

Aurora Energy Limited Annual Report 2006

Aurora





Aurora



Aurora Energy Limited

Aurora's principal activity is the ownership and strategic management of electricity distribution network assets in the City of Dunedin and in Central Otago. Its function is to transfer electricity from the national grid to the end-use consumer, and its customers are local generators and New Zealand's electricity retailers.

Aurora Energy Limited is a subsidiary company of Dunedin City Holdings Limited, which is owned by the Dunedin City Council.

Pictured above: Switchgear at a subdivision development.

Facing page: The University of Otago is the largest consumer of energy on Aurora's network.

2006 Annual Report

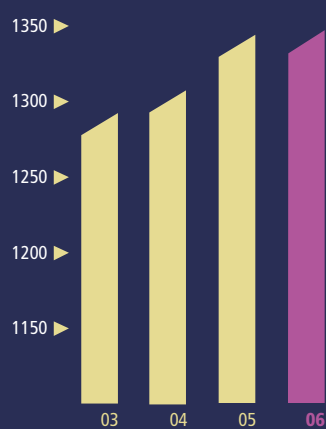
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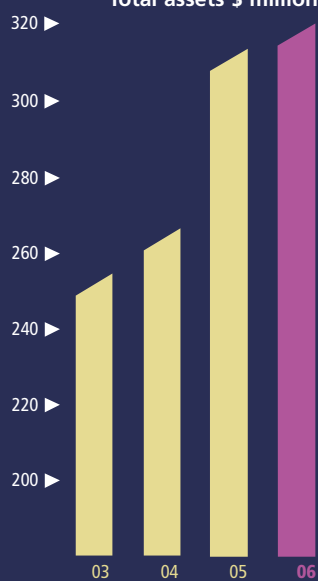


AURORA ENERGY LIMITED 2006 HIGHLIGHTS AT A GLANCE

Energy received for delivery
GWh

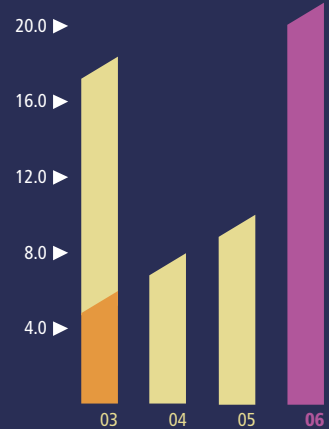


Total assets \$ million

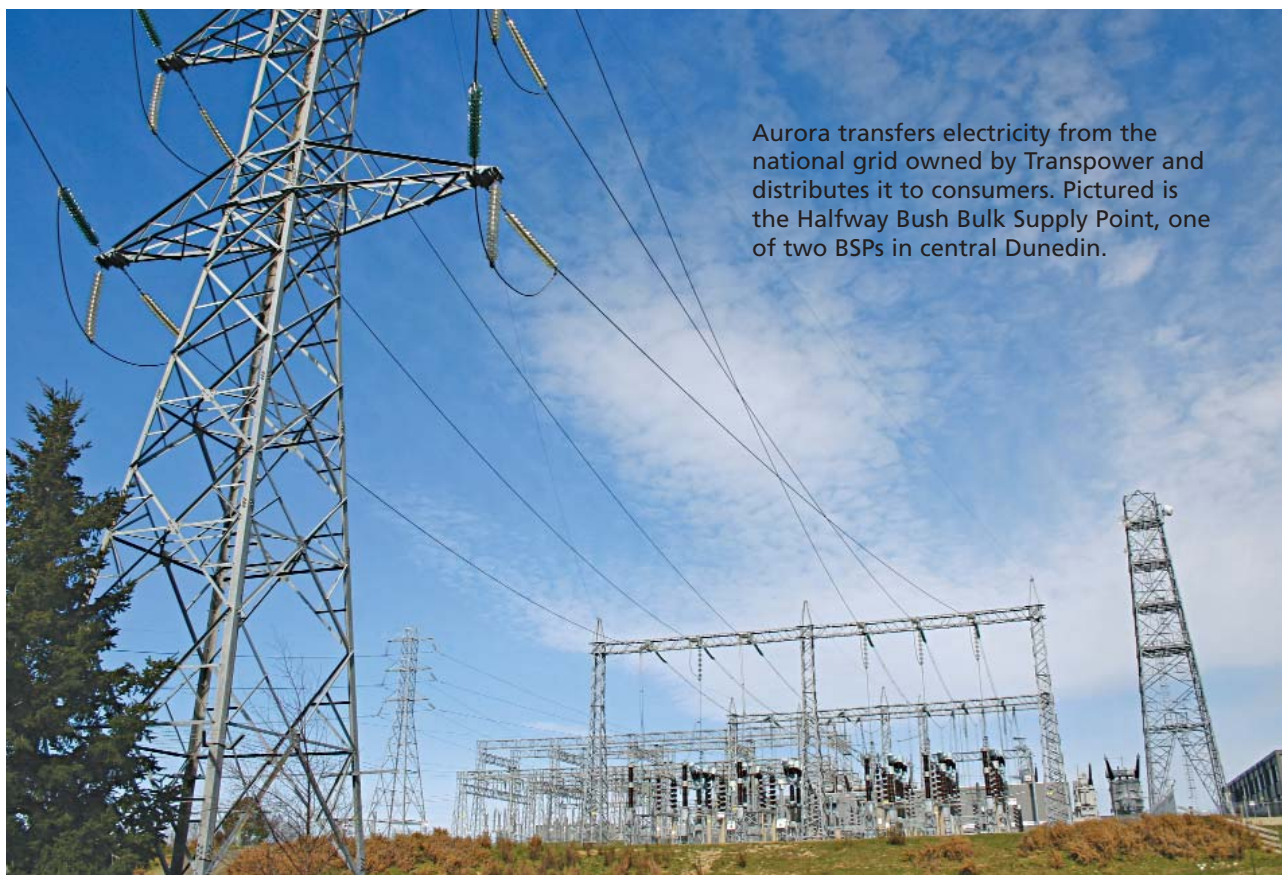


On 01 July 2001, Aurora Energy Limited revalued its electricity distribution network assets by \$42.3 million. On 30 April 2005 these assets were again revalued, by \$46.9 million.

Net surplus \$ million
after subvention payments



2003 result includes a dividend of \$12.0 million from DELTA Utility Services Limited



Aurora transfers electricity from the national grid owned by Transpower and distributes it to consumers. Pictured is the Halfway Bush Bulk Supply Point, one of two BSPs in central Dunedin.

Financial Results for the Year-ended 30 June 2006

I am very pleased to report another year of strong performance for Aurora.

