SUPPLEMENT TO

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ELECTRA LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

Index

All values in this report are in thousands (000's) of New Zealand dollars (rounded) and are for years ended 31 March unless otherwise stated.

"This year" means the year ended 31 March 2007
"Last year" means the year ended 31 March 2006
"Next year" means the year ending 31 March 2008

Electra Limited

Line Business - Statement of financial performance

for the year ended 31 March 2007

	Note	2007 $000	2006 $000
Operating revenue	2	**25,398**	23,833
Discount		**(8,887)**	(8,325)
Operating expense	2	**(15,480)**	(14,461)
Earnings Before Interest and Tax		**1,031**	1,047
Interest Expense		**759**	(830)
Net profit/(loss) before taxation		**272**	217
Taxation	3	**336**	-
Net profit/(loss) after taxation		**$(64)**	$217

Electra Limited

Line Business - Statement of movements in equity

for the year ended 31 March 2007

	Note	2007 $000	2006 $000
Equity at beginning of the year		**90,896**	90,747
Net profit/(loss) for the year		**(64)**	217
Revaluation of assets	6	**-**	1
Total recognised revenues and expenses		**(64)**	218
Other movements			
Dividends	4	**(185)**	(160)
Funds transferred from non-line business activities		**770**	91
Total other movements		**585**	(69)
Equity at end of the year		**$91,417**	$90,896

The accompanying notes form part of these financial statements.

Electra Limited

Line Business - Statement of financial position

as at 31 March 2007

	Note	2007 $000	2006 $000
Equity			
Share capital	5	**18,000**	18,000
Reserves	6	**64,078**	64,078
Retained earnings		**9,339**	8,818
Total equity		**91,417**	90,896
Non-current liabilities			
Borrowings	7	**10,000**	12,000
Current liabilities			
Other provisions		**-**	-
Accounts payable and accruals	8	**7,321**	5,245
Short term Borrowings	7	**448**	-
Total current liabilities		**7,769**	5,245
Total equity and liabilities		**$109,186**	$108,141
Non-current assets			
Property, plant and equipment	9	**105,425**	104,155
Current assets			
Cash		**2,918**	2,877
Receivables and prepayments	10	**843**	1,109
Total current assets		**3,761**	3,986
Total assets		**$109,186**	$108,141

The accompanying notes form part of these financial statements.

For and on behalf of the Board

P F McKelvey
Director

P A T Hamid
Director

The Board of Electra Limited authorise these financial statements for issue on 8 February 2008

Electra Limited

Line Business - Statement of cash flows

for the year ended 31 March 2007

	Note	2007 $000	2006 $000
Cash flows from operating activities			
Cash was received from:			
Receipts from customers		**16,129**	14,702
Interest received		**40**	113
		16,169	14,815
Cash was disbursed to:			
Payments to suppliers and employees		**(9,270)**	(9,139)
Interest paid		**(759)**	(830)
		(10,029)	(9,969)
Net cash flows from operating activities	*12*	**6,140**	4,846
Cash flows to investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		**-**	28
Proceeds from non-line business		**792**	91
		792	119
Cash was applied to:			
Disbursements to non-line business			-
Purchase of property, plant and equipment		**(5,154)**	(2,988)
		(5,154)	(2,988)
Net cash from investing activities		**(4,362)**	(2,869)
Cash flows from financing activities			
Cash was provided from:			
Loans raised		**448**	-
		448	-
Cash was applied to:			
Payment of dividends		**(185)**	(160)
Repayment of loans		**(2,000)**	
		(2,185)	(160)
Net cash flows used in financing activities		**(1,737)**	(160)
Net increase in cash held		**41**	1,817
Add opening cash brought forward		**2,877**	1,060
Ending cash carried forward		**$2,918**	$2,877

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Statement *of accounting policies*

Reporting entity

Electra Limited is registered under the Companies Act 1993.

The financial statements are those of the Line Business Activities only of Electra Limited and have been prepared in accordance with the Electricity Information Disclosure Handbook issued by the Commerce Commission under Part 4A of the Commerce Act 1986.

Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed, with the exception that certain property, plant and equipment have been revalued. Revenue and expenditure are reported on an accrual basis with the exception of those items referred to in specific accounting policies.

Specific accounting policies

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

a) Property, plant and equipment

The Company has six classes of property, plant and equipment:

1. Land and buildings
2. Distribution Assets
3. Leasehold Improvements
4. Plant and Equipment
5. Vehicles
6. Work in Progress

All owned items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment comprises its purchase price plus any other costs directly attributable to bringing the item to working condition for its intended use.

The cost of self-constructed property, plant and equipment includes the cost of all materials used in construction, direct labour, costs of obtaining resource management consents, financing costs that are attributable to the project and an appropriate proportion of the variable and fixed overheads. Costs cease to be capitalised as soon as the property, plant and equipment is ready for productive use and do not include any inefficiency costs.

Subsequent expenditure relating to an item of property, plant and equipment is added to its gross carrying amount when such expenditure either increases the future economic benefits beyond its existing service potential, or is necessarily incurred to enable future economic benefits to be obtained, and that expenditure would have been included in the initial cost of the item had the expenditure been incurred at that time.

Distribution system assets are revalued every three years to fair value, or more regularly if necessary to ensure that no individual item of property, plant and equipment within a class is included at a valuation that is materially different from its fair value. Fair value is determined using Optimised Deprival Value method.

Any revaluation increment or decrement is recognised in the statement of movements in equity. If the revaluation results in a revaluation deficit, the revaluation deficit is recognised in the statement of financial performance. To the extent that a revaluation reverses a previous revaluation deficit that was recognised in the statement of financial performance, such revaluation increment is recognised in the statement of financial performance.

