

# INFORMATION FOR DISCLOSURE

## Financial Statements

For the year ended 31 March 2006

### IMPORTANT NOTE

The information disclosed in these financial statements has been prepared solely for the purpose of the Commerce Commission's Electricity Information Disclosure Requirements 2004. These Requirements state the information must be disclosed in the manner it is presented

**This information should not be used for any purpose other than that intended under the regulations**



# CENTRALINES LIMITED

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

We, J Loughlin and J Aitken, directors of Centralines Limited certify that, having made all reasonable enquiry, to the best of our knowledge: -

- (a) The attached audited financial statements of Centralines 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 Centralines 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 31st March 2006.

J J Loughlin

  
DATED

J R Aitken  
DATED

27th November 2006



## **CENTRALINES LIMITED - Lines Business** **Statement of Significant Accounting Policies**

For the year ended 31 March 2006

### **Basis of Preparation**

Centralines Limited ("Centralines") is a public company registered under the Companies Act 1993. These financial statements have been prepared for the purposes of complying with the requirements of the Commerce Commission's Electricity Information Disclosure Requirements 2004. The financial statements comprise separate Statements of Financial Position, Financial Performance, Cash Flows and Movements in Equity for the Line Business as required by the Regulations. This businesses operate in and around the Central Hawke's Bay area. The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the Company, with the exception that certain assets have been revalued.

### **Methodology and Separation of Businesses**

Centralines has generally followed the guidelines in the Electricity Information Disclosure Handbook issued by the Commerce Commission.

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain assets as identified in specific accounting policies below.

### **Operating Revenue**

Sales revenue represents revenue earned for the sale of the company's products and services net of returns, trade allowances and taxes paid. Other revenue includes interest income on investments.

### **Income Tax**

The income tax expense charged to the Statement of Financial Performance includes both the current year's provision and the income tax effects of timing differences calculated using the liability method.

The taxation charge against the surplus of the period is the estimated liability in respect of that surplus after allowance for all the permanent differences and timing differences not expected to crystallise in the foreseeable future. This is the partial basis for the calculation of deferred tax.

Future taxation benefits attributable to timing differences or losses carried forward are recognised in the financial statements only where there is virtual certainty that the benefit of the timing differences will be realised or any losses utilised.

## Goods and Services Tax (GST)

The financial statements have been prepared with revenue and expense items exclusive of GST. In the Statement of Financial Position, accounts receivable and accounts payable are inclusive of GST. All other assets and liabilities are exclusive of GST.

## Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

## Inventories

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

## Property, Plant and Equipment

### Distribution Assets

Distribution assets are valued at fair value based on Optimised Depreciated Replacement Cost (ODRC) as independently determined by Craig Rice BCom, Bachelor of Laws and Lynne Taylor Bachelor of Social Science of PricewaterhouseCoopers and Eddie Graham B.E(Elec.) FIPENZ. These valuations were completed as at 31 March 2004.

### Land and Buildings

Land and Buildings assets are valued at market value as independently determined by Peter A Brabyn, B Ag Comm, M Sc, (Ag Econ) ANZPI, MNZIPIM. These valuations were completed as at 31 March 2006.

### Vehicles, Plant, Furniture and Fittings and Office Equipment

The value of vehicles, plant, office equipment, furniture and fittings are at cost less depreciation.

### Revaluations

Any revaluation surplus arising on the revaluation of a class of property, plant or equipment is transferred directly to the asset revaluation reserve. A revaluation deficit in excess of the asset revaluation reserve balance for the class of property, plant or equipment is recognised in the Statement of Financial Performance in the period it arises. Revaluation surpluses which reverse previous revaluation deficits recognised in the Statement of Financial Performance are recognised as revenue in the Statement of Financial Performance.

## Disposal of Property, Plant and Equipment

When an item of property, plant or equipment is disposed of, any gain or loss is recognised in the Statement of Financial Performance and is calculated as the difference between the sale price and the carrying value of the asset.

The carrying values of property, plant and equipment do not exceed their estimated recoverable value.

## Depreciation

Depreciation of property, plant and equipment, other than freehold land, is calculated on a straight line basis so as to expense the cost of the assets, or the revalued amounts, to their residual values over their useful lives as follows:

### Estimated useful lives

|                               |                |
|-------------------------------|----------------|
| Buildings                     | 50 - 100 years |
| Office and computer equipment | 5 - 15 years   |
| Distribution system           | 0 - 70 years   |
| Motor vehicles                | 3 - 15 years   |
| GIS                           | 10 years       |
| Plant, equipment and tools    | 5 - 10 years   |

## Subsequent Expenditure

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 the expenditure would have been included in the initial cost of the item had the expenditure been incurred at that time.

## Capitalisation

Capital expenditure is defined as all expenditure incurred in the creation of a new asset, replacement of an asset that has reached the end of its economic life, or increased service potential of an existing asset. Constructed assets are included in property, plant and equipment as each becomes operational and available for use.

## Employee Entitlements

A liability for annual leave, long service leave and retirement gratuities is accrued and recognised in the Statement of Financial Position. Liabilities for annual and long service leave are calculated on an entitlement basis at current rates. Retirement gratuity liability is calculated using current rates and appropriate probabilities.

## Investments

All investments are stated at cost price and then adjusted to account for amortisation of premiums or discounts to face value.

## Financial Instruments

Financial instruments recognised in the Statement of Financial Position include cash and bank balances, investments, receivables and trade creditors. These financial assets and financial liabilities are generally carried at their estimated fair values and, where appropriate, particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

## Statement of Cash Flows

The following are the definitions of the terms used in the statement of cash flows:

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

## Changes in Accounting Policies

There have been no changes from the accounting policies adopted in the last audited financial statements. All other policies have been applied consistently with the previous period.

