

Orion New Zealand Limited

Information for Disclosure

**Pursuant to the Electricity
Information Disclosure Requirements 2004**

5 December 2007

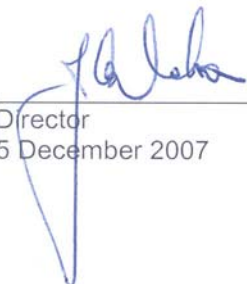
Orion New Zealand Limited

The following public disclosures are made by Orion New Zealand Limited ("Orion") in accordance with the Electricity Information Disclosure Requirements 2004 (the "Requirements").

The disclosures cover the period from 1 April 2006 to 31 March 2007 and provide comparatives for prior years as required by the Requirements.

Requirement 6 - Financial statement disclosure

Authorised for issue for and on behalf of the directors:



Director
5 December 2007



Director
5 December 2007

Statement of financial performance

For the year ended 31 March	Notes	2007 \$000	2006 \$000
Operating revenues	2	174,269	168,654
Operating expenses		<u>110,752</u>	<u>111,098</u>
Operating surplus before tax	3	63,517	57,556
Taxation expense	4	<u>27,115</u>	<u>23,019</u>
Net surplus after tax		<u>36,402</u>	<u>34,537</u>

The accompanying notes form part of and are to be read in conjunction with these financial statements

Statement of movements in equity

For the year ended 31 March	Notes	2007 \$000	2006 \$000
Equity at the start of the year	10	618,189	609,386
Net surplus		36,402	34,537
Revaluation of property, plant and equipment		184,137	-
Deferred tax liability adjustment		-	-
Total recognised revenues and expenses for the period		220,539	34,537
Cash reinvested from/(in) other businesses		46	1,266
Distributions paid or provided to shareholders during the period			
- ordinary dividend		(38,000)	(27,000)
Equity at the end of the year	10	<u>800,774</u>	<u>618,189</u>

The accompanying notes form part of and are to be read in conjunction with these financial statements

Statement of financial position

As at 31 March	Notes	2007 \$000	2006 \$000
Current assets			
Bank		-	-
Short term deposits		-	-
Accounts receivable	5	6,572	9,219
Inventories	6	902	563
Intercompany balances		-	-
Total current assets		<u>7,474</u>	<u>9,782</u>
Non-current assets			
Long term investments		630	840
Property, plant and equipment	7	921,754	729,142
Other tangible assets		-	-
		<u>922,384</u>	<u>729,982</u>
Total tangible assets		929,858	739,764
Intangible assets			
Goodwill		-	-
Other intangible assets		-	-
Total intangible assets		<u>-</u>	<u>-</u>
Total assets		<u><u>929,858</u></u>	<u><u>739,764</u></u>
Current liabilities			
Bank overdraft		-	-
Short term borrowings		-	-
Accounts payable and accruals	8	26,568	23,895
Total current liabilities		26,568	23,895
Non-current liabilities			
Deferred tax		64,216	57,680
Borrowings		38,300	40,000
	9	102,516	97,680
Shareholders' equity	10	800,774	618,189
Total liabilities and equity		<u><u>929,858</u></u>	<u><u>739,764</u></u>

The accompanying notes form part of and are to be read in conjunction with these financial statements

Statement of cash flows

For the year ended 31 March	Notes	2007 \$000	2006 \$000
Cash flows from operating activities			
Cash was provided from:			
Cash receipts from customers		169,926	163,632
Interest received		-	-
		<u>169,926</u>	<u>163,632</u>
Cash was applied to:			
Non-capitalised payments to suppliers and employees		79,804	85,717
Income tax paid (net of refunds)		18,122	17,296
Interest paid		2,245	2,931
		<u>100,171</u>	<u>105,944</u>
Net cash inflow from operating activities	13	<u>69,755</u>	<u>57,688</u>
Cash flows from investing activities			
Cash was provided from:			
Sale of fixed assets		119	365
Cash was applied to:			
Purchase of property, plant and equipment		30,220	32,319
Long term prepayment		-	-
		<u>30,220</u>	<u>32,319</u>
Net cash outflow from investing activities		<u>(30,101)</u>	<u>(31,954)</u>

The accompanying notes form part of and are to be read in conjunction with these financial statements

Statement of cash flows continued...

For the year ended 31 March	Notes	2007 \$000	2006 \$000
Cash flows from financing activities			
Cash was provided from:			
Proceeds of debt		-	-
Cash was applied to:			
Dividends paid		38,000	27,000
Repayment of debt		1,700	-
		<u>39,700</u>	<u>27,000</u>
Net cash outflow from financing activities		<u>(39,700)</u>	<u>(27,000)</u>
 Cash flow summary and reconciliation			
Opening bank and short term investments		-	-
Inflow from operating activities		69,755	57,688
Outflow from investing activities		(30,101)	(31,954)
Outflow from financing activities		(39,700)	(27,000)
Cash reinvested in other businesses		46	1,266
		<u>-</u>	<u>-</u>
Closing bank and short term investments		<u>-</u>	<u>-</u>
 Represented by:			
Cash at bank and short term investments		-	-
Bank overdraft		-	-
		<u>-</u>	<u>-</u>

The accompanying notes form part of and are to be read in conjunction with these financial statements

Notes to the financial statements

1. Statement of accounting policies

Reporting entity

Orion New Zealand Limited (“the company”) is a company registered under the Companies Act 1993. The company is a reporting entity for the purposes of the Financial Reporting Act 1993.

Special purpose financial statements

These financial statements have been prepared for the purpose of complying with the requirements of the Electricity Information Disclosure Requirements 2004 (“the Requirements”), and should be read in conjunction with the general purpose audited financial statements for the year ended 31 March 2007. Note that the 31 March 2007 general purpose audited financial statements were prepared under New Zealand international financial reporting standards (NZ IFRS) whereas these regulatory financial statements have been prepared under New Zealand financial reporting standards (previous GAAP). Refer to note 17 for a description of the impacts of the difference in treatment.