The net surplus for the year increased by 116% to **\$21.89 million** (2005 : \$10.14 million) after providing for a subvention payment of \$1.57 million (2005 : \$1.06 million) to the shareholder. This exceptional result was after \$9.49 million of prior-year tax was written back; excluding this, a very pleasing 22% improvement on last year was achieved.

Dividends

The shareholder (Dunedin City Holdings Limited) has continued to benefit from Aurora's excellent financial results, with dividends equivalent to **\$7.49 million** (2005 : \$14.58 million) being paid. Over the past five years, total dividends to the shareholder have exceeded **\$45 million**.

Operating Performance


The operating performance of Aurora's line business has continued to improve. Profit improvement has occurred while supply quality and distribution price have remained within the Commerce Commission thresholds.

The quality of Aurora's electricity distribution network, as represented by the average number of minutes an electricity consumer is without supply per year, has improved modestly over the last five years, though the result is greatly affected by major wind storms, which vary year by year. Additionally, Aurora's quality remains approximately 40% better than equivalent New Zealand networks.

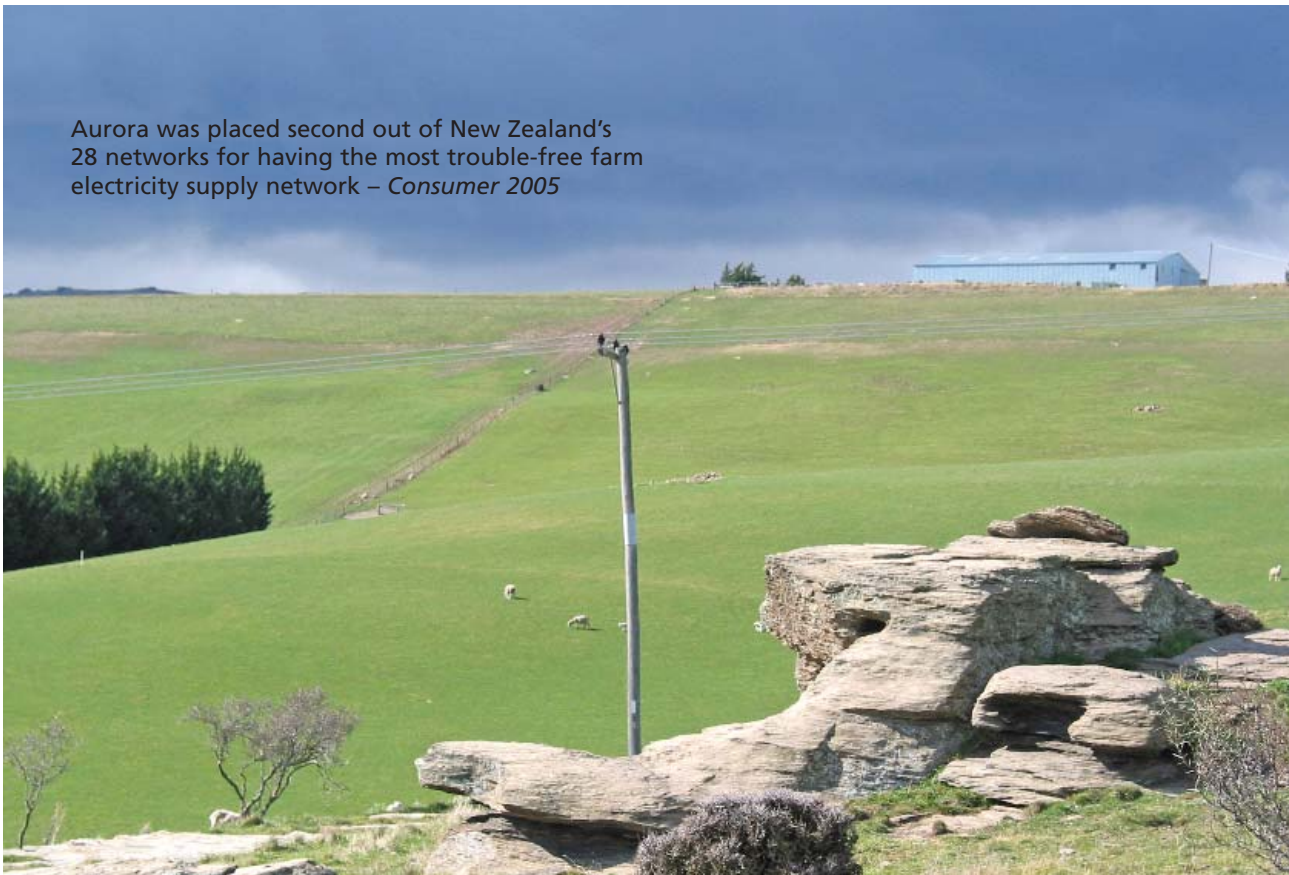
Management and operation of Aurora's network assets is carried out by *DELTA* Utility Services Limited under a fixed-price performance-based contract. Aurora's requirements regarding ongoing quality of supply, predetermined maintenance standards and statutory compliance are specified, with substantial financial penalties for non-performance by *DELTA*. Professional asset management is now accepted practice for the efficient management of infrastructural assets and directors believe that engagement of specialist asset management contractors, such as *DELTA*, represents best practice.

Growth

Growth in electricity delivered has averaged 2.2% per annum over the last five years, compared to a national average of 1.7% per annum, with most of



Aurora was placed second out of New Zealand's 28 networks for having the most trouble-free farm electricity supply network – *Consumer 2005*



Aurora's growth occurring in the Central Otago area.

Industry Issues

Regulation of line businesses is undertaken by the Commerce Commission, based on an assessment of the value of the assets using the Optimised Deprival Value (ODV) methodology – which is effectively depreciated replacement cost based on regulated asset replacement costs and regulated asset lives. Aurora has maintained for many years that the regulated asset lives are too short, resulting in Aurora's assets being materially understated for regulatory purposes.

Under the Commerce Commission's limitation of distribution price increases to "CPI-X" Aurora was assigned an "X" of 1%. Aurora considers that it has been disadvantaged by the determination, due to the theoretical nature of the total factor productivity relativity on which the X determinations were made. In particular, quality of supply was ignored in the analysis, whereas Aurora's supply quality is very significantly better than average.

Faulty determinations affect the economic well-being and the future investment decisions of line businesses. This type of intervention in line businesses

is in stark contrast to the price increases which have continued in the retail sector – a sector with the characteristics of an oligopoly, and where government-owned businesses comprise the majority of the participants.