## CENTRALINES LIMITED - Lines Business

### Statement of Financial Performance

For the year ended 31 March 2006

|  | Notes | 2006<br>\$000 | 2005<br>\$000 |
|--|-------|---------------|---------------|
| <b>Operating Revenue</b>                 | 2     | <b>7,325</b>  | <b>7,334</b>  |
| <b>Surplus before discounts and tax</b>  | 2     | <b>2,769</b>  | <b>1,884</b>  |
| Discount                                 |       | -             | 495           |
| <b>Operating Surplus before taxation</b> | 2     | <b>2,769</b>  | <b>1,389</b>  |
| Taxation expense                         | 1     | 939           | 493           |
| <b>Net Surplus after income tax</b>      |       | <b>1,830</b>  | <b>896</b>    |

## CENTRALINES LIMITED - Lines Business

### Statement of Movements in Equity

For the year ended 31 March 2006

|   | Notes | 2006<br>\$000 | 2005<br>\$000 |
|---|-------|---------------|---------------|
| Net Surplus for the year                              |       | 1,830         | 896           |
| Other recognised revenues and expenses                |       |               |               |
| Revaluation of land and buildings                     | 11    | (18)          | 62            |
| Revaluation of network assets                         | 11    | -             | (14)          |
| Total recognised revenues and expenses for the period |       | 1,812         | 944           |
| Distribution to owners                                | 12    | (50)          | (50)          |
| Movements in equity for the year                      |       | 1,762         | 894           |
| Equity at start of the year                           |       | 34,897        | 34,003        |
| <b>Equity at end of the year</b>                      |       | <b>36,659</b> | <b>34,897</b> |

The accompanying notes and significant accounting policies form part of these financial statements.

**CENTRALINES LIMITED - Lines Business**  
**Statement of Financial Position**

As at 31 March 2006

|                               | Notes | 2006<br>\$000 | 2005<br>\$000 |
|-------------------------------|-------|---------------|---------------|
| <b>EQUITY</b>                 |       |               |               |
| Share capital                 |       | 8,000         | 8,000         |
| Asset revaluation reserve     | 11    | 23,777        | 23,795        |
| Retained earnings             | 12    | 4,882         | 3,102         |
|                               |       | <b>36,659</b> | <b>34,897</b> |
| <b>Represented by:</b>        |       |               |               |
| <b>NON CURRENT ASSETS</b>     |       |               |               |
| Property, plant and equipment | 4     | 32,873        | 32,514        |
|                               |       | <b>32,873</b> | <b>32,514</b> |
| <b>CURRENT ASSETS</b>         |       |               |               |
| Cash                          |       | 1,443         | 692           |
| Short term investments        | 3     | 2,452         | 1,116         |
| Receivables                   | 5     | 769           | 642           |
| Inventories                   |       | 187           | 383           |
| Taxation refund               |       | -             | 613           |
|                               |       | <b>4,851</b>  | <b>3,446</b>  |
| <b>TOTAL ASSETS</b>           |       | <b>37,724</b> | <b>35,960</b> |
| <b>CURRENT LIABILITIES</b>    |       |               |               |
| Accounts payable and accruals | 15    | 500           | 1,050         |
| Taxation payable              |       | 544           | -             |
| Employee entitlements         | 13    | 21            | 13            |
|                               |       | <b>1,065</b>  | <b>1,063</b>  |
| <b>TOTAL LIABILITIES</b>      |       | <b>1,065</b>  | <b>1,063</b>  |
| <b>NET ASSETS EMPLOYED</b>    |       | <b>36,659</b> | <b>34,897</b> |

The accompanying notes and significant accounting policies form part of these financial statements.

# CENTRALINES LIMITED - Lines Business

## Statement of Cash Flows

For the year ended 31 March 2006

|  | Notes | 2006<br>\$000       | 2005<br>\$000     |
|--|-------|---------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |       |                     |                   |
| Cash was provided from:                                    |       |                     |                   |
| Receipts from customers                                    |       | 6,616               | 6,863             |
| Contributions for capital works                            |       | 460                 | 326               |
| Tax Refunds  |       | 334                 | -                 |
| Interest received  |       | 128                 | 89                |
|  |       | <u>7,538</u>        | <u>7,278</u>      |
| Cash was disbursed to:                                     |       |                     |                   |
| Payments to suppliers and employees                        |       | 3,462               | 4,482             |
| Interest paid and finance charges on leased assets         |       | -                   | -                 |
| Income taxes paid  |       | -                   | 556               |
|  |       | <u>3,462</u>        | <u>5,038</u>      |
| Net cash flows from operating activities                   | 8     | <u>4,076</u>        | <u>2,240</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |       |                     |                   |
| Cash was provided from:                                    |       |                     |                   |
| Proceeds from disposal of investments                      |       | 215                 | 264               |
| Proceeds from disposal of property, plant and equipment    |       | -                   | -                 |
|  |       | <u>215</u>          | <u>264</u>        |
| Cash was applied to:                                       |       |                     |                   |
| Purchase of investments                                    |       | 1,368               | 1,116             |
| Purchase and construction of property, plant and equipment |       | 2,122               | 1,662             |
|  |       | <u>3,490</u>        | <u>2,778</u>      |
| Net cash flows from investing activities                   |       | <u>(3,275)</u>      | <u>(2,514)</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |       |                     |                   |
| Cash was applied to:                                       |       |                     |                   |
| Payment of dividends                                       |       | 50                  | 50                |
|  |       | <u>(50)</u>         | <u>(50)</u>       |
| Net cash flow from financing activities                    |       | <u>(50)</u>         | <u>(50)</u>       |
| Net (decrease) increase in cash held                       |       | 751                 | (324)             |
| Cash balances at beginning of year                         |       | 692                 | 1,016             |
| <b>Cash balances at end of year</b>                        |       | <u><b>1,443</b></u> | <u><b>692</b></u> |

The accompanying notes and significant accounting policies form part of these financial statements.