Land and buildings other than those included in distribution assets, are stated at market valuation. (refer note 9).

All other property, plant and equipment is recorded at cost less accumulated depreciation.

Where the estimated recoverable amount of an asset is less than the carrying amount, the asset is written down. The impairment loss is recognised in the statement of financial performance.

b) Depreciation

Depreciation is provided on either a diminishing value (DV), or straight line (SL) basis on all property, plant and equipment, at rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful lives.

Main depreciation rates are:	
Substation assets	2.2 – 7.8% straight line
Other Distribution assets	1.4 – 6.7% straight line
Buildings	1% - 2.5% straight line and 4% diminishing value
Leasehold Improvements	11%-31% diminishing value
Plant and equipment	10% - 50% diminishing value
Computer equipment	20% - 50% straight line
Motor vehicles	20% - 25% diminishing value and 20% straight line

c) Receivables

Receivables are stated at their estimated realisable value after providing against debts where collection is doubtful.

d) Bad Debts and Doubtful Debts Provisioning

Bad Debts are identified on a counterparty by counterparty basis, and where there is reasonable doubt as to their collectability, they are written down, by way of a specific write off, to their expected net collectable amounts with the amount written off recognised as an expense in the Statement of Financial Performance.

e) Revenue recognition

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

f) Income tax

The tax expense against the surplus for the year is the estimated liability in respect of that surplus after allowance for permanent differences plus any adjustments arising from prior years.

Electra Limited follows the liability method of accounting for deferred tax, applied on a partial basis.

The partial basis considers the cumulative income tax effect of all timing differences. The income tax effect of timing differences is only recognised as deferred tax for those timing differences that can be expected to reverse in the foreseeable future.

Future tax benefits attributable to losses carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the losses will be utilised.

g) *Leases*

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

h) Financial instruments

Financial instruments recognised on the statement of financial position include cash, receivables, finance receivables, accounts payable and borrowings. The particular recognition method is disclosed in the individual policy statement associated with each item.

The Parent and Group have no unrecognised financial instruments.

i) Statement of cash flows

The following are the definitions of the terms used in the Statement of Cash Flows:

1) Cash is considered to be cash on hand, short term deposits and current accounts at the banks, net of bank overdrafts.
2) Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments can include securities not falling within the definition of cash.
3) Financing activities are those activities, which result in changes in the size and composition of the capital structure of the Company. This includes both equity and debt not falling within the definition of cash. Dividends paid are included in financing activities.
4) Operating activities include all transactions and other events that are not investing or financing activities.

j) Changes in accounting policies

There were no changes in accounting policies during the year.

2. Earnings *before interest and taxation*

Revenue

	2007 $000	2006 $000
Invoiced to consumers by electricity retailers	**24,347**	22,253
Line/access charges	**24,347**	22,253
AC loss-rental	**608**	1,136
Interest	**40**	113
Other	**403**	331
Total Revenue	**$25,398**	$23,833

After Charging

	2007 $000	2006 $000
Audit fees	**33**	40
Other accountancy services	**47**	50
Bad Debts	**71**	8
Change in provision for doubtful debts	**-**	30
Depreciation*	**3,815**	3,881
Directors fees	**167**	167
Interest fixed and other	**759**	830
Loss on sale of property, plant & equipment	**47**	90
Rental and lease costs	**31**	61
*Depreciation by Category		
Land and Buildings	**15**	146
Distribution (ODV) Assets	**3,483**	3,244
Distribution (Non-ODV) Assets	**186**	279
Leasehold Improvements	**3**	8
Plant and equipment	**113**	190
Vehicles	**15**	14

Customer sales discount

A total of $7.9 million plus GST was credited to consumers during the year to 31 March 2007($7.2 million plus GST during the year to 31 March 2006)

3. Taxation

	2007 $000	2006 $000
Profit/(loss) before taxation	**272**	217
Prime facie taxation at 33%	**90**	72
Plus/(less)		
Taxation effect of permanent differences	**2**	578
Timing differences not recognised	**265**	(779)
Benefit of tax losses	**(21)**	273
Taxation expense (benefit)	**$336**	$-

The company has a potential deferred tax liability net of future tax benefits of $14,437,402 (2006 - $13,410,406), which is not recognised in the financial statements. This balance is made up of a deferred tax liability of $14,437,402 (2006 - $13,496,956) which arises mainly from the revaluation of assets for accounting purposes, and a future tax benefit of $0 (2006 - $86,550). These balances are not expected to crystallise and therefore have not been recorded in the financial statements.

The future tax benefit above comprises the benefit of tax losses available to carry forward of $0 (2006 - $30,349) and the benefit of other timing differences of $0 (2006 - $56,201).

The carrying forward of tax losses is subject to continuing to meet shareholder continuity requirements under the Income Tax Act 1994.

The company has imputation credits to carry forward as at 31 March 2007 of $1,109,154 (2006 - $394,029)

4. Dividend

	2007 $000	2006 $000
Dividend Paid	**$185**	$160

Dividends were paid, during the year to the Electra Trust. There is no proposed final dividend (2006 - $Nil).

5. Share capital

	2007 $000	2006 $000
24,464,922 ordinary shares issued and fully paid	**$18,000**	$18,000

All ordinary shares rank equally with one vote attached to each fully paid share.