Allocations of the costs, revenues, assets and liabilities of the company have been made in accordance with the mandatory avoidable cost allocation methodology as required by the Requirements.

This approach defines the line business as the company’s core business, and makes an assessment of the costs, revenues, assets and liabilities that would be avoided by the line business if all non-core businesses were to cease operation. The costs, revenues, assets and liabilities that would be avoided are allocated to those non-core businesses. Costs, revenues, assets and liabilities that would not be avoided are allocated to the line business.

Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance, cash flows and financial position on an historical cost basis are followed by the company, with the exception that certain property, plant and equipment have been revalued.

Specific accounting policies

The following specific accounting policies that materially affect the measurement of financial performance, cash flows and financial position are applied:

- (a) **Capital contributions**
Capital contributions that are refundable to customers are treated as current liabilities until refunded. Non-refundable contributions are credited to income when received.
- (b) **Distinction between capital and revenue expenditure**
Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the company.
- (c) **Accounts receivable**
Accounts receivable are valued at their expected realisable value. All known bad debts are written off during the financial year.
- (d) **Inventories**
Stocks and inventories are valued at the lower of cost (FIFO or weighted average) and net realisable value, with additional allowances for obsolescence where

necessary. Chargeable work in progress includes direct materials and labour and an allocation of overheads that directly relate to the contract.

- (e) Depreciation
Depreciation is provided on property, plant and equipment using the straight line method at rates which amortise the cost or valuation less estimated residual value over their useful lives.

The main bases are periods not exceeding:

Electricity distribution system	60 years
Building structures	70 years
Building services	30 years
Building fitout	15 years
Cars and vans	5 years
Trucks	7 years
Plant and equipment	10 years
Computer equipment and software	3 years

The depreciation methods and useful lives of property, plant and equipment are reviewed annually to ensure that they remain appropriate.

- (f) Property, plant and equipment
The company's property, plant and equipment is revalued on a cyclic basis at least once every three years by independent valuers to fair value. Any subsequent additions are initially recorded at cost until the next revaluation.

- (g) Income tax
The income tax expense charged to the statement of financial performance includes both the current year's provision and the income tax effect of timing differences calculated using the liability method.

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

- (h) Employee entitlements
Provision is made in respect of the company's liability for annual and long service leave. The annual leave liability has been calculated on an actual entitlement basis at current rates of pay. The long service leave liability has been assessed on an actuarial basis.

- (i) Derivative financial instruments
The company may enter into swaps, forward rate agreements and options transactions. Such transactions are undertaken within board approved policies and limits for the primary purpose of reducing exposure to fluctuations in interest rates and foreign exchange rates. While these financial instruments are subject to the risk that market rates may change subsequent to the acquisition of the financial instrument, such changes would generally be offset by opposite effects on the items being hedged. For the agreements, the differential to be paid or received is accrued as rates change and is recognised over the life of the agreements.

The company does not engage in speculative transactions or hold derivative financial instruments for trading purposes.

Changes in accounting policies

There have been no changes in accounting policies in the 2007 year. The company's accounting policies have been applied on bases consistent with those used in previous years.

	2007	2006
	\$000	\$000
2. Operating revenues		
A summary of operating revenue is as follows:		
AC rental rebates	5,700	7,181
Bad debts recovered	17	12
Capital contributions	2,425	5,079
Changes in bad debt provisions	-	-
Donated/subsidised assets	4,496	4,263
Dividends	-	-
Interest	-	-
Line revenue	160,664	151,266
Profit on sale of equipment	37	161
Other	930	692
	<u>174,269</u>	<u>168,654</u>
3. Operating surplus before tax		
Operating surplus before tax includes the following operating expenditure:		
Payment for transmission charges (prior to loss rental rebates)	41,749	40,218
AC loss-rental rebates (distribution to retailers) expense	5,700	7,181
Transfer payments to the "other" business for:		
- asset maintenance	9,964	6,818
- consumer disconnection/reconnection services	-	-
- meter data	-	-
- consumer-based load control services	-	-
- royalty and patent expenses	-	-
- avoided transmission charges on account of own generation	-	-
- other goods and services not listed	-	-
Total	<u>9,964</u>	<u>6,818</u>

	2007	2006
	\$000	\$000
Expense to entities that are not related parties for:		
- asset maintenance	6,139	6,566
- consumer disconnection/reconnection services	-	-
- meter data	-	3
- consumer-based load control services	-	-
- royalty and patent expenses	-	-
	<hr/>	<hr/>
Total	6,139	6,569
Employee salaries, wages and redundancies	10,265	9,639
Consumer billing and information system expense	553	453
Depreciation on:		
- buildings	155	158
- distribution system	23,596	22,926
- other	1,422	1,329
	<hr/>	<hr/>
Total	25,173	24,413
Amortisation of:		
- goodwill	-	-
- other intangibles	-	-
	<hr/>	<hr/>
Total	-	-
Corporate and administration	1,652	1,318
Human resource expenses	813	841
Leasing and rental	65	64
Loss on disposal of equipment	4	5
Asset write-offs	982	1,198
Marketing/advertising	43	20
Merger and acquisition expenses	-	-
Takeover defence expenses	-	-
Research and development expenses	-	-
Consultancy and legal expenses	854	1,222
Donations	60	51
Directors fees	297	250
Auditors fees:		
- audit fees paid to principal auditors	129	129
- audit fees paid to other auditors	-	-
- fees paid for other services provided by principal and other auditors	85	12
	<hr/>	<hr/>
Total	214	141

	2007 \$000	2006 \$000
Cost of offering credit:		
- bad debts written off	45	60
- increase in estimated doubtful debts	-	12
	<hr/>	<hr/>
Total	45	72
Local authority rates expense	1,638	1,653
Rebates to consumers due to ownership interest	-	-
Subvention payments	1,745	5,213
Unusual expenses	-	-
Other expenditure not listed	552	828
	<hr/>	<hr/>
Total operating expenditure	108,507	108,167
	<hr/>	<hr/>
Operating surplus before interest and income tax	65,762	60,487
	<hr/>	<hr/>
Interest expense		
- interest expense on borrowings	2,186	2,931
- financing charges related to finance leases	59	-
- other interest expense	-	-
	<hr/>	<hr/>
Total	2,245	2,931
	<hr/>	<hr/>
Operating surplus before income tax	63,517	57,556

4. **Taxation expense**

The taxation provisions are subject to Inland Revenue Department assessment.