**CENTRALINES LIMITED - Lines Business**  
**Notes to the Financial Statements**

For the year ended 31 March 2006

| Note 1: Income Tax                                   | 2006<br>\$000 | 2005<br>\$000 |
|--|---------------|---------------|
| <u>Taxation</u>                                      |               |               |
| Operating surplus before taxation                    | 2,769         | 1,389         |
| Prima facie tax @ 33%                                | 914           | 458           |
| Permanent differences                                | 343           | 378           |
| Timing differences not recognised                    | (309)         | (328)         |
| Prior period adjustments                             | (9)           | (15)          |
| <b>Taxation expense/(benefit)</b>                    | <b>939</b>    | <b>493</b>    |
| <u>Taxation expense/(benefit) is represented by:</u> |               |               |
| Current tax  | 939           | 493           |
|  | <b>939</b>    | <b>493</b>    |

The Company has not recognised a deferred tax liability of \$3.8 million (2005 \$3.4 million)

|   |              |              |
|---|--------------|--------------|
| <u>Imputation credit account</u>              |              |              |
| Opening balance                               | 2,208        | 1,677        |
| Taxation paid                                 | 397          | 556          |
| Taxation refund received                      | (731)        | -            |
| Imputation credits attached to dividends paid | (25)         | (25)         |
| Closing balance                               | <b>1,849</b> | <b>2,208</b> |

**CENTRALINES LIMITED - Lines Business**  
**Notes to the Financial Statements**

For the year ended 31 March 2006

|   |                    |                    |
|---|--------------------|--------------------|
| Note 2: Surplus before Taxation         | 2006               | 2005               |
|   | \$000              | \$000              |
| <u>Operating Revenue</u>                |                    |                    |
| Network                                 | 6,623              | 6,656              |
| AC Loss Rebate                          | 109                | 256                |
| Customer contributions                  | 460                | 326                |
| Interest revenue                        | 128                | 89                 |
| Other Income                            | 5                  | 7                  |
|   | <hr/> 7,325        | <hr/> 7,334        |
| <u>Depreciation</u>                     |                    |                    |
| Electrical distribution system          | 1,501              | 1,473              |
| Motor vehicles                          | 6                  | 6                  |
| GIS                                     | 55                 | 55                 |
|   | <hr/> 1,562        | <hr/> 1,534        |
| <u>Operating Expenses</u>               |                    |                    |
| Audit New Zealand - audit services      | 45                 | 42                 |
| Audit New Zealand - disclosure accounts | 7                  | 6                  |
| Fees paid to other auditors             | 8                  | 20                 |
| Remuneration paid to directors          | 85                 | 85                 |
| All other operating expenses            | 2,849              | 3,763              |
|   | <hr/> 2,994        | <hr/> 3,916        |
| <b>Surplus before discounts and tax</b> | <hr/> <b>2,769</b> | <hr/> <b>1,884</b> |
| Discount                                | -                  | 495                |
| <b>Surplus before taxation</b>          | <hr/> <b>2,769</b> | <hr/> <b>1,389</b> |

|  |             |             |
|--|-------------|-------------|
| Note 3: Investments                            | 2006        | 2005        |
|  | \$000       | \$000       |
| <u>Current</u>                                 |             |             |
| Short term deposits held with registered banks | 1,900       | 900         |
| Current Investments of other listed securities | 552         | 216         |
|  | <hr/> 2,452 | <hr/> 1,116 |

*Market fluctuations in interest rates affect the earnings on these investments but Company policy of placing deposits with high credit quality financial institutions minimises the credit exposure*

Fair and market value information

|                   |     |     |
|-------------------|-----|-----|
| Listed securities | 549 | 422 |
|-------------------|-----|-----|

*The market value is based on prices quoted on the stock exchanges at balance date*

Fixed interest securities - interest rates

*The range of interest rates on investments were:*

|                             |               |             |
|-----------------------------|---------------|-------------|
| Short term bank investments | 7.15% - 7.42% | 6.6% - 6.8% |
| Listed securities:          | 7.17% - 7.40% | 8.0% - 8.0% |

**CENTRALINES LIMITED - Lines Business**  
**Notes to the Financial Statements**

For the year ended 31 March 2006

|  |                      |                      |
|--|----------------------|----------------------|
| Note 4: Property, Plant and Equipment      | 2006                 | 2005                 |
|  | \$000                | \$000                |
| <u>Electrical distribution network</u>     |                      |                      |
| at valuation                               | 31,588               | 31,588               |
| additions at cost                          | 2,787                | 1,666                |
| Work in progress                           | 951                  | 163                  |
| accumulated depreciation                   | (2,974)              | (1,473)              |
|  | <u>32,352</u>        | <u>31,944</u>        |
| <u>Freehold Land</u>                       |                      |                      |
| at valuation                               | <u>92</u>            | <u>80</u>            |
| <u>Motor vehicles</u>                      |                      |                      |
| at cost                                    | 31                   | 31                   |
| accumulated depreciation                   | (18)                 | (12)                 |
|  | <u>13</u>            | <u>19</u>            |
| <u>GIS</u>                                 |                      |                      |
| at cost                                    | 551                  | 551                  |
| accumulated depreciation                   | (135)                | (80)                 |
|  | <u>416</u>           | <u>471</u>           |
| <b>Total net carrying value</b>            | <b><u>32,873</u></b> | <b><u>32,514</u></b> |
| This is represented by:                    |                      |                      |
| Property, plant and equipment at valuation | 31,680               | 31,668               |
| Property, plant and equipment at cost      | 3,369                | 2,248                |
| Work in progress                           | 951                  | 163                  |
| Accumulated depreciation                   | (3,127)              | (1,565)              |
|  | <b><u>32,873</u></b> | <b><u>32,514</u></b> |
| Note 5: Receivables and prepayments        | 2006                 | 2005                 |
|  | \$000                | \$000                |
| Trade debtors                              | 718                  | 619                  |
| Sundry Receivables and Accruals            | 46                   | 15                   |
| Prepayments                                | 5                    | 8                    |
|  | <u>769</u>           | <u>642</u>           |

## CENTRALINES LIMITED - Lines Business

### Notes to the Financial Statements

For the year ended 31 March 2006

#### Note 6: Related Party Information

CHB Consumers Power Trust owns all of the issued capital of Centralines Limited.