6. Reserves

	2007 $000	2006 $000
Asset revaluation reserve	**64,078**	64,078
	$64,078	$64,078

Reconciliation of reserve movements

	2007 $000	2006 $000
Asset Revaluation Reserve		
Opening balance	**64,078**	64,077
Revaluation of assets	**-**	1
Closing balance	**$64,078**	$64,078

7. Debt funding

	2007 $000	2006 $000
Borrowings		
Bank borrowings	**10,400**	12,000
Other borrowings	**48**	-
Non current liabilities	**$10,448**	$12,000
Repayable as follows:		
Within one year	**448**	7,500
Within two years	**2,000**	500
Beyond two years	**8,000**	4,000
	$10,448	$12,000

All bank borrowings are secured by a General Securities Agreement over Electra's assets.

Interest rates payable on bank facilities range from 7.00%-7.34%

8. Accounts payable and accruals

	2007 $000	2006 $000
Creditors		
Trade	**1,693**	**830**
Other	**3,869**	**2,709**
Accruals	**1,529**	**1,512**
Accrued employee entitlements	**230**	**194**
	$7,321	**$5,245**

9. Property, Plant and Equipment

	2007 $000	2006 $000
Distribution assets		
Land	**544**	544
Buildings	**7,044**	6,842
Substation equipment	**11,270**	10,743
Lines	**60,468**	59,569
Switchgear	**5,452**	4,916
Transformers	**14,776**	13,770
Other distribution assets	**17,320**	16,726
Accumulated Depreciation	**(14,021)**	(10,350)
Total distribution assets	**102,853**	102,760
Non-distribution assets		
Land	**199**	163
	199	163
Buildings	**764**	-
Accumulated depreciation	**(15)**	-
	749	-
Leasehold improvements	**-**	142
Accumulated depreciation	**-**	(113)
	-	29
Plant and equipment	**996**	1,011
Accumulated deprecation	**(945)**	(867)
	51	144
Vehicles	**93**	61
Accumulated Depreciation	**(52)**	(36)
	41	25
Capital Work in Progress	**1,532**	1,034
Total property plant and Equipment	**$105,425**	$104,155

Valuation

Land and buildings owned by the Company, other than those referred to above as being part of distribution assets, are stated at market valuation, which was assessed as at 31 March 2004 by DTZ NZ Limited (Registered Valuers). The Land and Improvements value at valuation date was $215,000 and $675,000 respectively. The valuations are undertaken using the "highest & best use" method. At balance date the values include additions since valuation (at cost) and reflect fair value.

The Optimised Deprival Value (ODV) at which distribution assets are stated, was assessed by Electra and independently reviewed by PricewaterhouseCoopers as at 31 March 2004. The report placed an ODV on Distribution assets of $101,173,265.

The next ODV Valuation will be completed as at 31 March 2009. For the intervening years the distribution assets are updated for additions during the year at cost.

All other assets are recorded at cost.

10. Receivables and prepayments

	2007 $000	2006 $000
Trade debtors	**693**	1,105
GST refund due	**42**	-
Prepayments	**148**	44
	883	1,149
Less provision for doubtful debts	**(40)**	(40)
	$843	$1,109

11. Financial instruments

Credit risk

Financial assets which potentially subject the company to credit risk principally consist of bank balances and accounts receivable and advances to subsidiaries.

The company manages its principle credit risk by having Use of System Agreements with its major customers to maintain a minimum credit rating of BBB or better.

Maximum exposures to credit risk as at balance date are:

	2007 $000	2006 $000
Bank balances	**2,918**	2,877
Receivables	**843**	1,109

The above maximum exposures are net of any recognised provision for losses on these financial assets. No collateral is held on the above amounts.

Bank balances and investments in short term deposits are made with registered banks with satisfactory credit ratings.

Concentrations of credit risk

The company has exposures to concentrations of credit risk by having six line customers. This is managed as mentioned above through the Use of System Agreements. In addition the Company has advanced a $2.6m loan to Oxford Finance Corporation Limited.

Currency risk

The company has no material exposure to foreign exchange risk.

Interest rate risk

Interest rate risk exposure is limited to bank borrowings. The company has no interest risk hedge contracts.

Fair values

There were no differences between the fair value and carrying amounts of financial instruments as at 31 March 2007.

12. Reconciliation

of net profit after tax with cash inflow from operating activities

	2007 $000	2006 $000
Profit/(loss) after taxation	**(64)**	217
Add / (less) non-cash items		
Depreciation	**3,815**	3,881
Doubtful Debts Provision movement	**-**	30
Add item classified as investing activity Capital Loss (gain) on sale of fixed assets	**47**	90
Movements in working capital		
Increase / (decrease) in accounts payable	**2,076**	185
(Increase) / decrease in receivables	**266**	443
Net cash inflow from operating activities	**$6,140**	$4,846

13. Contingent liabilities

	2007 $000	2006 $000
a) Guarantee of bank facilities for a subsidiary to a limit of	**950**	950
At balance date the amount of the bank facilities so guaranteed was	**-**	-

14. Commitments

Capital commitments

At balance date, there was $1,683,982 expenditure contracted for and approved by the company (2006 - $663,292).

Operating lease commitments

Lease commitment under non-cancellable operating leases

	2007 $000	2006 $000
Not later than one year	27	42
Within one to two years	13	-
Within two to five years	4	-
	$44	$42

15. Transactions with related parties

During the year the Company purchased construction and maintenance services from its wholly owned subsidiary, Electra Contracting Limited, to an amount of $5,004,450 (2006 - $2,910,000). The amount owed to Electra Contracting at year end is $858,026 (2006 - $249,884).