Between May 2005 and May 2006, residential energy prices by generator/retailers increased by approximately 10%, bringing the increase since May 2000 to over 60%. Throughout this period, the energy price increase has been almost four times the increase in Consumer Price Index, while Aurora's line charges have increased at slightly less than CPI. Throughout this period, the government response has been to subject the lines companies like Aurora to more and more regulation while leaving the generators (three of which are government-owned) to raise their prices at will.

Aurora continues to meet all Commerce Commission reporting requirements under the price and quality thresholds regime.

Otago Power Limited

The final liquidation of Otago Power Limited has not been progressed by the liquidator during the year, due to outstanding liabilities. Accordingly, Aurora



Aurora rerouted the West Wanaka transmission lines and removed the aerial lines across Parkins Bay considered a risk to yachts and helicopters



Inside the new Closeburn Voltage Regulator Site (VRS) between Queenstown and Glenorchy

still holds an investment in this non-trading company, having already received significant distributions of capital. Any further distribution will be modest.

Generation

The *Electricity Reform Act* enables Aurora to become more involved in the generation of electricity than it was able to do after the Bradford reforms of 1998, but only through arrangements that prevent the directors of Aurora or the managers of Aurora's assets from being closely involved. During the year decisions by the Commerce Commission in regard to two applications by other line businesses for


exemptions resulted in affirmation of this policy, but with exemptions where certain circumstances prevail. Government stated some willingness to consider relaxations, but has shown no willingness to implement them.

Aurora has a particular interest in the generation of electricity from renewable energy sources on its network, as a means of reducing capital expenditure and improving reliability. A number of opportunities have been considered, however, despite substantial increases in energy prices, none of these is economic at current energy prices and low line charges. Further opportunities will become apparent as technology improves and energy prices increase.

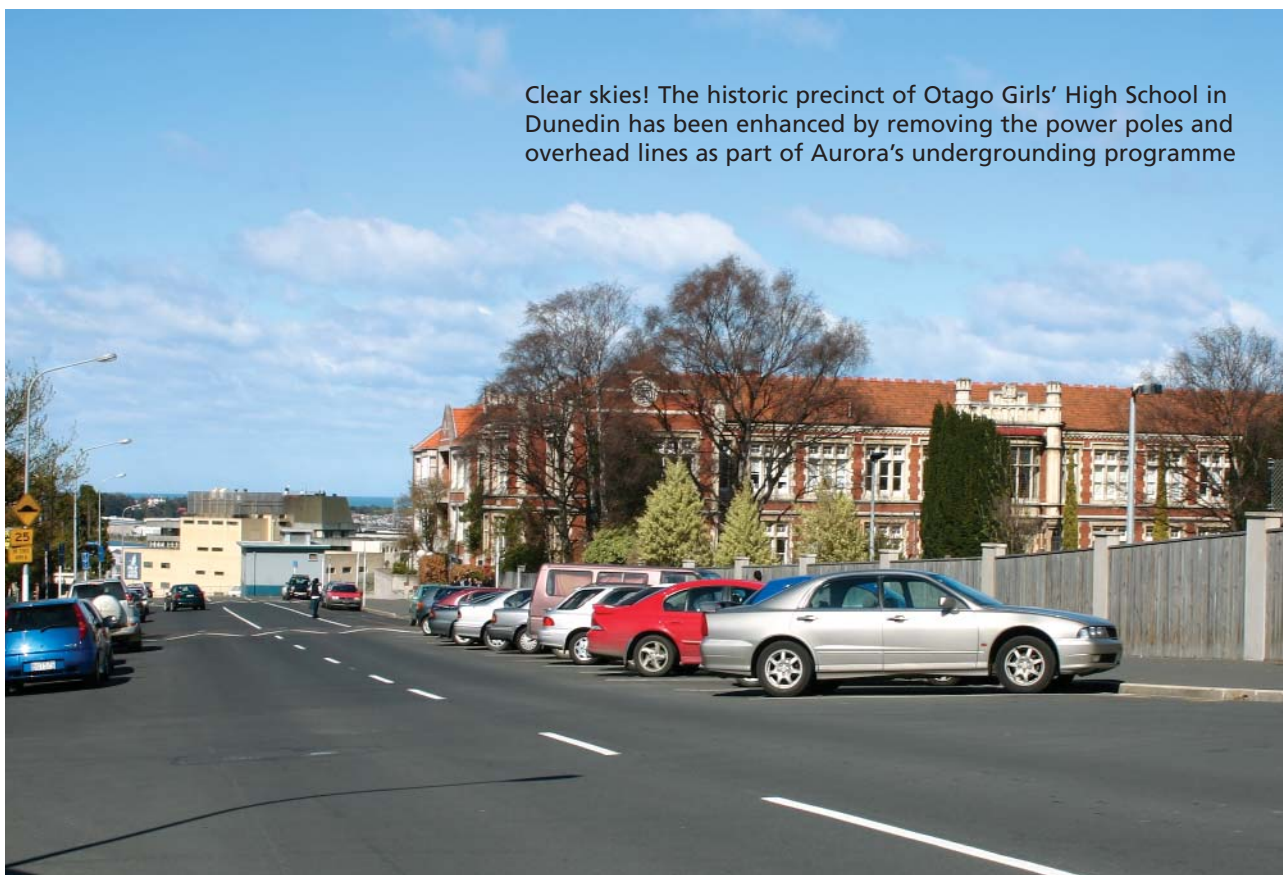
The solar house initiatives in Dunedin and Alexandra continue but substantial cost reduction is necessary for this form of energy to become economically sustainable in our region due, in some part, to low line charges. Visit www.electricity.co.nz/solarhome

Demand Management

Aurora's demand management programme for major consumers remains a considerable success. Designed to help consumers reduce their electricity delivery costs by managing their own demand, the internet-



Clear skies! The historic precinct of Otago Girls' High School in Dunedin has been enhanced by removing the power poles and overhead lines as part of Aurora's undergrounding programme



based programme provides weekly and monthly forecasts of expected network congestion. Consumers can use these predictions to plan to reduce their electricity demand during network congestion, so reducing their future line charges.

Customer Complaints

For many years, Aurora has made service failure payments to customers affected by excessive interruptions to electricity supply, where the failure is a result of factors within Aurora's reasonable control. These payments are made to electricity retailers, under the contract with them for delivery of electricity. During the year, \$21,435 was paid to retailers, along with details of the 342 consumers whose interruptions the payments related to.

Aurora has also participated in the Electricity and Gas Complaints Commission scheme since inception, and receives feedback from the Commission on its performance in regard to complaints received by them. The Commission continues to advise that it receives few complaints about distribution businesses in general, and rarely about Aurora. The Commission did not intervene in any customer complaint to Aurora in the past year.