Directors' transactions with the company were made under normal terms and conditions of supply and sale. No discounts were given during the year.

|          | 2006 | 2005 |
|----------|------|------|
| H Donald | -    | 817  |

As at 31 March 2006, the total amount outstanding was nil (2005 nil)

Contestable contracting services in asset construction and maintenance were provided by Centralines contracting division at cost, including overheads, and as detailed, respectively, here and in Note 18.12b below. Unit price and quantities have not been determined.

|   |     |     |
|---|-----|-----|
| Sub transmission assets                 | 21  | 9   |
| Zone substations                        | 67  | 32  |
| Distribution lines and cables           | 745 | 997 |
| Medium voltage switchgear               | 161 | 19  |
| Distribution transformers & substations | 265 | 120 |
| Low voltage lines and cables            | 513 | 212 |
| Other system fixed assets               | -   | -   |

#### Note 7: Capital Commitments

As at 31 March 2006 Centralines had capital commitments of \$355,360 (2005 Nil)

|   |              |              |
|---|--------------|--------------|
| Note 8: Reconciliation of Cashflow with Operating Surplus | 2006         | 2005         |
|   | \$000        | \$000        |
| <b>Reported surplus after taxation</b>                    | 1,830        | 896          |
| <u>Add Non Cash Items</u>                                 |              |              |
| Depreciation  | 1,562        | 1,534        |
|   | 1,562        | 1,534        |
| <u>Changes in Working Capital</u>                         |              |              |
| (Increase) decrease in receivables and prepayments        | (127)        | (57)         |
| Decrease (increase) in inventories                        | 196          | 78           |
| Increase (decrease) in accounts payable, accruals         | (550)        | 412          |
| (Decrease) increase in employee entitlements              | 8            | (5)          |
| (Decrease) Increase provision for taxation                | 1,157        | (618)        |
|   | 684          | (190)        |
| <b>Net cash flow from operating activities</b>            | <b>4,076</b> | <b>2,240</b> |

#### Note 9: Contingent Liabilities

As at 31 March 2006 the company had no contingent liabilities (2005 nil).

# **CENTRALINES LIMITED - Lines Business**

## **Notes to the Financial Statements**

For the year ended 31 March 2006

### Note 10: Financial Instruments

**Centralines** has no off balance sheet financing (other than those disclosed in these notes), nor any foreign exchange exposure.

The fair value of financial instruments is the carrying amount disclosed in the Statement of Financial Position.

**Centralines** has an approved overdraft facility with the ANZ Bank for \$100,000 at an interest rate of 14%.

The interest rates on the company's deposits are presented in note 3.

#### Interest Rate Risk

Interest Rate risk is the risk that the value of the assets and liabilities will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk primarily through cash balances, investments and finance leases.

#### Credit risk

Financial instruments which potentially subject the Company to credit risk principally consist of bank balances and accounts receivable. No collateral is held on these amounts. Maximum exposure to credit risk is the amount stated in the Financial Statements and is net of any recognised provision for losses on these financial instruments.

#### Concentration of credit risk

The Company has exposure to one electricity retailer that may account for up to 52% of accounts receivable. To minimise this risk, the company has contractual requirements contained within the use of system agreements operating with this party. A bond may be required where deemed necessary. At balance date no such bonds were held.

| Note 11: Reserves                              | 2006<br>\$000 | 2005<br>\$000 |
|--|---------------|---------------|
| <u>Asset revaluation reserve</u>               |               |               |
| Balance at beginning of year                   | 23,795        | 23,747        |
| Revaluation of electrical distribution network | -             | (14)          |
| Revaluation of Land/Buildings                  | (18)          | 62            |
| Balance at end of year                         | <u>23,777</u> | <u>23,795</u> |
| <u>Detailed as:</u>                            |               |               |
| Land/Buildings                                 | 44            | 62            |
| General  | 420           | 420           |
| Revaluation of electrical distribution network | 23,313        | 23,313        |
|  | <u>23,777</u> | <u>23,795</u> |

| Note 12: Retained Earnings   | 2006<br>\$000 | 2005<br>\$000 |
|------------------------------|---------------|---------------|
| Balance at beginning of year | 3,102         | 2,256         |
| Net surplus                  | 1,830         | 896           |
| Dividends paid               | (50)          | (50)          |
| Balance at end of year       | <u>4,882</u>  | <u>3,102</u>  |

**CENTRALINES LIMITED - Lines Business**  
**Notes to the Financial Statements**

For the year ended 31 March 2006

**Note 13: Employee Entitlements**

Employee entitlements expected to be taken within the 12 months following balance date are recorded as current liabilities. All other employee entitlements are recorded as term liabilities

**Note 14: Events Subsequent to Balance Date**

There have been no significant reporting events subsequent to balance date.

**Note 15: Accounts payable and accruals**

|                               | 2006<br>\$000 | 2005<br>\$000 |
|-------------------------------|---------------|---------------|
| Trade creditors               | 379           | 885           |
| Sundry creditors and accruals | 121           | 165           |
|                               | <b>500</b>    | <b>1,050</b>  |

**Note 16: Electricity Information Disclosure Requirements 2004 - Requirement 6 Information to be disclosed in Financial Statements:**

|  | 2006<br>\$000 | 2005<br>\$000 |
|--|---------------|---------------|
| <b>1 Current Assets</b>                            |               |               |
| (a) Cash and bank balances                         | 1,443         | 692           |
| (b) Short-term investments                         | 2,452         | 1,116         |
| (c) Inventories                                    | 187           | 383           |
| (d) Accounts receivable                            | 769           | 642           |
| (e) Other current assets not listed in (a) to (d)  | -             | 613           |
| (f) Total current assets                           | <b>4,851</b>  | <b>3,446</b>  |
| <b>2 Fixed Assets</b>                              |               |               |
| (a) System fixed assets                            | 31,401        | 31,781        |
| (b) Consumer billing and information system assets | 416           | 471           |
| (c) Motor vehicles                                 | 13            | 19            |
| (d) Office equipment                               | -             | -             |
| (e) Land and buildings                             | 92            | 80            |
| (f) Capital works under construction               | 951           | 163           |
| (g) Other fixed assets not listed in (a) to (f)    | -             | -             |
| (h) Total fixed assets                             | <b>32,873</b> | <b>32,514</b> |
| <b>3 Other tangible assets not listed above</b>    | -             | -             |
| <b>4 Total tangible assets</b>                     | <b>37,724</b> | <b>35,960</b> |
| <b>5 Intangibles</b>                               |               |               |
| (a) Goodwill                                       | -             | -             |
| (b) Other intangibles not listed in (a) above      | -             | -             |
| (c) Total Intangibles                              | -             | -             |
| <b>6 Total assets</b>                              | <b>37,724</b> | <b>35,960</b> |

