33kV  | -                         | -                      | -           | -           | -           | -           | 17.6        |
| Underground | 11kV  | -                         | -                      | 5.4         | 4.8         | 2.5         | 3.4         | 6.9         |
| Underground | Total | -                         | -                      | 4.7         | 4.2         | 2.2         | 3.0         | 8.2         |
| Total       | 33kV  | -                         | -                      | -           | -           | -           | -           | 23.4        |
| Total       | 11kV  | 12.3                      | 12.8                   | 14.5        | 8.8         | 17.6        | 16.6        | 13.7        |
| Total       | Total | 11.0                      | 11.5                   | 13.0        | 8.1         | 16.2        | 15.3        | 14.5        |

**Interruptions by Class:**

|         | <u>SAIDI</u> |             |             |             | <u>SAIFI</u> |             |             |             | <u>CAIDI</u> |             |             |             |
|---------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|
|         | <u>2001</u>  | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>2001</u>  | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>2001</u>  | <u>2000</u> | <u>1999</u> | <u>1998</u> |
| Class B | 4.0          | 4.7         | 7.7         | 10.5        | .05          | 0.11        | 0.07        | 0.10        | 80.4         | 42.5        | 110.3       | 110.3       |
| Class C | 31.0         | 29.0        | 43.4        | 95.1        | 1.07         | 0.53        | 1.27        | 1.23        | 28.9         | 54.8        | 34.1        | 77.1        |
| Class D | -            | -           | 51.6        | -           | -            | -           | 1.01        | -           | -            | -           | 51.0        | -           |
| Class G | -            | -           | 1.3         | -           | -            | -           | 0.06        | -           | -            | -           | 22.0        | -           |
| Total   | 35.0         | 33.7        | 104.1       | 105.6       | 1.12         | 0.64        | 2.41        | 1.33        | 31.2         | 52.7        | 43.1        | 79.4        |

**Interruptions by Class: Targets 2002 & Beyond**

|         | <u>SAIDI</u>   |             |             | <u>SAIFI</u>   |             |             | <u>CAIDI</u>   |             |             |
|---------|----------------|-------------|-------------|----------------|-------------|-------------|----------------|-------------|-------------|
|         | <u>Average</u> | <u>2002</u> | <u>2001</u> | <u>Average</u> | <u>2002</u> | <u>2001</u> | <u>Average</u> | <u>2002</u> | <u>2001</u> |
| Class B | 5.0            | 5.5         | 4.0         | .07            | .07         | .05         | 71.0           | 78.0        | 80.4        |
| Class C | 28.1           | 29.3        | 31.0        | .74            | .77         | 1.07        | 38.0           | 38.0        | 28.9        |
| Class D | -              | -           | -           | -              | -           | -           | -              | -           | -           |
| Class G | -              | -           | -           | -              | -           | -           | -              | -           | -           |
| Total   | 33.1           | 34.8        | 35.0        | .81            | .84         | 1.12        | 41.2           | 41.3        | 31.2        |

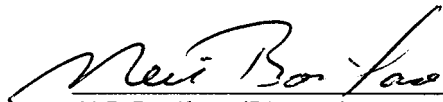
**CERTIFICATION OF FINANCIAL STATEMENTS,  
PERFORMANCE MEASURES, AND STATISTICS**

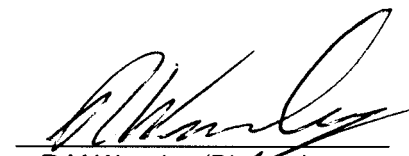
We, Neil Douglas Boniface and Ross McGregor Wensley, Directors of Electricity Invercargill Ltd certify that, having made all reasonable enquiry, to the best of our knowledge, -

(a) The attached audited financial statements of Electricity Invercargill Ltd, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999, give a true and fair view of the matters to which they relate and comply with the requirements of those regulations ; and

(b) The attached information being financial performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Electricity Invercargill Ltd and having been prepared for the purpose of regulations 13, 14, 15 and 16 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of the Electricity (Information Disclosure) Regulations 1999.

The valuations on which those financial performance measures are based are as at 31 March, 2001.