	2007 $000	2006 $000
(a.) Construction of subtransmission assets	52	55
(b.) Construction of zone substations	847	3
(c.) Construction of distribution lines and cables	446	151
(d.) Construction of medium voltage switchgear	470	190
(e.) Construction of distribution transformers	1,138	618
(f.) Construction of distribution substations	-	-
(g.) Construction of low voltage reticulation	230	147
(h.) Construction of other system fixed assets	22	72
(i.) Maintenance of assets	1,800	1,674
(j.) Consumer connections and disconnections	-	-

No related party debts have been written off or forgiven during this, or last year.

16. Further Information

The following information is required to be disclosed in the financial statements under Part 2 of the Electricity Information Disclosure Requirements 2004

			2007 $000	2006 $000
1	**Current assets**			
	(a.)	Cash and bank balances	**154**	877
	(b.)	Short-term investments	**2,764**	2,000
	(c.)	Inventories		
	(d.)	Accounts Receivable	**843**	1,109
	(e.)	Other current assets not listed in (a) to (d)		
	(f.)	**Total current assets**	**3,761**	3,986
2	**Fixed Assets**			
	(a.)	System fixed assets	**102,853**	102,760
	(b.)	Consumer billing and information system assets	**-**	-
	(c.)	Motor Vehicles	**41**	25
	(d.)	Office equipment	**51**	144
	(e.)	Land and buildings	**948**	192
	(f.)	Capital works under construction	**1,532**	1,034
	(g.)	Other fixed assets not listed in (a) to (f)	**-**	-
	(h.)	**Total fixed assets**	**105,425**	104,155
3	**Other tangible assets not listed above**		**-**	-
4	**Total tangible assets**		**109,186**	108,141
5	**Intangible assets**			
	(a.)	Goodwill	**-**	-
	(b.)	Other intangibles not listed in (a)	**-**	-
	(c.)	Total intangible assets (sum of (a) and (b))	**-**	-
6	**Total Assets**		**109,186**	108,141
7	**Current liabilities**			
	(a.)	Bank overdraft	**-**	-
	(b.)	Short-term borrowings	**448**	-
	(c.)	Payables and accruals	**7,321**	5,245
	(d.)	Provision for dividends payable	**-**	-
	(e.)	Provision for income tax	**-**	-
	(f.)	Other current liabilities not listed in (a) to (e)	**-**	-
	(g.)	**Total current liabilities**	**7,769**	5,245
8	**Non-current liabilities**			
	(a.)	Payables and accruals	**-**	-
	(b.)	Borrowings	**10,000**	12,000
	(c.)	Deferred tax	**-**	-
	(d.)	Other non-current liabilities not listed in (a) to (c)	**-**	-
	(e.)	**Total non-current liabilities**	**10,000**	12,000

			2007 $000	2006 $000
9	**Equity**			
	(a.)	Shareholders' equity -		
		(i) Share capital	**18,000**	18,000
		(ii) Retained earnings	**9,339**	8,818
		(iii) Reserves	**64,078**	64,078
		(iv) Total shareholders' equity	**91,417**	90,896
	(b.)	Minority interests in subsidiaries	-	-
	(c.)	Total equity	**91,417**	90,896
	(d.)	Capital notes	-	-
	(e.)	**Total capital funds**	**91,417**	90,896
10	**Total Equity and Liabilities**		**109,186**	108,141
11	**Operating revenue**			
	(a.)	Revenue from line/access charges	**24,347**	22,253
	(b.)	Line charge discount to consumers	**(8,887)**	(8,325)
	(c.)	Revenue from "other" business for services carried out by the line business (transfer payment)	-	-
	(d.)	Interest on cash, bank balances, and short-term investments	**40**	113
	(e.)	AC loss-rental rebates	**608**	1,136
	(f.)	Other operating revenue not listed in (a) to (d)	**403**	331
	(g)	**Total operating revenue**	**16,511**	15,508
12	**Operating expenditure**			
	(a.)	Payment for transmission charges	**6,016**	5,745
	(b.)	Transfer payments to the "other" business for:		
		(i) Asset maintenance:	**1,800**	1,659
		(ii) Consumer disconnection/reconnection services:	-	-
		(iii) Meter data:	-	-
		(iv) Consumer-based load control services:	-	-
		(v) Royalty and patent expenses:	-	-
		(vi) Avoided transmission charges on account of own generation:	-	-
		(vii) Other goods and services not listed in (i) to (vi):	-	17
		(viii) **Total transfer payment to the "other" business**	**1,800**	1,676
	(c.)	Expense to entities that are not related parties for:		
		(i) Asset maintenance:	**1,577**	971
		(ii) Consumer disconnection/reconnection services:	-	-
		(iii) Meter data: - EMS	**4**	4
		(iv) Consumer-based load control services:	-	-
		(v) Royalty and patent expenses:	-	-
		(vi) **Total of specified expenses to non-related parties**	**1,581**	975
	(d.)	Employee salaries, wages and redundancies	**850**	764
	(e.)	Consumer billing and information systems	-	-
	(f.)	Depreciation on:		
		(i) System fixed assets:	**3,670**	3,669
		(ii) Other assets not listed in (i):	**145**	212
		(iii) **Total depreciation**	**3,815**	3,881
	(g.)	Amortisation of:		
		(i) Goodwill	-	-
		(ii) Other intangibles	**2**	-
		(iii) **Total amortisation of intangibles**	**2**	-
	(h.)	Corporate and administration	**484**	516
	(i.)	Human resource expenses	**81**	89