**CENTRALINES LIMITED - Lines Business**  
**Notes to the Financial Statements**

For the year ended 31 March 2006

Note 16: Electricity Information Disclosure Requirements 2004 - Requirement 6 Information to be disclosed in Financial Statements: (cont)

|  | 2006<br>\$000 | 2005<br>\$000 |
|--|---------------|---------------|
| <b>7 Current liabilities</b>   |               |               |
| (a) Bank overdraft   | -             | -             |
| (b) Short-term borrowings  | -             | -             |
| (c) Payables and Accruals  | 500           | 1,050         |
| (d) Provision for dividends payable  | -             | -             |
| (e) Provision for income tax   | 544           | -             |
| (f) Other current liabilities not listed in (a) to (e) above                                       | 21            | 13            |
| (g) Total current liabilities  | 1,065         | 1,063         |
| <b>8 Non-current liabilities</b>   |               |               |
| (a) Payables and accruals  | -             | -             |
| (b) Borrowings   | -             | -             |
| (c) Deferred tax   | -             | -             |
| (d) Other non-current liabilities not listed in (a) to (c) above                                   | -             | -             |
| (e) Total non-current liabilities  | -             | -             |
| <b>9 Equity</b>  |               |               |
| (a) Shareholders' equity   |               |               |
| (i) Share capital  | 8,000         | 8,000         |
| (ii) Retained earnings   | 4,882         | 3,102         |
| (iii) Reserves   | 23,777        | 23,795        |
| (iv) Total shareholders' equity  | 36,659        | 34,897        |
| (b) Minority interests in subsidiaries   | -             | -             |
| (c) Total equity   | 36,659        | 34,897        |
| (d) Capital notes  | -             | -             |
| (e) Total capital funds  | 36,659        | 34,897        |
| <b>10 Total equity and liabilities</b>   | 37,724        | 35,960        |
| <b>11 Operating revenue</b>  |               |               |
| (a) Revenue from line/access charges   | 6,623         | 6,663         |
| (b) Revenue from "Other" business for services carried out by the line business (transfer payment) | -             | -             |
| (c) Interest on cash, bank balances and short term investments:                                    | 128           | 89            |
| (d) AC loss-rental rebates   | 109           | 256           |
| (e) Other revenue not listed in (a) to (d)   | 465           | 326           |
| (f) Total operating revenue  | 7,325         | 7,334         |

**CENTRALINES LIMITED - Lines Business**  
**Notes to the Financial Statements**

For the year ended 31 March 2006

Note 16: Electricity Information Disclosure Requirements 2004 - Requirement 6 Information to be disclosed in Financial Statements: (cont)

|   | 2006<br>\$000 | 2005<br>\$000 |
|---|---------------|---------------|
| <b>12 Operating expenditure</b>   |               |               |
| (a) Payment for transmission charges  | 1,448         | 2,354         |
| (b) Transfer payments to the "Other" business for:                          |               |               |
| (i) Asset maintenance   | 678           | 670           |
| (ii) Consumer disconnection/reconnection services                           |               |               |
| (iii) Meter data  |               |               |
| (iv) Consumer-based load control services                                   |               |               |
| (v) Royalty and patent expenses   |               |               |
| (vi) Avoided transmission charges on account of own generation              |               |               |
| (vii) Other goods and services not listed in (i) to (vi) above              | 69            | 43            |
| (viii) Total transfer payment to the "Other" business                       | 747           | 713           |
| (c) Expense to entities that are not related parties for                    |               |               |
| (i) Asset maintenance   |               |               |
| (ii) Consumer disconnection/reconnection services                           |               |               |
| (iii) Meter data  |               |               |
| (iv) Consumer-based load control services                                   |               |               |
| (v) Royalty and patent expenses   |               |               |
| (vi) Total of specified expenses to non-related parties (sum of (i) to (v)) | -             | -             |
| (d) Employee salaries, wages and redundancies                               | 156           | 152           |
| (e) Consumer billing and information system expense                         |               |               |
| (f) Depreciation on:  |               |               |
| (i) System fixed assets   | 1,501         | 1,473         |
| (ii) Other assets not listed in (i)   | 61            | 61            |
| (iii) Total depreciation  | 1,562         | 1,534         |
| (g) Amortisation of:  |               |               |
| (i) Goodwill  |               |               |
| (ii) Other intangibles  |               |               |
| (iii) Total amortisation of intangibles                                     | -             | -             |
| (h) Corporate and administration  | 268           | 218           |
| (i) Human resource expenses   | 1             | 1             |
| (j) Marketing/advertising   | 34            | 25            |
| (k) Merger and acquisition expenses   |               |               |
| (l) Takeover defense expenses   |               |               |
| (m) Research and development expenses                                       |               |               |
| (n) Consultancy and legal expenses  | 15            | 33            |
| (o) Donations   |               |               |
| (p) Directors' fees   | 85            | 85            |
| (q) Auditors' fees  |               |               |
| (i) Audit fees paid to principal auditors                                   | 45            | 42            |
| (ii) Audit fees paid to other auditors                                      | 8             | 20            |
| (iii) Fees paid for other services provided by principal and other auditors | 7             | 6             |
| (iv) Total auditors' fees   | 60            | 68            |
| (r) Costs of offering credit  |               |               |
| (i) Bad debts written off   |               |               |
| (ii) Increase in estimated doubtful debts                                   |               |               |
| (iii) Total cost of offering credit   |               |               |
| (s) Local authority rates expense   |               |               |
| (t) AC loss-rentals (distribution to retailers/customers) expense           |               |               |
| (u) Rebates to consumers due to ownership interest                          | -             | 495           |
| (v) Subvention payments   |               |               |
| (w) Unusual expenses  |               |               |
| (x) Other expenditure not listed in (a) to (w)                              | 180           | 267           |
| <b>13 Total operating expenditure</b>                                       | <b>4,556</b>  | <b>5,945</b>  |