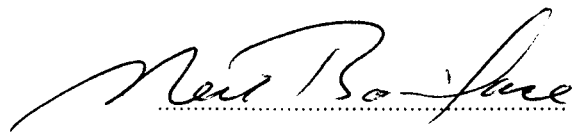
  
N D Boniface (Director)  
4/7/2001  
Date

  
R M Wensley (Director)  
4 July 2001  
Date

**STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND  
INFORMATION SUPPLIED TO SECRETARY OF COMMERCE**

I, Neil Douglas Boniface, of 502 Queens Drive, Invercargill, being a Director of Electricity Invercargill Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public pursuant to the Electricity (Information Disclosure) Regulations 1999.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.



Declared at Invercargill this fourth day of July, 2001.

  
Solicitor



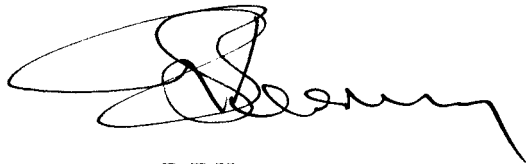
**AUDIT OFFICE OPINION ON THE PERFORMANCE MEASURES  
OF ELECTRICITY INVERCARGILL LIMITED**

We have examined the attached information on pages 15 to 18, being -

- (a) the derivation table specified in regulation 16; and
- (b) the annual ODV reconciliation report in regulation 16A; and
- (c) the financial performance measures in clause 1 of Part 3 of Schedule 1;  
and
- (d) the financial components of the efficiency performance measures in  
clause 2 of Part 3 of Schedule 1, -

that were prepared by Electricity Invercargill Limited and dated 31 March, 2001  
for the purposes of regulation 15 of the Electricity (Information Disclosure)  
Regulations 1999.

In my opinion, having made all reasonable enquiry, to the best of my  
knowledge, that information has been prepared in accordance with the  
Electricity (Information Disclosure) Regulations 1999.



B F Kearney  
Audit New Zealand  
On behalf of the Controller and Auditor-General  
Christchurch, New Zealand

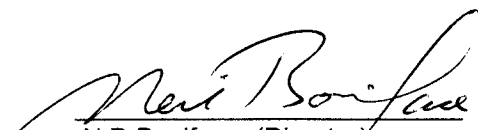
4 July 2001

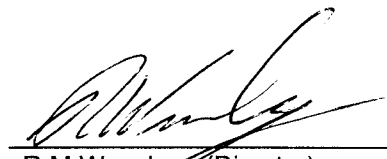
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|---|
| <b>CERTIFICATION OF VALUATION REPORT OF<br/>LINE OWNERS</b> |
|---|

We, Neil Douglas Boniface and Ross McGregor Wensley, Directors of Electricity Invercargill Limited certify that, having made all reasonable enquiry, to the best of our knowledge -

- (a) the attached valuation report of Electricity Invercargill Limited, prepared for the purposes of regulation 20 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of that regulation; and
- (b) the replacement cost of the line business system fixed assets of Electricity Invercargill Limited is \$65,735,781; and
- (c) the depreciated replacement cost of the line business system fixed assets of Electricity Invercargill Limited is \$36,506,275; and
- (d) the optimised depreciated replacement cost of the line business system fixed assets of Electricity Invercargill Limited is \$36,437,405; and
- (e) the optimised deprival valuation of the line business system fixed assets of Electricity Invercargill Limited is \$36,437,405; and
- (f) the values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March, 2001.

  
N D Boniface (Director)  
4/7/2001  
Date

  
R M Wensley (Director)  
4 July 2001  
Date



Office address  
Clarendon Tower  
78 Worcester Street  
Christchurch  
New Zealand

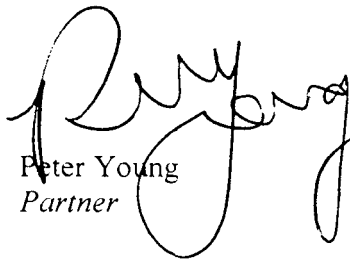
Mail address  
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Christchurch  
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Fax (03) 363-5765

**AUDITORS OPINION IN RELATION TO ODV VALUATION**  
**ELECTRICITY INVERCARGILL LIMITED**

I have examined the valuation report of Electricity Invercargill Limited prepared by KPMG and dated 26 June 2001, which contains valuations of system fixed assets as at 31 March 2001.

In my opinion, having made all reasonable enquiry, to the best of my knowledge, the ODV valuations contained in the report, including the total valuation of system fixed assets of \$36,437,405 have been made in accordance with the ODV Handbook.



Peter Young  
Partner

27 June 2001