Community Contribution

Aurora has continued to sponsor a variety of community initiatives, principally focussing on youth and education. Sponsorships during the year included:

- Regional sponsorship of school science fairs
- Life Education Trust
- Otago Museum public internet facilities.

Aurora is committed to being a good corporate citizen in the communities in which it operates. Full consideration of all environmental and community issues is given in all of its operations, with particular emphasis on environmental issues with new projects.

In addition, Aurora has continued its policy of committing annual funds to the under-grounding of lines. During the year, the following projects were undertaken in conjunction with the local authority, at a cost of \$691,000:

- Pitt Street (George Street – Heriot Row)
- King Edward Street (Macandrew Road – Bayview Road)
- Kaikorai Valley Road (Felton Street – Brockville Road)
- Cargill Street (Haddon Place – Stuart Street)
- Tennyson Street (View Street to the eastern end).



Financial Position

Aurora's financial position remains very strong, with total assets of \$320 million and debt of \$94.9 million. Trading results are expected to remain strong as a consequence of investment in growth. Aurora's above-average supply quality and below-average prices should help to insulate it from intervention in its business.

Capital expenditure continued strongly throughout the year, principally for growth in the Queenstown and Wanaka areas, reflecting the ongoing economic development there. Growth in the Wakatipu basin sees three new zone substation developments in hand to strengthen distribution and significant expenditure to augment the point of supply from Transpower.

Capital expenditure for the year was \$15.0 million and is expected to remain in the range of \$12 million to \$14 million per year over the coming years, subject to growth in the region continuing at current levels.

Outlook

The outlook for Aurora is for another successful year in 2007. The projected cashflows are particularly strong and bode well for continuing good returns to the shareholder.

Aurora's objectives to expand and diversify its investments in infrastructural assets will continue to be pursued. The economic cycle of assets of this type requires that long-term strategies are implemented for any change of ownership.

R Polson
CHAIRMAN
30 August 2006



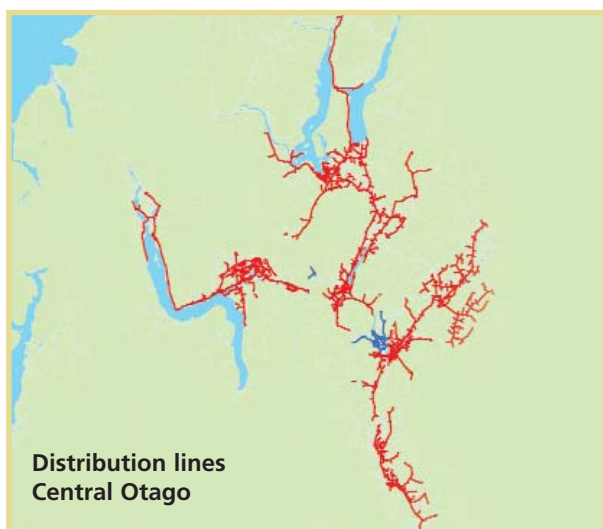
Aurora places considerable emphasis on supporting youth education programmes and events, including the International Science Festival held in Dunedin every two years.

Aurora sponsored the University of Otago Best Application of Scientific Method. The winners were Nivedha Nirainjanan and Lauren Dewhurst of St Hilda's Collegiate School.



DELTA Chief Executive John Walsh presents Naomi White of St Hilda's with the Aurora Energy Scholarship

Network Regions and Capability



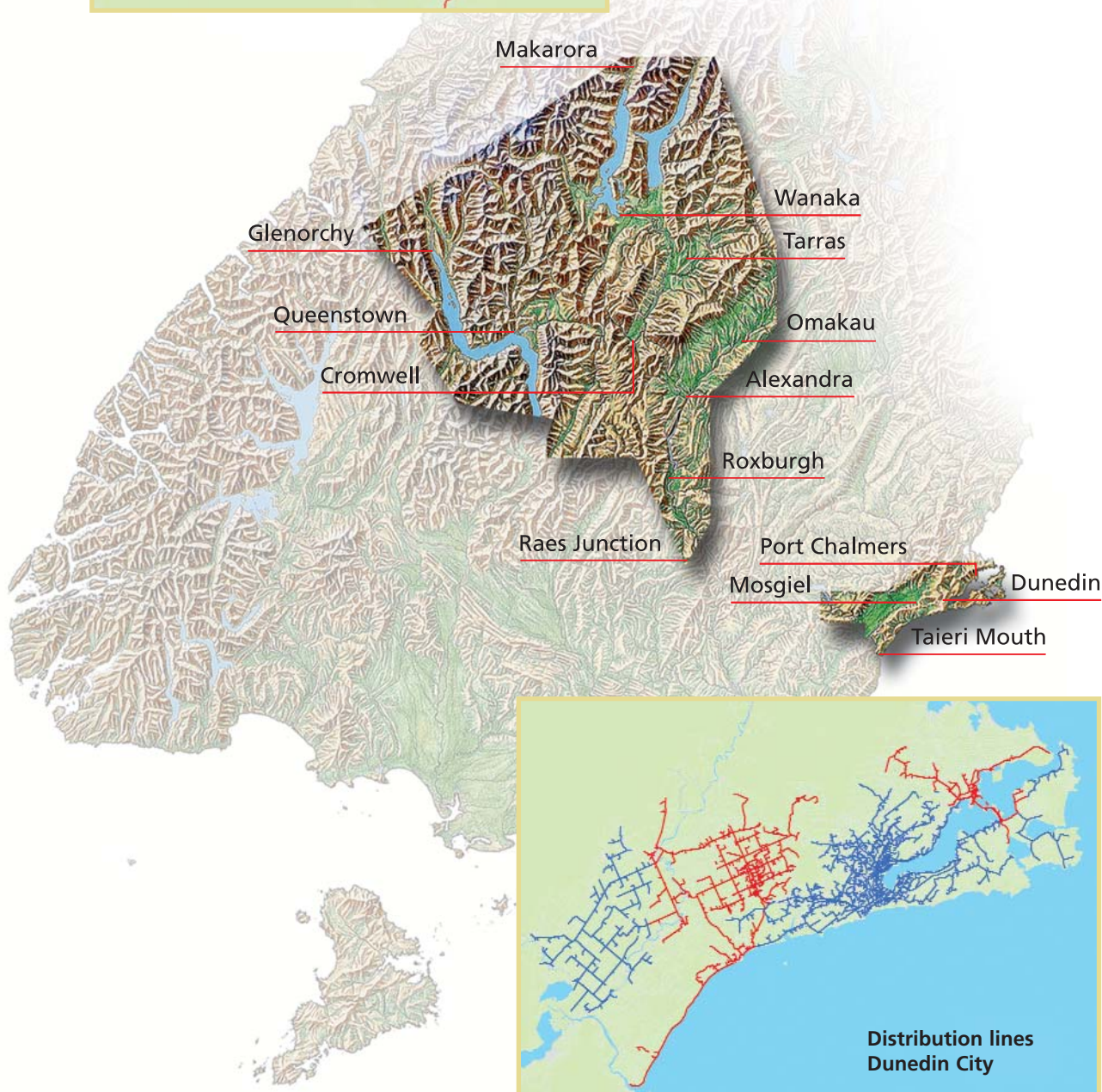
ELECTRICITY DISTRIBUTION NETWORK AT A GLANCE

For year ended 31 March 2006

Number of consumer connections	76,400
Energy received for distribution	1,347GWh
Capacity of transformers	800MVA
Capacity utilisation	34%
Number of zone substations	36
Number of bulk supply points	5
Length of lines and cables	5,252km