				2007 $000	2006 $000
12	**Operating expenditure *cont...***				
	(j.)	Marketing/Advertising		**277**	205
	(k.)	Merger and acquisition expenses		**-**	-
	(l.)	Takeover defence expenses		**-**	-
	(m.)	Research and development expenses		**-**	-
	(n.)	Consultancy and legal expenses		**33**	50
	(o.)	Donations		**-**	-
	(p.)	Directors' Fees		**167**	167
	(q.)	Auditor' Fees			
		(i)	Audit fees paid to principal auditors:	**33**	32
		(ii)	Audit fees paid to other auditors:	**-**	8
		(iii)	Fees paid for other services provided by principal and other auditors	**-**	50
		(iv)	**Total auditors' fees**	**33**	90
	(r.)	Cost of offering credit -			
		(i)	Bad debts written off:	**71**	8
		(ii)	Increase in estimated doubtful debts	**-**	30
		(iii)	**Total cost of offering credit**	**71**	38
	(s.)	Local authority rates expense		**45**	50
	(t.)	AC loss-rental rebates (distribution to retailers/customers) expense		**-**	-
	(u.)	Rebates to consumers due to ownership interest		**-**	-
	(v.)	Subvention payments		**-**	-
	(w.)	Unusual expenses		**-**	-
	(x.)	Other expenditure not listed in (a) to (w)		**225**	215
13.	**Total operating expenditure**			**15,480**	14,461
14.	**Operating surplus before interest and income tax**			**1,031**	1,047
15.	**Interest expense**				
	(a.)	Interest expense on borrowings		**759**	830
	(b.)	Financing charges related to finance leases		**-**	-
	(c.)	Other interest expense not listed in (a) or (b)		**-**	-
	(d)	**Total interest expense**		**759**	830
16.	**Operating surplus before income tax**			**272**	217
17.	**Income tax**			**336**	-
18.	**Net surplus/(loss) after tax**			**(64)**	217

Annual valuation reconciliation report

Year ending 31 March 2007

	2007 $000
System fixed assets at ODV – end of the previous financial year	101,507
Add system fixed assets acquired during the year at ODV	2,790
Less system fixed assets disposed of during the year at ODV	24
Less depreciation on system fixed assts at ODV	3,576
Add revaluations of system fixed assets	-
System fixed assets at ODV – end of the financial year	**$100,697**

Financial and efficiency performance measures for the Line Business

Introduction

The Electricity Information Disclosure Requirements 2004 forms part of the regulatory regime introduced following deregulation of the Electricity Industry.

The Regulations require Electricity Companies that operate a Line Business to publicly disclose in the Gazette and have available on request a variety of information. Included in this disclosure are Financial, Reliability and Efficiency Performance Measures and Statistics.

In order to consistently define these measures to allow comparison between Electricity Companies, the Regulations require a number of adjustments to be made to the Financial Statements. For this reason, the Financial Statements disclosed are not necessarily the basis of information used for calculations in Performance Measures and Statistics.

This information has been prepared solely for the purpose of complying with Parts 3-7 of the Electricity Information Disclosure Requirements 2004 required by the Commerce Act 1986 and is not intended for any other purpose.

Financial performance measures

Rates of return for the Line Business are as follows:

	2007	2006	2005	2004
Return on funds	**0.93%**	0.94%	0.86%	1.30%
Return on equity	**-0.18%**	0.23%	-0.01%	0.33%
Return on investment	**0.34%**	0.70%	0.57%	32.10%

Efficiency performance measures

	2007	2006	2005	2004
Direct line costs per kilometre	**$1,733**	$1,533	$1,534	$1,746
In-direct line costs per electricity consumer	**$48**	$35	$39	$44

Energy delivery Performance measures

	2007	2006	2005	2004
Load factor	**50.00%**	51.23%	48.51%	51.46%
Loss ratio	**6.20%**	6.69%	6.58%	6.59%
Capacity utilisation	**33.68%**	31.84%	31.95%	28.95%

Statistics

	2007	2006	2005	2004
System Lengths (km's) (overhead)				
33kV	**152**	153	153	153
11kV	**854**	854	854	853
400v	**543**	543	544	553
Total	**1,549**	1,550	1,551	1,559
System Lengths (km's) (underground)				
33kV	**21**	21	21	24
11kV	**196**	193	189	180
400v	**422**	415	404	385
Total	**639**	629	614	589
Total Overhead and Underground	**2,188**	2,179	2,165	2,148

		2007	2006	2005	2004
Transformer capacity kVA		**290,976**	**288,716**	284,881	283,323
Maximum demand kW		**98,000**	**91,930**	91,406	82,016
Total electricity entering the system (before losses) kWh		**432,970,696**	**412,598,319**	415,694,712	394,872,118
Electricity on behalf of other entities	A	**193,119,013**	**190,795,905**	202,468,965	262,787,752
(after losses of electricity)	B	**10,363,608**	**9,889,250**	9,595,365	9,918,360
	C	**48,584,631**	**30,513,232**	30,446,069	37,730,811
	D	**5,998,331**	**7,304,510**	5,964,263	1,776,596
	E	**27,736,692**	**32,084,474**	27,083,133	20,139,519
	F	**120,427,774**	**114,402,711**	112,784,393	36,558,506
Total Consumers		**40,860**	**40,458**	39,906	39,541

Reliability Performance Measure Targets

Total interruptions

	2007	2006	2005	2004
Class A – Planned by Transpower	**-**	-	-	-
Class B – Planned by Electra	**81**	88	84	80
Class C – Unplanned by Electra	**128**	109	106	118
Class D – Unplanned by Transpower	**4**	4	1	2
Class E – Unplanned by embedded generation	**-**	-	-	-
Class F – Unplanned by generation on other network	**-**	-	-	-
Class G – Unplanned by other line owner	**-**	-	-	-
Class H – Planned by other line owner	**-**	-	-	-
Class I – Any other loss of supply	**-**	-	-	-
Total	**213**	201	191	200