Surplus before taxation	63,517	57,556
	<hr/>	<hr/>
Prima facie taxation at 33%	20,961	18,993
	<hr/>	<hr/>
Taxation effect of :		
Deferred tax adjustment	1,954	54
Permanent differences	4,164	3,978
Under/(over) provisions in prior years	36	(6)
	<hr/>	<hr/>
Taxation as per statement of financial performance	27,115	23,019
	<hr/>	<hr/>

	2007 \$000	2006 \$000
Comprising:		
Current tax	20,579	17,076
Deferred tax	<u>6,536</u>	<u>5,943</u>
	<u>27,115</u>	<u>23,019</u>
Deferred tax liability		
Opening balance	57,680	51,737
Current year movement expensed	<u>6,536</u>	<u>5,943</u>
Closing balance	<u>64,216</u>	<u>57,680</u>

5. **Accounts receivable**

A summary of accounts receivable is as follows:

Trade receivables	3,366	3,506
Tax receivable	2,565	5,022
Prepayments	766	816
Interest receivable	-	-
	<u>6,697</u>	<u>9,344</u>
Provision for doubtful debts	<u>(125)</u>	<u>(125)</u>
	<u>6,572</u>	<u>9,219</u>

6. **Inventories**

A summary of inventories is as follows:

Chargeable WIP	33	103
Maintenance items	<u>869</u>	<u>460</u>
	<u>902</u>	<u>563</u>

	2007	2006
	\$000	\$000
7. Property, plant and equipment		
System fixed assets (at valuation)	854,229	654,123
System fixed assets (at cost)	711	66,345
Work in progress	10,641	9,189
Accumulated depreciation	(92)	(45,297)
	<u>865,489</u>	<u>684,360</u>
Land and buildings (at valuation)	52,293	40,326
Land and buildings (at cost)	-	1,140
Work in progress	10	3
Accumulated depreciation	-	(308)
	<u>52,303</u>	<u>41,161</u>
Consumer billing and information systems (at valuation)	342	358
Consumer billing and information systems (at cost)	4,811	3,966
Work in progress	-	-
Accumulated depreciation	(3,803)	(3,058)
	<u>1,350</u>	<u>1,266</u>
Office equipment (at valuation)	422	422
Office equipment (at cost)	819	681
Accumulated depreciation	(809)	(702)
	<u>432</u>	<u>401</u>
Motor vehicles and plant (at valuation)	166	214
Motor vehicles and plant (at cost)	2,654	2,293
Accumulated depreciation	(1,234)	(1,099)
	<u>1,586</u>	<u>1,408</u>
Other (at valuation)	289	289
Other (at cost)	1,005	826
Work in progress	-	-
Accumulated depreciation	(700)	(569)
	<u>594</u>	<u>546</u>
Total property, plant and equipment	<u>921,754</u>	<u>729,142</u>

	2007	2006
	\$000	\$000
Totals for all asset classes		
At valuation	907,741	695,732
At cost	10,000	75,251
Work in progress	10,651	9,192
Accumulated depreciation	(6,638)	(51,033)
Carrying value	<u>921,754</u>	<u>729,142</u>

System fixed assets includes substation buildings of \$61,707,000 (2006: \$30,761,000). Land and buildings includes network land prior to optimisation of \$36,024,000 (2006: \$29,547,000).

The value of system fixed assets at book value used in the calculation of Requirement 14 performance measures comprises:

System fixed assets	865,489	684,360
Less capital work in progress	(10,641)	(9,189)
Plus network land (optimised value)	<u>32,654</u>	<u>26,619</u>
	<u>887,502</u>	<u>701,790</u>

Revaluation

The electricity distribution network and substation buildings were revalued on an optimised depreciated replacement cost basis by independent valuers PricewaterhouseCoopers as at 31 March 2007.

All the company's land and other buildings were revalued to fair value at 31 March 2007 by independent valuers CB Richard Ellis Limited.

An impairment review of all other plant and equipment was undertaken as at 31 March 2003 by independent valuers Ernst & Young Corporate Finance Limited, who determined that as no significant impairment existed, these assets could be carried at their existing carrying values. Assets in this category were last revalued at 31 March 2000.

Depreciation has been applied to the assets for the year ended 31 March 2007 in accordance with the company's accounting policies.

8. Accounts payable and accruals

A summary of accounts payable and accruals is as follows:

Intercompany subvention payment	1,745	5,213
Trade creditors	8,202	8,494
Accruals	14,430	8,238
Employee entitlements	1,969	1,805
Dividends payable	-	-
Income tax payable	-	-
Provisions	<u>222</u>	<u>145</u>
	<u>26,568</u>	<u>23,895</u>

	2007	2006
	\$000	\$000
Details of the provision follows:		
Long service leave		
Opening balance	145	132
Additional provision made	313	53
Amount utilised	<u>(236)</u>	<u>(40)</u>
Closing balance	<u>222</u>	<u>145</u>

The provision for long service leave relates to an actuarial assessment of entitlements that may become due to employees in the future. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken. Most of the liability is expected to be discharged over the next 5 years.

9. **Non-current liabilities**

Non-current liabilities are as follows:

Payables and accruals	-	-
Borrowings	38,300	40,000
Deferred tax (see Note 4)	64,216	57,680
Other	<u>-</u>	<u>-</u>
	<u>102,516</u>	<u>97,680</u>

Borrowings

A summary of interest bearing debt is as follows:

Current (NZD)	-	-
> 2 years (NZD)	<u>38,300</u>	<u>40,000</u>
	<u>38,300</u>	<u>40,000</u>

All borrowings are unsecured against the company, however a deed of negative pledge and guarantee requires the company to comply with certain covenants.