■ 11 kV distribution line/cables

■ 6.6 kV distribution line/cables



Directors' Report



The directors visiting the newly refurbished St Kilda Zone Sub-station.
From left: Ray Polson, Mike Coburn, Ross Liddell, Norman Evans and John Gilks. Absent: Paul Hudson

For the Year Ended 30 June 2006

The directors of Aurora Energy Limited are pleased to report on the financial results and associated matters for the year ended 30 June 2006.

Principal Activities of the Company

The principal activities of the company are the ownership and strategic management of its electricity distribution network assets.

Results for the Year Ended 30 June 2006	\$000
Trading surplus	20,931
less subvention payments	1,572
Operating surplus before income tax	19,359
less current year income tax expense	6,962
plus over-provided tax in prior years	(9,491)
Net surplus for year after income tax	21,888

State of Affairs

The directors believe that the state of affairs of the company is satisfactory.

Dividends

Total dividends declared and paid for the year ended 30 June 2006 were \$6.440 million. In addition, a subvention payment of \$1.572 million to Dunedin

City Holdings Limited has been provided for. The dividend equivalent of this is \$1.05 million, giving total equivalent dividends of \$7.49 million to be paid to the shareholder for the year. Equivalent dividends last year amounted to \$14.57 million inclusive of an \$8.00 million special dividend.

Reserves

The following net transfers have been made to or from reserves:

	\$000
Asset revaluation reserve - to (from)	0
Retained earnings - to (from)	15,448

Review of Operations

The directors are pleased with the operating results achieved for the year ended 30 June 2006.

Growth in Central Otago, particularly in Queenstown and Wanaka, has again exceeded our initial expectations for the current year.

Network reliability, as measured by the System Average Interruption Duration Index (SAIDI), excluding Transpower interruptions, continues to improve due to the considerable investment occurring in both strengthening and expanding the network. SAIDI is the Ministry of Energy specified metric that measures

the average time in minutes per year that each connection to the network is without power.

The price and reliability thresholds set by the Commerce Commission were fully complied with during the year.

During the year, the potential tax liability resulting from customer contributions was reviewed. As a consequence of this review, \$9.46 million of prior year deferred tax liability was reversed.

Financial Statements

The audited financial statements for the yearended 30 June 2006 are attached to this report.

Directors' Interests in Contracts

Disclosures of interests made by directors are recorded in the company's interests register.

These general disclosures of interests are made in accordance with S140 (2) of the *Companies Act 1993* and serve as notice that the directors may benefit from any transaction between the company and any of the disclosed entities. Details of these declarations are included in the Information on directors section of this report.

Any significant contracts involving directors' interests that were entered into during the year ended 30 June 2006 or existed at that date are disclosed in the related parties section of this report.

Directors

Dr Norman Evans was appointed to the board on 13 July 2005 and was re-appointed at the annual general meeting on 31 October 2005.

In accordance with the constitution of the company, Messrs Ross Liddell and Michael Coburn retire by rotation. Both are eligible and offer themselves for re-appointment.

Directors' Remuneration

The remuneration paid to directors during the year was:

Raymond S Polson	\$31,440
Ross D Liddell	\$21,337
Michael O Coburn	\$15,832
Norman G Evans	\$15,832
John W Gilks	\$18,832
Paul R Hudson	\$15,832
	<u>\$119,105</u>

Audit Committee

Messrs Gilks, Polson and Liddell comprise the audit committee of the board. The audit committee has the responsibility for agreeing the arrangements for audit of the company's financial accounts. Its responsibilities include ensuring that appropriate audit consideration is given to the following issues:

- Effectiveness of systems and standards of internal control
- Quality of management controls
- Management of business risk
- Compliance with legislation, standards, policies and procedures
- Appoints and monitors the internal audit function.

Employees' Remuneration

No staff are employed by Aurora Energy Limited.

The management of the company is currently carried out under contract by DELTA Utility Services Limited.

Auditor

The Auditor-General is appointed auditor pursuant to S70 of the *Local Government Act 2002*. The Auditor-General has contracted the audit to Audit New Zealand.

Directors' Insurance

In accordance with the constitution, the company has arranged policies of directors' liability insurance that ensure that generally the directors will incur no monetary loss as a result of actions undertaken by them as directors, provided that they operate within the law.

Directors' Benefits

No director has, since the end of the previous financial year, received or become entitled to receive a benefit other than a benefit included in the total remuneration received or due and receivable by the directors shown in the financial statements.

There were no notices from directors requesting to use company information received in their capacity as directors that would not otherwise have been available to them.

Events Subsequent to Balance Date

The directors are not aware of any matter or circumstance since the end of the financial year, not



otherwise dealt with in this report or the company's financial statements, which has significantly or may significantly affect the operation of the company, the results of those operations or the state of affairs of the company.