**CENTRALINES LIMITED - Lines Business**  
**Notes to the Financial Statements**

For the year ended 31 March 2006

Note 16: Electricity Information Disclosure Requirements 2004 - Requirement 6 Information to be disclosed in Financial Statements: (cont)

|  | 2006<br>\$000 | 2005<br>\$000 |
|--|---------------|---------------|
| 14 <u>Operating surplus before interest and income tax</u> | 2,769         | 1,389         |
| 15 <u>Interest expense</u>                                 |               |               |
| (a) Interest expense on borrowings                         |               |               |
| (b) Financing charges related to finance leases            |               |               |
| (c) Other interest expense not listed in (a) or (b)        |               |               |
| (d) Total interest expense                                 | -             | -             |
| 16 <u>Operating surplus before income tax</u>              | 2,769         | 1,389         |
| 17 <u>Income tax</u>                                       | 939           | 493           |
| 18 <u>Net surplus after tax</u>                            | 1,830         | 896           |

**CENTRALINES LIMITED - Lines Business**  
**Electricity Information Disclosure Requirements 2004 - Requirement 14**  
**Financial Performance and Efficiency Measures**

| Financial Measures              |    | 2006 | 2005   | 2004   | 2003   | 2002   |
|---------------------------------|----|------|--------|--------|--------|--------|
| Return On Funds                 |    | 8.18 | 3.99%  | 5.47%  | 7.09%  | -1.40% |
| Return On Equity                |    | 5.12 | 2.59%  | 5.76%  | 4.80%  | -0.66% |
| Return on Investment *          |    | 5.40 | 2.57%  | 28.52% | 4.55%  | -2.34% |
| Efficiency Measures             |    | 2006 | 2005   | 2004   | 2003   | 2002   |
| Direct Line Cost Per Kilometre  | \$ | 568  | \$ 559 | \$ 517 | \$ 530 | \$ 574 |
| Indirect Line Cost Per Customer | \$ | 78   | \$ 85  | \$ 114 | \$ 103 | \$ 97  |

**CENTRALINES LIMITED - LINES BUSINESS**  
**Electricity Information Disclosure Requirements 2004 - Requirement 20 Energy Efficiency**  
**Performance Measures and Statistics**

| Energy delivery efficiency performance measures       | 2006               | 2005               | 2004               | 2003               |
|---|--------------------|--------------------|--------------------|--------------------|
| Load factor   | 65.00%             | 68.00%             | 67.00%             | 72.00%             |
| Loss ratio  | 7.35%              | 7.33%              | 7.30%              | 7.35%              |
| Capacity utilisation                                  | 24.80%             | 24.30%             | 26.40%             | 26.00%             |
| Energy delivery efficiency performance statistics     | 2006               | 2005               | 2004               | 2003               |
| System Length   |                    |                    |                    |                    |
| 33kV  | 93.10              | 93.10              | 92.00              | 93.00              |
| 11kV  | 1,389.00           | 1,381.30           | 1,381.00           | 1,410.00           |
| 400V  | 187.00             | 175.50             | 165.00             | 46.00              |
|   | <u>1,669.10</u>    | <u>1,649.90</u>    | <u>1,638.00</u>    | <u>1,549.00</u>    |
| Circuit Length - Overhead                             |                    |                    |                    |                    |
| 33kV  | 92.40              | 92.40              | 91.50              | 92.40              |
| 11kV  | 1,369.00           | 1,366.30           | 1,370.00           | 1,407.00           |
| 400V  | 155.00             | 156.50             | 156.00             | 33.00              |
|   | <u>1,616.40</u>    | <u>1,615.20</u>    | <u>1,617.50</u>    | <u>1,532.40</u>    |
| Circuit Length - Underground                          |                    |                    |                    |                    |
| 33kV  | 0.70               | 0.70               | 0.50               | 0.50               |
| 11kV  | 20.00              | 15.00              | 11.00              | 3.30               |
| 400V  | 32.00              | 19.00              | 9.00               | 12.50              |
|   | <u>52.70</u>       | <u>34.70</u>       | <u>20.50</u>       | <u>16.30</u>       |
| Transformer capacity                                  | 80,100             | 78,427             | 72,117             | 71,077             |
| Maximum demand  | 19,836             | 19,024             | 19,016             | 18,716             |
| Total Electricity entering the system (before losses) | 113,491,636        | 113,792,436        | 111,970,890        | 117,713,011        |
| Total Electricity supplied (after losses)             |                    |                    |                    |                    |
| Retailer 1  | 55,957,838         | 65,305,197         | 69,543,110         | 75,525,743         |
| Retailer 2  | 12,912,203         | 8,279,653          | 13,155,263         | 24,617,535         |
| Retailer 3  | 620,333            | 513,664            | 553,330            | 592,803            |
| Retailer 4  | 35,680,861         | 30,891,960         | 21,083,280         | 8,224,200          |
| Retailer 5  | 1,296,313          | 1,028,221          | -                  | 96,155             |
| Retailer 6  | -                  | -                  | -                  | -                  |
|   | <u>106,467,548</u> | <u>106,018,695</u> | <u>104,334,983</u> | <u>109,056,436</u> |
| Total consumers                                       | 7,692              | 7,532              | 7,457              | 7,442              |

**CENTRALINES LIMITED - LINES BUSINESS**  
**Electricity Information Disclosure Requirements 2004 - Requirement 21**  
**Reliability Performance Measures**