Interest rates for the borrowings are floating based on bank bill rates plus a margin. At 31 March 2007 this rate was 7.93% (2006 7.47%). The company has entered into derivative contracts to hedge its exposure to interest rate fluctuations (refer Note 12).

	2007	2006
	\$000	\$000
10. Equity		
Equity comprises:		
Share capital	120,000	120,000
Retained earnings	65,613	67,165
Revaluation reserve (see Note 11)	<u>615,161</u>	<u>431,024</u>
Total shareholders' equity	800,774	618,189
Minority interests	<u>-</u>	<u>-</u>
Total equity	800,774	618,189
Capital notes	<u>-</u>	<u>-</u>
Total capital funds	<u><u>800,774</u></u>	<u><u>618,189</u></u>

The 80 million (\$1.50) ordinary shares were issued in April 1993 pursuant to the approved establishment plan and sale and purchase agreement. The shares are fully paid up.

11. Revaluation reserve

Opening balance	431,024	431,832
Revaluation of electricity distribution network, land & buildings	184,137	-
Disposal of revalued assets	-	(808)
Deferred tax liability adjustment	<u>-</u>	<u>-</u>
	<u>615,161</u>	<u>431,024</u>

The revaluation reserve is comprised as follows:

Land and buildings	86,394	44,837
Distribution system	<u>528,767</u>	<u>386,187</u>
	<u>615,161</u>	<u>431,024</u>

12. Financial instruments

The estimated fair values of the company's financial instruments are as follows:

	Carrying	Fair	Carrying	Fair
	amount	value	amount	value
	2007	2007	2006	2006
	\$000	\$000	\$000	\$000
Cash and short term investments	-	-	-	-
Borrowings	38,300	38,300	40,000	40,000
Interest rate swap asset	-	430	-	124

The company anticipates that long term borrowings will be held to maturity.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument:

The carrying amounts of cash, short term investments, bank overdraft and short term debt are equivalent to their fair value.

The fair value of long term borrowings is estimated based on current market interest rates available to the company for debt of similar maturities.

The fair value of interest rate swaps is estimated based on quoted market prices of those instruments.

Off-balance sheet risk

	2007	2006
	\$000	\$000
Interest rate swaps (NZD)	26,000	55,000

Interest rate risk

Interest rate risk is the risk that the value of the company's assets and liabilities will fluctuate due to changes in market interest rates.

The company has interest bearing debt which is subject to interest rate variations in the market.

Interest rate swaps are employed to manage interest rate exposure on long term borrowings.

Contracts have been entered into with various counterparties having such credit ratings and in accordance with such dollar limits as set by the board of directors. The company does not require collateral or other security to support financial instruments with credit risk. While the company may be subject to credit losses up to the notional principal or contract amounts in the event of non performance by its counterparties, it does not expect such losses to occur.

For interest rate swaps the cash requirements are limited to interest payable or receivable which is a net receivable amount of \$7,791 as at 31 March 2007 (\$32,699 receivable in 2006).

	2007	2006
	\$000	\$000
13. Reconciliation of net surplus after taxation with net cash flow from operating activities		
Net surplus after tax	36,402	34,537
Non cash items:		
Depreciation	25,173	24,413
Deferred tax	6,536	5,943
Asset write offs	982	1,198
Subsidised assets	(4,496)	(4,263)
Other	210	210
Movements in other working capital items:		
(Increase)/decrease in accounts receivable	190	(598)
(Increase)/decrease in interest receivable	-	-
(Increase)/decrease in inventories	(339)	217
Increase/(decrease) in accounts payable	2,673	(3,593)
Increase/(decrease) in interest payable	-	-
(Increase)/decrease in tax asset	2,457	(220)
Items classified as an investing activity:		
Net profit on sale of property, plant and equipment	(33)	(156)
	<hr/>	<hr/>
Net cash inflow from operating activities	69,755	57,688

14. Contingent assets and liabilities

The company is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the scheme) which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, the company could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, the company could be responsible for an increased share of the deficit. The company estimates that during the next financial year the company's contribution to the scheme will be approximately \$69,000 (2006 \$120,000).

The Fund has advised that insufficient information is available to use defined benefit accounting as it is not possible to determine, from the terms of the scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

As at 31 March 2006, the scheme had an estimated past service surplus of \$16.5 million (5% of the estimated liabilities). This amount is exclusive of specified superannuation contribution withholding tax. This surplus was calculated by the actuary to the scheme using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19. The actuary to the scheme has recommended the employer contribution continues at 2.0 times contributors' contributions at present. The 2.0 times is inclusive of specified superannuation contribution withholding tax. The equivalent information as at 31 March 2007 is not available at the date of preparation of these financial statements.

Other than the above, the group had no material or significant contingent liabilities or contingent assets as at 31 March 2007 or 31 March 2006.

15. Commitments

At balance date, capital commitments were as follows:

Distribution system	10,831	6,343
Other	-	-
	<u>10,831</u>	<u>6,343</u>

At balance date, lease commitments were as follows:

2008	57	52
2009	53	52
2010	53	52
2011	53	52
2012 and beyond	530	520

Capital commitments of \$2.1m are uncertain as to timing (2006 \$1.8m). Other capital commitments are expected to be met in the next financial year.

Lease commitments that extend beyond 2012 have been assessed for a maximum period of 10 years.

16. Related parties

Transactions with owners and directors

The company has been 100% owned by Orion Group Limited (the Holding Company) since 23 October 1998.

Christchurch City Holdings Limited (CCHL) is an 89.275% shareholder in the holding company. CCHL is 100% owned by the Christchurch City Council (CCC).