Interruptions Target for Following Financial Year

	2008	2007	2006	2005
Class B – Planned	**75**	75	75	75
Class C – Unplanned	**95**	95	95	95
Total	**170**	170	170	170

Average Interruptions Targets (next and subsequent 4 years)

	2008/12	2007/11	2006/10	2005/09
Class B – Planned	**75**	75	75	70
Class C – Unplanned	**95**	95	95	95
Total	**170**	170	170	170

Proportion of the total Class C interruptions not restored within:

	2007	2006	2005	2004
a) 3 hours -	**9.3%**	3.1%	2.8%	2.55%
b) 24 hours -	**0%**	0%	0%	0.04%

Number of Faults per 100 Circuit Kilometre

	2007	2006	2005	2004
33kV	**1.17**	0.57	0.57	6.32
11kV	**7.64**	9.46	8.34	10.28
Total number of faults	**6.90**	8.19	7.87	9.72

Fault Targets per 100 Circuit Kilometre

Number of faults targeted (next year)	**2008**	**2007**	**2006**	**2005**
33kV	**2.6**	2.6	2.6	2.6
11kV	**9.5**	9.5	9.5	9.5
Total	**8.5**	8.5	8.5	8.5

Average Faults Targets (next and subsequent 4 years)	**2008/12**	**2007/11**	**2006/10**	**2005/09**
33kV	**2.6**	2.6	2.6	2.6
11kV	**9.5**	9.5	9.5	9.5
Total	**8.5**	8.5	8.5	8.5

Number of Faults per 100 Circuit Kilometre

	2007	**2006**	**2005**	**2004**
Overhead				
33kV	**1.30**	0.66	0.66	7.19
11kV	**8.40**	9.84	9.60	11.70
Total Overhead	**7.20**	8.44	8.24	11.01
Underground				
33kV		-	-	-
11kV	**5.10**	7.70	2.65	3.78
Total Underground	**4.60**	7.01	2.38	3.40
Total	**6.90**	8.19	7.23	9.7

SAIDI

	2007	**2006**	**2005**	**2004**
Class A – Planned by Transpower	-	-	-	-
Class B – Planned by Electra	**18.09**	17.56	15.23	9.98
Class C – Unplanned by Electra	**69.67**	51.43	62.97	107.86
Class D – Unplanned by Transpower	**97.50**	25.00	5.66	15.63
Class E – Unplanned by embedded generation	-	-	-	-
Class F – Unplanned by generation on other network	-	-	-	-
Class G – Unplanned by other line owner	-	-	-	-
Class H – Planned by other line owner	-	-	-	-
Class I – Any other loss of supply	-	-	-	-
Total	**185.26**	93.99	83.86	133.47

SAIDI targets (next year)

	2008	**2007**	**2006**	**2005**
Class B – Planned	**16**	16	16	20
Class C – Unplanned	**62**	62	62	80
Total	**78**	78	78	100

Average SAIDI targets (next 5 years)

	2008/12	2007/11	2006/10	2005/09
Class B – Planned	**16**	16	16	20
Class C – Unplanned	**62**	62	62	80
Total	**78**	78	78	100

SAIFI

	2007	2006	2005	2004
Class A – Planned by Transpower	-	-	-	-
Class B – Planned by Electra	**0.11**	0.10	0.09	0.07
Class C – Unplanned by Electra	**1.32**	1.23	1.47	2.65
Class D – Unplanned by Transpower	**1.75**	1.54	0.39	0.78
Class E – Unplanned by embedded generation	-	-	-	-
Class F – Unplanned by generation on other network	-	-	-	-
Class G – Unplanned by other line owner	-	-	-	-
Class H – Planned by other line owner	-	-	-	-
Class I – Any other loss of supply	-	-	-	-
Total	**3.18**	2.87	1.95	3.50

SAIFI targets (next year)

	2008	2007	2006	2005
Class B – Planned	**0.16**	0.16	0.16	0.2
Class C – Unplanned	**1.42**	1.42	1.42	1.8
Total	**1.58**	1.58	1.58	2.0

Average SAIFI targets (next 5 years)

	2008/12	2007/11	2006/10	2005/09
Class B – Planned	**0.16**	0.16	0.16	0.18
Class C – Unplanned	**1.42**	1.42	1.42	1.80
Total	**1.58**	1.58	1.58	1.98

CAIDI

	2007	2006	2005	2004
Class A – Planned by Transpower	-	-	-	-
Class B – Planned by Electra	**172.85**	175.60	169.22	143.17
Class C – Unplanned by Electra	**52.56**	41.81	42.84	40.75
Class D – Unplanned by Transpower	**55.84**	16.23	14.51	20.0
Class E – Unplanned by embedded generation	-	-	-	-
Class F – Unplanned by generation on other network	-	-	-	-
Class G – Unplanned by other line owner	-	-	-	-
Class H – Planned by other line owner	-	-	-	-
Class I – Any other loss of supply	-	-	-	-
Total	**58.33**	32.75	43.01	38.13

CAIDI targets (next year)

	2008	**2007**	**2006**	**2005**
Class B – Planned	**98.00**	98.00	100.00	100.00
Class C – Unplanned	**44.00**	44.00	44.45	44.45
Total	**50.00**	50.00	50.00	50.00

Average CAIDI targets (next 5 years)

	2008/12	**2007/11**	**2006/10**	**2005/09**
Class B – Planned	**98.00**	98.00	98.00	111.11
Class C – Unplanned	**44.00**	44.00	44.00	44.45
Total	**50.00**	50.00	50.00	50.51