On behalf of the directors

R S Polson
CHAIRMAN
30 August 2006

R D Liddell
DEPUTY CHAIRMAN

COMPANY PARTICULARS

Directors

Raymond S Polson (Chair) *BCom, CA(PP), AF.Inst.D.*

Ross D Liddell (Deputy Chair) *BCom, CA(PP), ACIS, F.Inst.D.*

Michael O Coburn *FNZIM*

Norman G Evans *DBA, NZCE*

John W Gilks *FCA, F.Inst.D.*

Paul R Hudson *JP, BCom, CA*

Company Secretary

Stephen M Wilson *BCom, CA*

Registered Office

10 Halsey Street, Dunedin, New Zealand

Banker

Westpac Banking Corporation

Solicitor

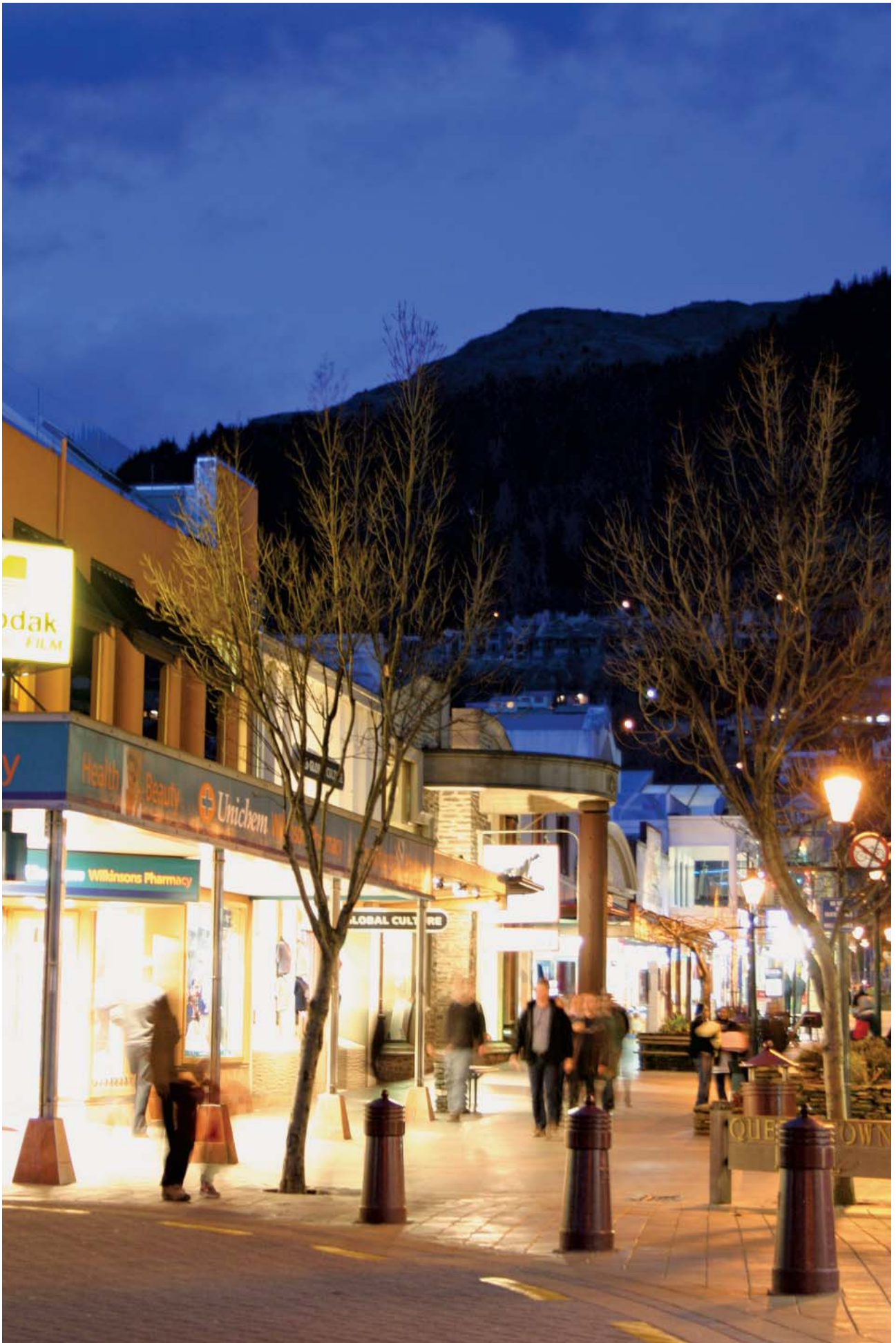
Gallaway Cook Allan

Auditor

Audit New Zealand on behalf of The Controller
and Auditor-General

Taxation Advisor

Deloitte





Network Performance Statistics

Years Ended 31 March

		Note (1)	2006	2005	2004	2003	2002
System Physical Measures							
Average length of lines and cables	km		5,252	5,146	5,029	4,875	4,743
Average capacity of distribution transformers	MVA		800	780	758	740	726
Distribution transformer capacity utilisation			34%	34%	33%	37%	36%
Consumer Measures							
Average number of consumer connections			76,400	75,117	73,972	72,794	71,431
System maximum demand	MW		269	267	246	272	263
Energy received for delivery	GWh		1,347	1,345	1,270	1,300	1,240
Average load factor			57%	57%	59%	55%	54%
Average minutes off per fault	CAIDI	(2)	56	55	57	49	48
Average faults per annum	SAIFI	(3)	1.7	1.5	1.7	2.1	1.9
Average minutes off per annum	SAIDI	(4)	97	81	97	101	89

Notes:

(1) These statistics are generally as required to be disclosed by the Commerce Commission Information Disclosure Requirements.

(2) Consumer Average Interruption Duration Index.

(3) System Average Interruption Frequency Index.

(4) System Average Interruption Duration Index.



Trend Statement



Years Ended 30 June

		2006	2005	2004	2003	2002
Energy received for delivery	GWh	1,347	1,357	1,308	1,281	1,243
Energy delivery reliability (average time without supply per customer per annum)	minutes	90.0	85.9	103.2	90.2	93.9
Total revenue (1)	\$000	70,840	64,080	62,335	58,002	57,473
Trading surplus before tax (before subvention payments)	\$000	20,931	19,668	17,907	14,040	13,838
EBIT/Average funds employed		8.7%	8.9%	9.5%	9.49%	8.7%
Tax – current year provision – prior year over-provision		6,962 (9,491)	8,465 -	8,556 -	6,922 -	6,550 -
Net surplus for the year (before subvention payments)	\$000	22,941	10,852	8,893	6,739	6,805
Net surplus for the year (after subvention payments) (2)	\$000	21,888	10,140	7,963	5,971	5,823
Cashflow from operating activities	\$000	26,783	23,816	22,826	24,582	15,932
Special dividend	\$000	0	8,000	0	0	0
Ordinary dividend	\$000	6,440	5,863	7,006	7,196	6,682
Total dividend	\$000	6,440	13,863	7,006	7,196	6,682
Equivalent dividends — actual dividends plus after tax value of subvention payments (4)	\$000	7,493	14,575	7,936	7,964	7,664
Shareholder's equity	\$000	181,024	165,576	122,414	121,457	122,742
Total assets (3), (4)	\$000	319,670	314,076	263,650	255,604	280,590
Return on average equity		12.6%	7.04%	6.5%	4.8%	5.6%
Equity to total assets		57%	53%	46%	48%	44%

Notes:

- (1) Prior to 2006, loss rental rebate income and expense were netted off. From 2006 the gross amount has been accounted for as both income and expense.
- (2) Aurora Energy Limited is part of the Dunedin City Holdings group of companies. Aurora Energy Limited makes pre-tax subvention payments to its parent company which have the effect of reducing the net surplus for the year.
- (3) On 30 April 2005 Aurora Energy Limited revalued its network assets up by \$46.885 million.
- (4) DELTA Utility Services Limited was a fully-owned subsidiary of Aurora Energy Limited until July 2003, at which time all of the shares were sold to Dunedin City Holdings Limited. Dividends received from DELTA Utility Services Limited and paid to Dunedin City Holdings Limited during the time of Aurora Energy Limited's ownership of DELTA Utility Services Limited are not included in this trend statement.