Selwyn Investment Holdings Limited (SIHL) is a 10.725% shareholder in the holding company. SIHL is 100% owned by the Selwyn District Council (SDC).

The company undertakes many transactions with the shareholders and their related parties, all of which are carried out on a commercial and arms length basis.

During the year no material transactions, other than the payment of dividends, were entered into with such parties.

During the year no material transactions were entered into with any of the directors.

2007	2006
\$000	\$000

A summary of the related party transactions with the CCC and SDC is as follows:

Transactions with owners during the year

Purchases from CCC, SDC and their subsidiaries	1,798	1,974
Revenues from CCC, SDC and their subsidiaries	2,021	2,426
Dividend payments to CCHL	33,924	24,104
Dividend payments to SIHL	4,076	2,896
Accounts payable to CCC, SDS and their subsidiaries as at 31 March	46	51
Accounts receivable from CCC, SDC and their subsidiaries as at 31 March	56	192

Transactions with “other” businesses

For the purposes of Requirement 8, transactions taking place between the line business and “other” businesses must be identified.

The company had considerable numbers of transactions with its wholly-owned contracting subsidiary, Connetics Limited, during the years ended 31 March 2007 and 2006.

A description of the intercompany transactions, revenue amounts and balances at 31 March 2007 and 2006 follows. Note that estimated data has had to be used in the determination and apportionment of costs for Connetics into the required categories.

Connetics has provided construction and maintenance services to the line business for the period 1 April 2006 to 31 March 2007, and for a number of prior years.

These services follow the awarding of a contract based on a contested lowest-price conforming tender. In virtually every case multiple parties were invited to tender for such work. In the case of emergency maintenance, a contract comprising a negotiated schedule of rates has been agreed. A contract has also been negotiated for the management of system spares.

Contract variations and adjustments have been negotiated between the parties. No debts have been written off or forgiven during the year. Amounts are due the 20th of the month following date of invoice.

	2007	2006
	\$000	\$000
Services provided by Connetics:		
Asset maintenance		
- asset storage	258	221
- emergency work	3,243	2,465
- other asset maintenance	6,463	4,132
	<u>9,964</u>	<u>6,818</u>
Asset construction		
- subtransmission assets	1,345	833
- zone substations	3,455	54
- distribution lines and cables	1,775	2,886
- medium voltage switchgear	1,574	2,255
- distribution transformers	2	75
- distribution substations	340	54
- low voltage lines and cables	484	4,831
- other system fixed assets	996	493
	<u>9,971</u>	<u>11,481</u>
Other services provided to line business		
- meter data	-	-
- consumer-based load control	-	-
- disconnection/reconnection services	-	-
- avoided transmission charges	-	-
- other goods and services	-	-
	<u>19,935</u>	<u>18,299</u>
Balance outstanding at 31 March	2,393	2,846

The company has provided directors and some specialised administrative support to Connetics. These have been charged on a commercial arms-length basis.

No debts have been written off or forgiven during the year. Amounts were due the 20th of the month following date of invoice.

Payments received from Connetics for services	166	103
Balance outstanding at 31 March	10	16

The company has also made subvention payments to 100%-owned subsidiaries in order to utilise the tax losses of the following companies:

Orion New Zealand Ventures Limited	44	337
Orion (Whisper Tech) Limited	<u>1,701</u>	<u>4,876</u>
	<u>1,745</u>	<u>5,213</u>

These amounts were paid by the company to those subsidiaries by 31 March each year.

17. Adjustments for NZ IFRS

As outlined in note 1, the company's audited general purpose financial statements for the year ended 31 March 2007 were prepared under NZ IFRS, whereas these regulatory financial statements have been prepared under previous GAAP. The use of previous GAAP is permitted by the Requirements, and postpones the considerable amount of additional work which would be required to convert and reconcile previously disclosed prior year comparative information under previous GAAP to NZ IFRS.

A summary of the key changes made to convert from NZ IFRS to previous GAAP for the purpose of these regulatory financial statements follows.

Note that the comparative disclosures for the year ended 31 March 2006 in these regulatory financial statements are identical to those disclosed last year and were prepared on a consistent basis with the company's audited general purpose financial statements for the year ended 31 March 2006.

If the reported net surplus after tax for the year ended 31 March 2007 was restated in these regulatory financial statements so as to comply with NZ IFRS, the net surplus would be as follows:

	\$million
Net surplus after tax for the year ended 31 March 2007 as reported in these regulatory financial statements	36.4
Add upwards revaluation of investment property not recognised in these regulatory financial statements	0.1
Add a difference in the treatment of deferred tax. A \$0.1m deferred tax benefit was recognised under NZ IFRS in the year ended 31 March 2007, whereas a \$6.5m deferred tax expense is recognised under previous GAAP in these regulatory financial statements	6.6
Add interest rate swap valuation movements recognised under NZ IFRS but not recognised in these regulatory financial statements under previous GAAP	0.3
Deduct downwards revaluations of property, plant and equipment assets not permitted to be offset within asset classes under NZ IFRS, such write-down expenses not recognised in these regulatory financial statements	(0.4)
Net surplus after tax for 2007 if the company had adopted NZ IFRS for these regulatory financial statements	<u>43.0</u>

If the reported statement of financial position as at 31 March 2007 in these regulatory financial statements was restated so as to comply with NZ IFRS, key changes to these regulatory financial statements would be as follows:

Deferred tax – the company's deferred tax liability at 31 March 2007 would be approximately \$212m, \$148m greater than as reported, with equity correspondingly \$148m lower.

Revaluation reserve – as the company's revaluation reserve would be set to zero on NZ IFRS adoption, the revaluation reserve as at 31 March 2007 would stand at approximately \$125m, \$490m lower; with other ordinary equity correspondingly \$490m higher.

A variety of other, relatively minor adjustments would also be required to the statement of financial position, principally reclassifications between categories of assets.

For a more detailed description, refer to note 43 of the company's general purpose audited financial statements for the year ended 31 March 2007.