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	1,031,000							
Operating surplus before interest and income tax adjusted pursuant to requirement 18 (OSBIIT)	1,031,000							
Interest on cash, bank balances, and short-term investments (ISTI)	40,000							
OSBIIT minus ISTI	991,000	a		991,000				991,000
Net surplus after tax from financial statements	-64,000							
Net surplus after tax adjusted pursuant to requirement 18 (NSAT)	-64,000	n				-64,000		
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)	3,483,151							
Depreciation of SFA at ODV (y)	3,575,954							
ODV depreciation adjustment	-92,803	d	add	-92,803	add	-92,803	add	-92,803
Subvention payment tax adjustment	0	s*t			deduct	0	deduct	0
Interest tax shield	237,270	q					deduct	237,270
Revaluations	0	r					add	0
Income tax	336,000	p					deduct	336,000
Numerator				898,196		-156,804 OSBIITADJ = a + g + s + d		324,926
Fixed assets at end of previous financial year (FA0)	104,155,000							
Fixed assets at end of current financial year (FA1)	105,425,000							
Adjusted net working capital at end of previous financial year (ANWC0)	-4,136,000							
Adjusted net working capital at end of current financial year (ANWC1)	-6,926,000							
Average total funds employed (ATFE)	99,259,000	c		99,259,000				99,259,000
	(or requirement 33 time-weighted average)							
Total equity at end of previous financial year (TE0)	90,896,000							
Total equity at end of current financial year (TE1)	91,417,000							
Average total equity	91,156,500	k				91,156,500		
	(or requirement 33 time-weighted average)							
WUC at end of previous financial year (WUC0)	1,034,000							
WUC at end of current financial year (WUC1)	1,532,000							
Average total works under construction	1,283,000	e	deduct	1,283,000	deduct	1,283,000	deduct	1,283,000
	(or requirement 33 time-weighted average)							
Revaluations	0	r						
Half of revaluations	0	r/2					deduct	0
Intangible assets at end of previous financial year (IA0)	0							
Intangible assets at end of current financial year (IA1)	0							
Average total intangible asset	0	m			add	0		
	(or requirement 33 time-weighted average)							
Subvention payment at end of previous financial year (S0)	0							
Subvention payment at end of current financial year (S1)	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 (SFAbv0)	102,760,000							
System fixed assets at end of current financial year at book value (SFAbv1)	102,853,000							
Average value of system fixed assets at book value	102,806,500	f	deduct	102,806,500	deduct	102,806,500	deduct	102,806,500
	(or requirement 33 time-weighted average)							
System Fixed assets at year beginning at ODV value (SFAodv0)	101,507,286							
System Fixed assets at end of current financial year at ODV value (SFAodv1)	100,696,519							
Average value of system fixed assets at ODV value	101,101,903	h	add	101,101,903	add	101,101,903	add	101,101,903
	(or requirement 33 time-weighted average)							
Denominator				96,271,403		88,168,903 ATFEADJ = c - e - f + h		96,271,402
				0.93 ROF = OSBIITADJ/ATFEADJ x 100		-0.18 ROE = NSATADJ/ATEADJ x 100		0.34 ROI = OSBIITADJ/ATFEADJ 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

Deloitte.

AUDITOR'S REPORT

TO THE READERS OF THE FINANCIAL STATEMENTS OF ELECTRA LIMITED LINES BUSINESS FOR THE YEAR ENDED 31 MARCH 2007

We have audited the financial statements on pages 2 to 20. The financial statements provide information about the past financial performance of Electra Limited Lines Business and its financial position as at 31 March 2007. This information is stated in accordance with the accounting policies set out on pages 5 to 7.

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 Electra Limited Lines Business as at 31 March 2007, and results of operations and cash flows for the year then ended.

Auditor's Responsibilities

Section 15 of the Public Audit Act 2001 and Requirement 30 of the Electricity (Information Disclosure) Requirements 2004 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed G R Mitchell of Deloitte to undertake the audit.

Basis of Opinion

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

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Electra Limited Lines Business' 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.

Other than in our capacity as auditor acting on behalf of the Auditor-General, and general taxation compliance services, we have no relationship with or interests in Electra Limited.

Deloitte.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been maintained by Electra Limited as far as appears from our examination of those records; and

- the financial statements referred to above;
  a) comply with generally accepted accounting practice; and
  b) give a true and fair view of the financial position of Electra Limited Lines Business' financial position as at 31 March 2007 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 8 February 2008 and our unqualified opinion is expressed as at that date.

G.R. Mitchell
DELOITTE
ON BEHALF OF THE AUDITOR-GENERAL
WELLINGTON, NEW ZEALAND

MATTERS RELATING TO THE PUBLICATION OF THE AUDITED FINANCIAL STATEMENTS IN THE *NEW ZEALAND GAZETTE*

This audit report relates to the financial statements of Electra Limited Lines Business for the year ended 31 March 2007 that have been published in the *New Zealand Gazette*. The *New Zealand Gazette* is required to publish hard copies of audited financial statements and the related audit report of Electra Limited Lines Business for the year ended 31 March 2007, and to include an electronic version of the published *New Zealand Gazette* on the *New Zealand Gazette*'s website.

We have not been engaged to report on the integrity of the financial statements of Electra Limited Lines Business that have been published on the *New Zealand Gazette*'s website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially signed and published.

This audit report refers only to the financial statements named above. If readers of this audit report are concerned with the inherent risks arising from electronic data communication, they should refer to the original signed and published hard copy of the audited financial statements and related audit report dated 8 February 2008 to confirm the information included in the audited financial statements published in the *New Zealand Gazette* or on the *New Zealand Gazette*'s website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Deloitte.

AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF ELECTRA LIMITED LINES BUSINESS

We have examined the information, being:

(a) a derivation table; and

(b) the annual ODV reconciliation report; and

(c) financial performance measures; and

(d) financial components of the efficiency performance measures,

that were prepared by Electra Limited Lines Business and dated 31 March 2007 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 those Electricity Information Disclosure Requirements 2004.

G.R. Mitchell
DELOITTE
ON BEHALF OF THE AUDITOR-GENERAL
WELLINGTON, NEW ZEALAND
7 FEBRUARY 2008

MATTERS RELATING TO THE PUBLICATION OF THE AUDITED PERFORMANCE MEASURES IN THE *NEW ZEALAND GAZETTE*

This audit report relates to the performance measures of Electra Limited Lines Business for the year ended 31 March 2007 that have been published in the *New Zealand Gazette*. The *New Zealand Gazette* is required to publish hard copies of audited performance measures and the related audit report of Electra Limited Lines Business for the year ended 31 March 2007, and to include an electronic version of the published *New Zealand Gazette* on the *New Zealand Gazette*'s website.

We have not been engaged to report on the integrity of the performance information of Electra Limited Lines Business that have been published on the *New Zealand Gazette*'s website. We accept no responsibility for any changes that may have occurred to the performance information since they were initially signed and published.

This audit report refers only to the performance information named above. If readers of this audit report are concerned with the inherent risks arising from electronic data communication, they should refer to the original signed and published hard copy of the audited performance information and related audit report dated 7 February 2008 to confirm the information included in the audited performance information published in the *New Zealand Gazette* or on the *New Zealand Gazette*'s website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

ODV valuation

The Optimised Deprival Value (ODV) of the network was assessed by Electra and audited by PricewaterhouseCoopers as at 31 March 2004.

PRICEWATERHOUSECOOPERS

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Wellington, New Zealand
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Facsimile +64 4 462 7001

AUDITOR-GENERAL'S OPINION ON THE VALUATION REPORT OF ELECTRA LIMITED (LINES BUSINESS)

We have examined the valuation report of Electra Limited (Lines Business) and dated 6 December 2004 which report contains valuations of system fixed assets as at 31 March 2004.

In our opinion, having made all reasonable enquiry, and to the best of our knowledge, the valuations contained in the report, including the total valuation of system fixed assets of $101,173,264, have been made in accordance with the ODV Handbook (as defined in the Commerce Commission's Electricity Information Disclosure Requirements 2004).

Fred Hutchings
On behalf of the Auditor-General
Wellington, New Zealand
8 December 2004

PricewaterhouseCoopers

MATTERS RELATING TO THE PUBLICATION OF THE VALUATION REPORT IN THE *NEW ZEALAND GAZETTE*

This opinion relates to the Valuation Report of Electra Limited (Lines Business) for the year ended 31 March 2004 that have been published in the *New Zealand Gazette*. The *New Zealand Gazette* is required to publish hard copies of the Valuation Report and the related opinion of Electra Limited (Lines Business) for the year ended 31 March 2004, and to include an electronic version of the published *New Zealand Gazette* on the *New Zealand Gazette*'s website.

We have not been engaged to report on the integrity of the Valuation Report of Electra Limited (Lines Business) that have been published on the *New Zealand Gazette*'s website. We accept no responsibility for any changes that may have occurred to the Valuation Report since it was initially signed and published.

This opinion refers only to the Valuation Report named above. If readers of this opinion are concerned with the inherent risks arising from electronic data communication, they should refer to the original signed and published hard copy of the Valuation Report and related opinion dated 8 December 2004 to confirm the information included in the Valuation Report published in the *New Zealand Gazette* or on the *New Zealand Gazette*'s website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

CERTIFICATION OF VALUATION REPORT OF LINE OWNERS

We, Patricia McKelvey, Chairperson and Piers Hamid, Director of Electra Limited certify that, having made all reasonable enquiry, to the best of our knowledge, –

(a) The attached valuation report of Electra Limited, prepared for the purposes of requirement 19 of the Commerce Commission's Electricity Information Disclosure Requirements 2004 complies with those Requirements; and

(b) The replacement cost of the line business system fixed assets of Electra Limited is $177,475,288; and

(c) The depreciated replacement cost of the line business system fixed assets of Electra Limited is $101,266,158; and

(d) The optimised depreciated replacement cost of the line business system fixed assets of Electra Limited is $101,173,264; and

(e) The optimised deprival valuation of the line business system fixed assets of Electra Limited is $101,173,264; and

(f) The values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook (as defined in the Electricity Information disclosure Requirements 2004). These valuations are as at 31 March 2004.

P F McKelvey
Chair

P A T Hamid
Director

Dated this 8th day of February 2008

DIRECTOR'S CERTIFICATES

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

We, Patricia McKelvey, Chairperson and Piers Hamid, Director of Electra Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

(a) The attached audited financial statements of Electra Limited prepared for the purposes of requirement 6 of the commerce Commission's Electricity Information Disclosure Requirements 2004 comply with those Requirements; and

(b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Electra 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.

P F McKelvey
Chair

P A T Hamid
Director

Dated this 8th day of February 2008

Directory

Directors

P F McKelvey (Chair)
W R Thessman
P A T Hamid
M H Devlin
N F Mackay

Executive

J L Yeoman (Chief Executive)

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Wellington
On behalf of the Auditor General

Bankers

Bank of New Zealand

Solicitors

Quigg Partners, Wellington

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