|  |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
| Interruptions (#)  | 2006         | 2005         | 2004         | 2003         |
| Planned  | 62           | 28           | 36           | 100          |
| Unplanned  | 126          | 168          | 230          | 230          |
|  | <u>188</u>   | <u>196</u>   | <u>266</u>   | <u>330</u>   |
| Interruptions Targets (#)  | 2007         |              |              |              |
| Planned  | 50           |              |              |              |
| Unplanned  | 135          |              |              |              |
|  | <u>185</u>   |              |              |              |
| Average Interruptions Targets (#)  | 2007 - 2011  |              |              |              |
| Planned  | 50           |              |              |              |
| Unplanned  | 110          |              |              |              |
|  | <u>160</u>   |              |              |              |
| Proportion of the total number of Unplanned interruptions not restored within: | 2006         | 2005         | 2004         | 2003         |
| 3 hours  | 5.60%        | 11.90%       | 21.70%       | 10.60%       |
| 24 hours   | 0.00%        | 0.00%        | 0.00%        | 0.00%        |
| Faults per 100 Km's  | 2006         | 2005         | 2004         | 2003         |
| 33kV   | 8.66         | 3.23         | 6.56         | 7.53         |
| 11kV   | 9.05         | 12.30        | 16.35        | 15.80        |
|  | <u>17.71</u> | <u>15.53</u> | <u>22.91</u> | <u>23.33</u> |
| Faults Targets (#)   | 2007         |              |              |              |
| 33kV   | 4            |              |              |              |
| 11kV   | 10           |              |              |              |
|  | <u>14</u>    |              |              |              |
| Average Total Faults Targets (#)   | 2007 - 2011  |              |              |              |
| 33kV   | 2            |              |              |              |
| 11kV   | 8            |              |              |              |
|  | <u>10</u>    |              |              |              |
| Faults per 100 Km's - Underground  | 2006         | 2005         | 2004         | 2003         |
| 33kV   | -            | -            | -            | -            |
| 11kV   | -            | 1            | -            | -            |
|  | <u>-</u>     | <u>1</u>     | <u>-</u>     | <u>-</u>     |
| Faults per 100 Km's - Overhead   | 2006         | 2005         | 2004         | 2003         |
| 33kV   | 8.66         | 3.23         | 6.56         | 7.58         |
| 11kV   | 9.05         | 12.30        | 16.35        | 15.85        |
|  | <u>17.71</u> | <u>15.53</u> | <u>22.91</u> | <u>23.43</u> |
| SAIDI  | 2006         | 2005         | 2004         | 2003         |
| Planned  | 41.20        | 15.60        | 7.00         | 67.00        |
| Unplanned  | 99.50        | 155.79       | 375.00       | 187.00       |
| Class A  | -            | -            | -            | -            |
| Class D  | 12.50        | -            | 6.00         | 6.00         |

|               |             |        |        |        |
|---------------|-------------|--------|--------|--------|
|               | 153.20      | 171.39 | 388.00 | 260.00 |
| SAIDI Targets | 2007        |        |        |        |
| Planned       | 50          |        |        |        |
| Unplanned     | 135         |        |        |        |
|               | 185         |        |        |        |
| Average SAIDI | 2007 - 2011 |        |        |        |
| Planned       | 50          |        |        |        |
| Unplanned     | 115         |        |        |        |
|               | 165         |        |        |        |
| SAIFI         | 2006        | 2005   | 2004   | 2003   |
| Planned       | 0.14        | 0.07   | 0.03   | 0.49   |
| Unplanned     | 4.75        | 4.36   | 7.13   | 6.42   |
| Class A       | -           | -      | -      | -      |
| Class D       | 0.69        | -      | 0.28   | 0.31   |
|               | 5.58        | 4.43   | 7.44   | 7.22   |
| SAIFI Targets | 2007        |        |        |        |
| Planned       | 0.55        |        |        |        |
| Unplanned     | 3.35        |        |        |        |
| Average SAIFI | 2007 - 2011 |        |        |        |
| Planned       | 0.50        |        |        |        |
| Unplanned     | 2.90        |        |        |        |
| CAIDI         | 2006        | 2005   | 2004   | 2003   |
| Planned       | 291.00      | 232.22 | 214.00 | 137.00 |
| Unplanned     | 21.00       | 35.72  | 53.00  | 29.00  |
| Class A       | -           | -      | -      | -      |
| Class D       | 18.10       | -      | 21.00  | 19.40  |
|               | 29.00       | 38.70  | 36.00  | 36.00  |
| CAIDI Targets | 2007        |        |        |        |
| Planned       | 91          |        |        |        |
| Unplanned     | 40          |        |        |        |
| Average CAIDI | 2007 - 2011 |        |        |        |
| Planned       | 100         |        |        |        |
| Unplanned     | 40          |        |        |        |

**CENTRALINES LIMITED - Lines Business**  
**Electricity Information Disclosure Requirements 2004 - Requirement 15 Form for the Derivation of Financial Performance Measures from Financial Statements**

|  | Input and Calculations | Symbol in formula | ROF                       |        | ROE                                    |        | ROI   |        |
|--|------------------------|-------------------|---------------------------|--------|--|--------|---|--------|
|  |                        |                   |                           |        |  |        |   |        |
| Operating surplus before interest and income tax from financial statements                   | 2,769                  |                   |                           |        |  |        |   |        |
| Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT) | 2,769                  |                   |                           |        |  |        |   |        |
| Interest on cash, bank balances, and short-term investments (ISTI)                           | 128                    |                   |                           |        |  |        |   |        |
| OSBIIT minus ISTI  | 2,641                  | a                 |                           | 2,641  |  |        |   | 2,641  |
| Net surplus after tax adjusted pursuant to regulation 18 (NSAT)                              | 1,830                  | n                 |                           |        |  | 1,830  |   |        |
| Amortisation of goodwill and amortisation of other intangibles                               | -                      | g                 |                           |        |  |        | add   | -      |
| Subvention payment   | -                      | s                 |                           |        |  |        | add   | -      |
| Depreciation of SFA at BV (x)  | 1,501                  |                   |                           |        |  |        |   |        |
| Depreciation of SFA at ODV (y)   | 1,501                  |                   |                           |        |  |        |   |        |
| ODV depreciation adjustment  | 0                      | d                 |                           | 0      |  | 0      | add   | 0      |
| Subvention payment tax adjustment  | -                      | s <sup>t</sup>    |                           |        |  |        | deduct  | -      |
| Interest tax shield  | (42)                   | q                 |                           |        |  |        | deduct  | (42)   |
| Revaluations   | -                      | r                 |                           |        |  |        | add   | -      |
| Income tax   | 939                    | p                 |                           |        |  |        | deduct  | 939    |
| <b>Numerator</b>   |                        |                   |                           | 2,641  |  | 1,830  |   | 1,744  |
|  |                        |                   | OSBIITADJ = a + g + s + d |        | ATADJ = n + g + s - s <sup>t</sup> + d |        | DJ = a + g - q + r + s + d - p - s <sup>t</sup> |        |
| Fixed assets at end of previous financial year (FA <sub>0</sub> )                            | 32,351                 |                   |                           |        |  |        |   |        |
| Fixed assets at end of current financial year (FA <sub>1</sub> )                             | 31,922                 |                   |                           |        |  |        |   |        |
| Adjusted net working capital at end of previous financial year (ANWC <sub>0</sub> )          | (37)                   |                   |                           |        |  |        |   |        |
| Adjusted net working capital at end of current financial year (ANWC <sub>1</sub> )           | 435                    |                   |                           |        |  |        |   |        |
| Average total funds employed (ATFE)  | 32,335                 | c                 |                           | 32,335 |  |        |   | 32,335 |
| Total equity at end of previous financial year (TE <sub>0</sub> )                            | 34,897                 |                   |                           |        |  |        |   |        |
| Total equity at end of current financial year (TE <sub>1</sub> )                             | 36,659                 |                   |                           |        |  |        |   |        |
| Average total equity   | 35,778                 | k                 |                           |        |  | 35,778 |   |        |