Statement of Service Performance

SPECIFIC OBJECTIVES

1 To review the Statement of Intent and Strategic Plan for consistency with the objectives of Dunedin City Council.

2 To review the operating activities of the company for compliance with the goals and objectives stated in the Statement of Intent and Strategic Plan.

3 To report all matters of substance to the shareholder.

4 To achieve all financial projections.

EBITDA

Net surplus after income tax

Shareholder's funds

Equivalent dividends

Shareholder's funds to total assets

5 To obtain ownership or management of an additional group of utility assets.

6 To monitor the economic value added by the company and to monitor financial performance against rates of return established by Dunedin City Holdings Ltd.

7 To ensure that the reporting requirements of the company and shareholder are met.

8 To maximise the utilisation of electricity distribution assets while ensuring that reliability meets the needs of users.

9 No transgression of the environmental and resource law occurs.

10 To undertake appropriate undergrounding of overhead lines.

11 To undertake a review of activities for the purposes of being a good corporate citizen.

OUTCOMES

Achieved. The Statement of Intent and Strategic Plan were reviewed and confirmed as being consistent with the objectives of Dunedin City Council.

Achieved. The operating activities are in accordance with the goals and objectives stated in the Statement of Intent and Strategic Plan.

Achieved. Matters of substance were reported to the shareholder within the required timeframe.

Achieved	Target
\$000	\$000
36,009	32,170
21,888	7,288
181,024	121,397
7,493	7,000
57%	46%

Not achieved.

Achieved	Target
\$000	\$000
13,501	6,798

Achieved. Company reporting was undertaken within the timeframes as stated in the Statement of Intent.

Achieved. The distribution assets are constantly monitored to ensure that maximum utilisation is achieved within the bounds of safety and reliability.

Achieved. No notification of any breaches of any resource laws has been received.

Achieved. Undergrounding projects were undertaken in the City of Dunedin and Cromwell.

Achieved. The company continually reviews its activities which include sponsoring cultural and education events and the undergrounding of overhead lines for environmental purposes.

Statement of Financial Performance



For the Year Ended 30 June

	Note	2006 \$000	2005 \$000
Revenue	1	70,840	64,080
Expenses	2	49,909	44,412
Trading surplus		20,931	19,668
Subvention payments		1,572	1,063
Operating surplus before income tax		19,359	18,605
Income tax	3	(2,529)	8,465
Net surplus for the year		21,888	10,140

Statement of Movements in Equity



For the Year Ended 30 June

	Note	2006 \$000	2005 \$000
Equity at beginning of the year		165,576	122,414
Surplus and revaluations			
Net surplus for the year		21,888	10,140
Asset revaluations	4	0	46,885
Total recognised revenues and expenses for the year		21,888	57,025
Other movements			
Dividend distributions		(6,440)	(13,863)
Total other movements for the year		(6,440)	(13,863)
Equity at end of the year		181,024	165,576



Statement of Financial Position

As at 30 June

	Note	2006 \$'000	2005 \$'000
EQUITY	4	181,024	165,576
Represented by			
Current assets			
Cash and short-term deposits		84	106
Accounts receivable	5	8,328	7,940
Short-term investments	6	55	55
Inventories		11	0
Total current assets		8,478	8,101
Non-current assets			
Investments	6	9	9
Property, plant and equipment	7	311,183	305,966
Total non-current assets		311,192	305,975
Total assets		319,670	314,076

Statement of Financial Position



As at 30 June - continued

	Note	2006 \$000	2005 \$000
Total assets		319,670	314,076
Current liabilities			
Accounts payable	10	11,826	10,552
Other liabilities	9	347	600
Taxation payable		206	144
Total current liabilities		12,379	11,296
Non-current liabilities			
Deferred taxation	8	31,367	37,204
Term liabilities	11	94,900	100,000
Total non-current liabilities		126,267	137,204
Total liabilities		138,646	148,500
Net assets		181,024	165,576

For and on behalf of the board of directors

R S Polson
CHAIRMAN
30 August 2006

R D Liddell
DEPUTY CHAIRMAN



Statement of Cash Flows

For the Year Ended 30 June

	Note	2006 \$000	2005 \$000
Cashflows from operating activities			
<i>Cash was provided from:</i>			
Receipts from customers		70,442	63,652
Interest received		53	35
Dividend received		0	196
Income tax refund		0	128
		70,495	64,011
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees		33,641	31,028
Interest paid		6,825	6,067
Income tax paid		3,246	3,100
		43,712	40,195
Net cash inflows/(outflows) from operating activities	12	26,783	23,816
Cashflows from investing activities			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment		0	0
		0	0
<i>Cash was disbursed to:</i>			
Purchase of property, plant and equipment		15,265	10,301
		15,265	10,301
Net cash inflows/(outflows) from investing activities		(15,265)	(10,301)

Statement of Cash Flows



For the Year Ended 30 June - continued

	Note	2006 \$000	2005 \$000
Cashflows from financing activities			
<i>Cash was provided from:</i>			
Proceeds from borrowings		21,005	27,300
<i>Cash was disbursed to:</i>			
Repayment of borrowings		26,105	26,400
Dividend distributions		6,440	14,363
		32,545	40,763
Net cash inflows/(outflows) from financing activities		(11,540)	(13,463)
Net increase/(decrease) in cash held		(22)	52
Cash at beginning of the year		106	54
CASH AT END OF THE YEAR		84	106
Composition of cash			
Cash and short-term deposits		84	106
CASH AT END OF THE YEAR		84	106



Statement of Accounting Policies

For the Year Ended 30 June 2006

The financial statements are for the reporting entity Aurora Energy Limited. The financial statements have been prepared in accordance with the requirements of the *Energy Companies Act 1992*, the *Companies Act 1993* and the *Financial Reporting Act 1993*.

MEASUREMENT BASE

The financial statements have been prepared on the basis of historical cost modified by the revaluation of certain property, plant and equipment.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are:

(i) Investments

Term investments are stated at the lower of cost or net realisable value.