18. Significant events after balance date

There were no significant events between the preparation and authorisation of these accounts on 5 December 2007.

Requirement 14

Disclosure of financial and efficiency performance measures

Performance measures as defined by the Electricity Information Disclosure Requirements 2004

Financial performance measures

	2007	2006	2005	2004
	%	%	%	%
(a) Return on funds	11.77	11.60	10.48	11.60
(b) Return on equity	8.08	8.13	6.89	7.98
(c) Return on investment (ROI)	7.02	7.25	6.20	34.08

Refer to Orion's Requirement 15 Disclosure for the derivation of these measures.

The 2004 ROI includes the impact of a revaluation in accordance with the ODV Handbook as at 31 March 2004. Excluding the impact of revaluations, ROIs were as follows:

	7.02	7.25	6.20	7.99
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Efficiency performance measures

	\$	\$	\$	\$
(a) Direct line costs per kilometre:	1,485	1,317	1,184	1,198
(b) Indirect line costs per electricity customer:	66	66	68	62

Requirement 15

Derivation of financial performance measures from financial statements

Derivation Table	Input and Calculations		ROF		ROE		ROI
Operating surplus before interest and income tax from financial statements	65,762						
Operating surplus before interest and income tax adjusted pursuant to req 18 (OSBIIT)	65,762						
Interest on cash, bank balances, and short-term investments (ISTI)	0						
OSBIIT minus ISTI	65,762	a	65,762				65,762
Net surplus after tax from financial statements	36,402						
Net surplus after tax adjusted pursuant to req 18 (NSAT)	36,402	n			36,402		
Amortisation of goodwill and other intangibles	0	g	add 0	add 0	add 0	add 0	0
Subvention payment	1,745	s	add 1,745	add 1,745	add 1,745	add 1,745	1,745
Depreciation of SFA at BV (x)	23,596						
Depreciation of SFA at ODV (y)	20,698						
ODV depreciation adjustment	2,898	d	add 2,898	add 2,898	add 2,898	add 2,898	2,898
Subvention payment tax adjustment	576	s*t			deduct 576	deduct 576	576
Interest tax shield	741	q				deduct 741	741
Revaluations	0	r				add 0	0
Income tax	27,115	p				deduct 27,115	27,115
Numerator			70,405		40,469		41,973
			$OSBIIT^{ADJ} = a + g + s + d$		$NSAT^{ADJ} = n + g + s - s*t + d$		$OSBIIT^{ADJ} = a + g - q + r + s + d - p - s*t$
Fixed assets at end of PFY (FA ₀)	729,142						
Fixed assets at end of CFY (FA ₁)	921,754						
Adjusted net working capital at end of PFY (ANWC ₀)	-14,044						
Adjusted net working capital at end of CFY (ANWC ₁)	-18,039						
Average total funds employed (ATFE)*	809,407	c	809,407				809,407
Total equity at end of PFY (TE ₀)	618,189						
Total equity at end of CFY (TE ₁)	800,774						
Average total equity*	709,482	k			709,482		
WUC at end of PFY (WUC ₀)	9,189						
WUC at end of CFY (WUC ₁)	10,641						
Average total works under construction*	9,915	e	deduct 9,915	deduct 9,915	deduct 9,915	deduct 9,915	9,915
Revaluations	0	r					
Half of revaluations	0	r/2				deduct 0	0
Intangible assets at end of PFY (IA ₀)	0						
Intangible assets at end of CFY (IA ₁)	0						
Average total intangible assets*	0	m			deduct 0		
Subvention payment at end of PFY (S ₀)	5,213						
Subvention payment at end of CFY (S ₁)	1,745						
Subvention payment tax adjustment at end of PFY	1,720						
Subvention payment tax adjustment at end of CFY	576						
Average subvention payment & related tax adjustment	2,331	v			add 2,331		
SFA at end of PFY at bv (SFA _{bv0}) - incl land	701,790						
SFA at end of CFY at bv (SFA _{bv1}) - incl land	887,502						
Average value of SFA at book value*	794,646	f	deduct 794,646	deduct 794,646	deduct 794,646	deduct 794,646	794,646
SFA at year beginning at ODV (SFA _{odv0}) - incl land	591,415						
SFA at end of CFY at ODV (SFA _{odv1}) - incl land	595,121						
Average value of SFA at ODV*	593,268	h	add 593,268	add 593,268	add 593,268	add 593,268	593,268
Denominator			598,114		500,520		598,114
			$ATFE^{ADJ} = c - e - f + h$		$Ave TE^{ADJ} = k - e - m + v - f + h$		$ATFE^{ADJ} = c - e - \frac{1}{2}r - f + h$
Financial Performance Measure:			11.771		8.085		7.018
			$ROF = OSBIIT^{ADJ} / ATFE^{ADJ} \times 100$		$ROE = NSAT^{ADJ} / ATE^{ADJ} \times 100$		$ROI = OSBIIT^{ADJ} / ATFE^{ADJ} \times 100$

t = 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 * = or requirement 32 time-weighted average
ROI = return on investment PFY = previous financial year CFY = current financial year SFA = system fixed assets

Requirement 16

ODV Reconciliation Report

Year ending	2007 \$000	2006 \$000	2005 \$000	2004 \$000
System fixed assets at ODV - end of previous year	591,415	585,429	580,224	453,382
Add system fixed assets acquired during the year at ODV	25,247	27,205	27,659	26,292
Less system fixed assets disposed of during the year at ODV	(843)	(1,107)	(2,885)	(750)
Less depreciation on system fixed assets at ODV	(20,698)	(20,112)	(19,569)	(19,195)
Add revaluations of system fixed assets	-	-	-	120,495
Equals system fixed assets at ODV - end of the financial year	<u>595,121</u>	<u>591,415</u>	<u>585,429</u>	<u>580,224</u>