## CENTRALINES LIMITED - Lines Business

### Electricity Information Disclosure Requirements 2004 - Requirement 16 Annual Valuation Reconciliation Report

|  | 2006<br>\$000 | 2005<br>\$000 |
|--|---------------|---------------|
| System fixed assets at ODV at end of previous financial year       | 32,283        | 31,741        |
| <b>ADD</b> system fixed assets acquired during the year at ODV     | 1,122         | 2,024         |
| <b>LESS</b> system fixed assets disposed of during the year at ODV | 16            | 9             |
| <b>LESS</b> depreciation on system fixed assets at ODV             | 1,501         | 1,473         |
| <b>ADD</b> revaluation of system fixed assets                      |               | -             |
| <b>System fixed assets at ODV at end of the financial year</b>     | <u>31,888</u> | <u>32,283</u> |



## STATUTORY DECLARATION IN RESPECT OF STATEMENTS AND INFORMATION SUPPLIED TO COMMERCE COMMISSION

I, James Aitken, of Rangitapu Station Waipawa, being a Director of Centralines Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public by Centralines Limited under the Commerce Commission's Electricity Information Disclosure Requirements 2004.

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

DECLARED AT Waipukuruan THIS 27th DAY OF November 2006

  
J. AITKEN

  
Justice of the Peace (or Solicitor or  
Other person Authorised to take a  
Statutory Declaration)

**Juliet Louise Helene Van der Oord**  
Solicitor  
Davidson Armstrong & Campbell  
Waipukurau

## REPORT OF THE AUDITOR-GENERAL

### TO THE READERS OF THE FINANCIAL STATEMENTS OF CENTRALINES LIMITED FOR THE YEAR ENDED 31 MARCH 2006

We have audited the financial statements of Centralines Limited on pages 1 to 16. The financial statements provide information about the past financial performance of Centralines Limited and its financial position as at 31 March 2006. This information is stated in accordance with the accounting policies set out on pages 1 to 4.

#### 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 Centralines Limited as at 31 March 2006, 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 Laurie Desborough 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 Centralines Limited's circumstances, consistently applied and adequately disclosed.

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

In addition to issuing audit certificates pursuant to the Electricity Information Disclosure Requirements 2004 we have carried out another audit assignment for Centralines Limited. This involved issuing an audit opinion on the annual financial statements for the year ended 31 March 2006. This assignment is compatible with those independence requirements. Other than this assignment we have no relationship with or interest in Centralines Limited.

### **Unqualified opinion**

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

In our opinion:

- proper accounting records have been maintained by Centralines Limited as far as appears from our examination of those records; and
- the financial statements of Centralines Limited on pages 1 to 16:
  - (a) comply with generally accepted accounting practice in New Zealand; and
  - (b) give a true and fair view of Centralines Limited's financial position as at 31 March 2006 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 27 November 2006 and our unqualified opinion is expressed as at that date.



Laurie Desborough  
Audit New Zealand  
On behalf of the Auditor-General  
Palmerston North, New Zealand

**AUDITOR-GENERAL'S OPINION ON THE PERFORMANCE MEASURES OF  
CENTRALINES LIMITED**

We have examined the information on pages 17 and 21 to 23, being –

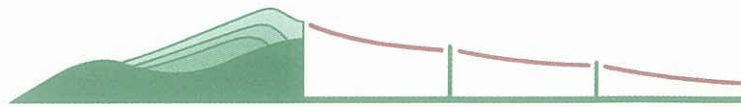
- (a) the derivation table in requirement 15;
- (b) the annual ODV reconciliation report in requirement 16;
- (c) the financial performance measures in clause 1 of Part 3 of Schedule 1; and
- (d) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, –

that were prepared by Centralines Limited and dated 27 November 2006 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.



Laurie Desborough  
Audit New Zealand  
On behalf of the Auditor-General  
Palmerston North, New Zealand  
27 November 2006



# CENTRALINES LIMITED

27 November 2006

2 Peel Street, P.O. Box 59, Waipukurau  
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Mr L H Desborough  
Director  
Audit New Zealand  
P O Box 149  
PALMERSTON NORTH

Dear Laurie

## **REPRESENTATIONS IN RESPECT TO THE INFORMATION DISCLOSURE REQUIREMENTS AUDIT FOR THE YEAR ENDED 31 MARCH 2006**

We confirm that there have been no changes that you should be aware of from the representations made by us in our letter dated 26 June 2006 in relation to the financial audit for the year ended 31 March 2006.

We confirm that to the best of our knowledge the financial statements, the reported performance measure results, including the Annual ODV Reconciliation Report forwarded to you for audit, have been prepared in accordance with the requirements of the Electricity Information Disclosure Requirements 2004, the Electricity Information Disclosure Handbook (dated 31 March 2004) and with due regard to issues raised by the Commerce Commission in relation to the Requirements.

We also confirm that to the best of our knowledge the Company's 31 March 2004 ODV valuation complies with the requirements of the ODV handbook dated 30 August 2004. Standard lives and replacement costs specified in the August 2004 ODV handbook have been used in the 2004 ODV except where changes have been made to asset lives in accordance with the provisions of clauses A.32-A.44 of the handbook or where standard lives and replacement costs are not provided in the handbook.

Yours sincerely

J R Aitken  
Chairman

Donna Whyte  
Financial Accountant

Ken Sutherland  
General Manager