Requirement 20

Disclosure of energy delivery efficiency performance measures and statistics

	2007 %	2006 %	2005 %	2004 %
1 (a) Load factor	59.6	62.5	63.2	62.4
(b) Loss ratio	4.9	4.9	4.9	4.9
(c) Capacity utilisation	38.1	36.8	36.3	36.1
2 (a) Sum of overhead and underground line circuit lengths:				
	2007 km	2006 km	2005 km	2004 km
66kV	182	183	170	160
33kV	347	344	343	343
11kV	5,358	5,295	5,260	5,172
230/400V	4,495	4,174	3,856	3,733
230V outside lighting	2,771	2,701	2,632	2,589
Communications	1,035	1,051	1,043	1,031
	14,188	13,748	13,304	13,028
(b) Overhead line circuit lengths:				
66kV	120	120	107	97
33kV	319	319	318	322
11kV	3,255	3,230	3,251	3,206
230/400V	2,098	1,840	1,747	1,697
230V outside lighting	968	974	982	990
	6,760	6,483	6,405	6,312
(c) Underground line (cable) circuit lengths:				
66kV	62	63	63	63
33kV	28	25	25	22
11kV	2,103	2,065	2,009	1,965
230/400V	2,397	2,334	2,109	2,035
230V outside lighting	1,803	1,727	1,650	1,599
Communications	1,035	1,051	1,043	1,031
	7,428	7,265	6,899	6,715

	2007	2006	2005	2004
(d) Transformer capacity at year end (kVA):	1,649,879	1,615,178	1,588,904	1,559,062
(e) Maximum demand (kW):	630,028	594,710	577,366	563,124
(f) Total electricity entering the system (before losses) in kWh:	3,286,554,245	3,258,046,996	3,193,972,436	3,080,304,668
(g) Electricity conveyed on behalf of retailers/generators (kWh):				
Retailer A	1,970,556,756	1,944,307,455	1,933,925,621	1,933,013,267
Retailer B	841,866,790	814,895,651	778,615,188	723,972,083
Retailer C	186,688,678	206,362,467	189,333,405	184,783,647
Retailer D	76,018,511	73,358,978	70,956,925	57,443,370
Retailer E	49,889,369	58,989,435	64,157,551	29,695,326
Retailer F				
Retailer G				
Retailer H				
Retailer I				

Note that retailer ID's are not necessarily the same in each year.

(h) Total number of consumers	183,200	180,541	177,718	174,450
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Note: 1. No adjustment has been able to be made for the impact of changes in the level of unbilled units. This may affect disclosures 1(b) and 2(g) above.

Requirement 21

Disclosure of reliability performance measures

1 Total number of interruptions:

Network or generation owner	Interruption class	Classification of interruptions	2007	2006	2005	2004
Orion	B	Planned shutdowns	319	288	316	241
	C	Unplanned cuts	520	499	462	403
Transpower	A	Planned shutdowns	1	-	2	4
	D	Unplanned cuts	14	5	5	8
			854	792	785	656

Interruption classes E, F and G do not apply to the company and consequently results are all zero.

2 &

3 Interruption targets:

Network or generation owner	Interruption class	Classification of interruptions	2008	Average 2008 - 2012
Orion	B	Planned shutdowns	385	385
	C	Unplanned cuts	555	555

4 Proportion of 2006's Class C interruptions not restored within:

(a) 3 hours	38%
(b) 24 hours	11%

5(a) Faults per 100 circuit-km of electric line:

	2007	2006	2005	2004
66kV	0.5	2.2	1.2	0.0
33kV	3.2	2.9	3.8	2.0
11kV	9.4	9.2	8.5	7.7
All	8.7	8.6	8.0	7.1

(b) &

(c) Target number of faults per 100 circuit-km of electric line:

	2008	Average 2008 - 2012
66kV	2	2
33kV	4	4
11kV	12	12
All	11	11

6 Faults per 100 circuit-km of underground electric line:

	2007	2006	2005	2004
66kV	-	1.6	1.6	0.0
33kV	3.6	4.0	4.0	4.5
11kV	2.4	2.8	3.1	3.3
All	2.4	2.7	3.1	3.2

7 Faults per 100 circuit-km of overhead electric line:

66kV	0.8	2.5	1.0	0
33kV	3.1	2.8	3.8	1.9
11kV	13.8	13.3	11.8	10.3
All	12.5	12.0	10.8	9.3

Note:

A major snowstorm hit the South Island on 12 June 2006, severely interrupting electricity supply to customers. The following measures exclude the impact of the snowstorm. No single extreme events occurred in the previous three financial years (2004, 2005 and 2006) which had such a significant impact on the company's reliability performance in those years.

SAIDI, SAIFI AND CAIDI by interruption class and in total for the 2007, **excluding the June 2006 snowstorm** is as follows:

Network or generation owner	Interruption class	Classification of interruptions	SAIDI (minutes per connected consumer)	SAIFI (interruptions per connected consumer)	CAIDI (minutes per consumer interrupted)
Orion	B	Planned shutdowns	8.8	0.03	274
	C	Unplanned cuts	36.6	0.58	64
			45.4	0.61	75
Transpower	A	Planned shutdowns	0.2	0.00	282
	D	Unplanned cuts	4.2	0.04	100
			4.4	0.04	103
			49.8	0.65	77

8, 11,
12, 15,
16, 19

SAIDI, SAIFI and CAIDI by interruption class and in total (including the June 2006 snowstorm) for **2007**:

Network or generation owner	Interruption class	Classification of interruptions	SAIDI (minutes per connected consumer)	SAIFI (interruptions per connected consumer)	CAIDI (minutes per consumer interrupted)
Orion	B	Planned shutdowns	8.8	0.03	278
	C	Unplanned cuts	141.3	0.65	219
			150.1	0.68	222
Transpower	A	Planned shutdowns	0.2	0.00	282
	D	Unplanned cuts	4.2	0.04	101
			4.4	0.04	103
			154.5	0.72	215

8, 11,
12, 15,
16, 19

SAIDI, SAIFI and CAIDI by interruption class and in total for **2006**:

Network or generation owner	Interruption class	Classification of interruptions	SAIDI (minutes per connected consumer)	SAIFI (interruptions per connected consumer)	CAIDI (minutes per consumer interrupted)
Orion	B	Planned shutdowns	6.0	0.02	238
	C	Unplanned cuts	53.3	0.72	75
			59.3	0.74	80
Transpower	A	Planned shutdowns	0.0	0.00	0
	D	Unplanned cuts	4.7	0.22	21
			4.7	0.22	21
			64.0	0.96	67

8, 11,
12, 15,
16, 19 SAIDI, SAIFI and CAIDI by interruption class and in total for **2005**:

Network or generation owner	Interruption class	Classification of interruptions	SAIDI (minutes per connected consumer)	SAIFI (interruptions per connected consumer)	CAIDI (minutes per consumer interrupted)
Orion	B	Planned shutdowns	7.7	0.03	286
	C	Unplanned cuts	44.0	0.71	62
			51.7	0.74	70
Transpower	A	Planned shutdowns	0.2	0.00	195
	D	Unplanned cuts	1.0	0.02	46
			1.2	0.02	55
			52.9	0.76	70

8, 11,
12, 15,
16, 19 SAIDI, SAIFI and CAIDI by interruption class and in total for **2004**:

Network or generation owner	Interruption class	Classification of interruptions	SAIDI (minutes per connected consumer)	SAIFI (interruptions per connected consumer)	CAIDI (minutes per consumer interrupted)
Orion	B	Planned shutdowns	6.5	0.02	274
	C	Unplanned cuts	35.9	0.59	60
			42.4	0.62	68
Transpower	A	Planned shutdowns	0.9	0.00	314
	D	Unplanned cuts	0.1	0.01	15
			1.0	0.01	96
			43.4	0.63	69

9, 13

& 17 SAIDI, SAIFI and CAIDI targets for the next financial year:

Network owner	Interruption class	Classification of interruptions	SAIDI	SAIFI	CAIDI
			Target 2008	Target 2008	Target 2008
Orion	B	Planned shutdowns	8.0	0.08	105
	C	Unplanned cuts	55.0	0.67	82

10, 14

& 18 SAIDI, SAIFI and CAIDI targets for the next five financial years:

Network or generation owner	Interruption class	Classification of interruptions	SAIDI	SAIFI	CAIDI
			Average target 2008 - 2012	Average target 2008 - 2012	Average target 2008 - 2012
Orion	B	Planned shutdowns	8.0	0.08	105
	C	Unplanned cuts	55.0	0.67	82

Certification of financial statements, performance measures and statistics disclosed

We, Craig David Boyce and John Allen Dobson, directors of Orion New Zealand Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) The attached audited financial statements of Orion New Zealand Limited prepared for the purposes of Requirement 6 of the 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 Orion New Zealand 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.



Director



Director

5 December 2007

REPORT OF THE AUDITOR-GENERAL
TO THE READERS OF THE FINANCIAL STATEMENTS OF
ORION NEW ZEALAND LIMITED
FOR THE YEAR ENDED 31 MARCH 2007

We have audited the financial statements of Orion New Zealand Limited on pages 2 to 22. The financial statements provide information about the past financial performance of Orion New Zealand Limited and its financial position as at 31 March 2007. This information is stated in accordance with the accounting policies set out on pages 7 to 8.

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 Orion New Zealand Limited as at 31 March 2007, and the results of its operations and cash flows for the year ended on that date.

Auditor's Responsibilities

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

The Auditor-General has appointed Julian Tan 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. 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 Orion New Zealand Limited's circumstances, consistently applied and adequately disclosed.

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

In addition to the audit, we have carried out audit related assignments for the company. These involved issuing an audit opinion on the annual statutory financial statements for the year ended 31 March 2007, an audit opinion pursuant to the Commerce Act (Electricity Thresholds) Notice 2004 and

a payroll review report. Other than these assignments, we have no relation with or interest in the company.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been maintained by Orion New Zealand Limited as far as appears from our examination of those records; and
- the financial statements of Orion New Zealand Limited on pages 2 to 22:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Orion New Zealand Limited's financial position as at 31 March 2007 and the results of its operations and cash flows for the year ended on that date; and
 - (c) comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 5 December 2007 and our unqualified opinion is expressed as at that date.



Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Orion New Zealand Limited (the company) made pursuant to the Commerce Commission's Electricity Information Disclosure Requirements 2004 under section 57T of the Commerce Act 1986 for the year ended 31 March 2007 included on the company's website. The company's Board of Directors is responsible for the maintenance and integrity of the website. We have not been engaged to report on the integrity of the website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on this website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 5 December 2007 to confirm the information included in the audited financial statements presented on this website.

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

**AUDITOR-GENERAL'S OPINION ON THE
PERFORMANCE MEASURES OF ORION NEW ZEALAND LIMITED**

We have examined the information on pages 23 to 25, being –

- (a) the derivation table in requirement 15;
- (b) the annual ODV reconciliation report in requirement 16;
- (c) the financial performance measures in clause 1 of Part 3 of Schedule 1; and
- (d) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, –

that were prepared by Orion New Zealand Limited and dated 5 December 2007 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

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



Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
5 December 2007

Matters relating to the electronic presentation of the audited performance measures

This audit report relates to the performance measures included on pages 23 to 25 of the Information for Disclosure of Orion New Zealand Limited (the company) made pursuant to the Commerce Commission's Electricity Information Disclosure Requirements 2004 for the year ended 31 March 2007 included on the company's website. The company's Board of Directors is responsible for the maintenance and integrity of the website. We have not been engaged to report on the integrity of the website. We accept no responsibility for any changes that may have occurred to the performance measures since they were initially presented on the website.

The audit report refers only to the performance measures named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these performance measures. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the company's Information for Disclosure Statement and related audit report dated 5 December 2007 to confirm the performance measures presented on this website.

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