Where in the opinion of the directors there has been a permanent diminution in the value of investments this is recognised in the Statement of Financial Performance.

(ii) Property, Plant and Equipment

Valuation

Fixed assets owned by the company will be revalued by the directors from time to time to amounts not in excess of those expected to be recouped by future use or sale. These amounts will generally be based on the net present value of future cash flows or the estimated replacement value, reduced by the portion of the asset consumed.

The timing of revaluations will be at the discretion of the directors within the requirements of Generally Accepted Accounting Practice (GAAP).

Changes in value resulting from these revaluations are credited to the asset revaluation reserve of the Company after adjusting for depreciation previously claimed. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance.

The revalued assets are carried at their revalued amount less accumulated depreciation.

Electricity Distribution Assets

Consistent with these policies, on 30 April 2005 Aurora Energy revalued its electricity distribution network assets, excluding land and buildings, to the fair market value determined by the chartered accounting firm of KPMG. In the opinion of the directors and their professional advisors, this best represents the fair value of those assets.

Electricity distribution network additions since 1 May 2005 are carried at cost less depreciation.

Electricity Distribution Land and Buildings

Land and buildings associated with the electricity distribution network were revalued on 1 July 2001 to the fair market valuation as determined by the chartered accounting firm of KPMG. These revalued assets are carried at their revalued amount less accumulated depreciation.

Additions to land and buildings associated with electricity distribution assets since 1 May 2001, are carried at cost less accumulated depreciation.

Other Land and Buildings

Land and buildings not associated with the electricity distribution network are carried at cost less accumulated depreciation.

Depreciation

Depreciation of property, plant and equipment is calculated on a straight-line basis to allocate the value of assets over their estimated useful lives.

The rates of depreciation used for significant asset classes are:

- Freehold buildings 1% - 2.5%
- Network assets 1.5% - 15%
- Plant and equipment 2.5% - 25%
- Motor vehicles 5% - 30%

For income tax purposes, the company claims the maximum depreciation allowable by the Inland Revenue Department.

Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

(iii) Accounts Receivable

Accounts receivable are valued at anticipated realisable value after providing for doubtful debts. Bad debts are written off during the period in which they are identified.

(iv) Distinction Between Capital and Operating Expenditure

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

Operating expenditure is defined as expenditure which maintains an asset in working condition and all expenditure incurred in operating the company.

(v) Income Tax

The income tax expense is charged in the Statement of Financial Performance in respect of current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method. Deferred tax assets attributable to timing differences or income tax losses are only recognised where there is virtual certainty of realisation.

(vi) 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.

(vii) Financial Instruments

The company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the Statement of Financial Position. All revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

(viii) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.



(ix) International Financial Reporting Standards

Aurora Energy Limited is a wholly owned subsidiary of Dunedin City Holdings Limited. The Dunedin City Holdings group has been requested by Dunedin City Council to comply with the New Zealand equivalents to International Reporting Standards (NZIFRS) for financial reporting periods commencing on or after 1 July 2006.

The company's first NZIFRS compliant financial statements will be for the half year ending 31 December 2006 and the year ending 30 June 2007. Entities complying with NZIFRS for the first time must restate their comparative financial statements under NZIFRS. The company's opening NZIFRS balance sheet will be a restated comparative balance sheet dated 1 July 2005.

The company participated in the consolidated entities NZIFRS conversion project which has been operating throughout the last two financial years. Early emphasis was applied to NZIAS39 and later efforts went into the establishment of the opening balance sheet and the audit of that opening position.

The company continues to implement changes to its accounting administration process to enable NZIFRS compliance reporting in accordance with the required timetable. The development of the necessary accounting policies is complete and compliant with consolidated group policy. The processes to ensure compliance with NZIAS39 are complete.

Key differences in Aurora Energy Limited's accounting statements expected to arise on the adoption of NZIFRS have been calculated. The total effect of the NZIFRS rules is to reduce shareholder's funds by \$28.1 million, principally due to changes in deferred tax recognition.

Should any of the accounting rules change between 1 July 2006 and 31 December 2006 when the first set of NZIFRS accounts are published by Aurora Energy Limited, the quantum of the differences may change.

The main differences to the financial statements based on the rules at 1 July 2005 are:

Deferred Tax

NZIFRS requires that deferred tax be recognised on all temporary differences between accounting book values and tax values for each asset and liability. Aurora Energy Limited has recognised the differences between the historic cost book values and the tax value for each asset and liability in accordance with NZGAAP. The effect of the change brought about by implementation of NZIAS12 is to increase the deferred tax liability for Aurora Energy Limited by \$27.5 million.

(x) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with that used in previous years.

Notes to the Financial Statements



For the Year Ended 30 June

	2006 \$000	2005 \$000
1 REVENUE		
Sales revenue	67,954	63,849
Interest on advances to related parties	0	12
Interest on other investments	53	23
Dividends	0	196
AC Loss Rental Rebate	2,833	0
	70,840	64,080

The nature of AC Loss Rental Rebates was reviewed during the 2006 financial year and it was determined that the correct accounting treatment of these is to show them as both revenue and expense items. In prior years, this income was netted against payments to retailers. In 2005, the income received and netted off was \$1.345 million.

2 EXPENSES

Included in the expenses of the company are the following items:

Audit fees		
- statutory audit	24	23
- other services	4	10
Depreciation	9,906	9,228
Directors' remuneration	119	94
Interest	6,744	6,146
Rental expense and operating leases	28	23
Increase/(Decrease) in provision for doubtful debts	0	0
Bad debts written off	0	0

3 INCOME TAX

Operating surplus before income tax	19,359	18,605
Tax at 33%	6,388	6,140

Plus/(Less) the tax effect of permanent differences

Revenue not assessable for taxation	(2,718)	(2,192)
Expenditure not deductible for taxation	3,292	4,439
Tax effect of permanent differences	574	2,247
Tax adjusted for permanent differences	6,962	8,387
Under/(Over) tax provision in prior years	(9,491)	78
Income tax	(2,529)	8,465

Income tax is represented by

Current tax	3,308	3,322
Deferred tax	(5,837)	5,143
Income Tax	(2,529)	8,465

A subvention payment of \$1,571,770 (2005 : \$1,062,500) to Dunedin City Holdings Limited has been provided for.



For the Year Ended 30 June

	2006 \$000	2005 \$000
3 INCOME TAX - continued		
Imputation credit account		
Balance at beginning of the year	(3,251)	(2,934)
Prior year adjustments	0	63
Taxation payments made	2,480	3,100
Credits attached to dividends paid	(2,255)	(3,361)
Credits attached to dividends received	0	9
Taxation refunds received	0	(128)
Balance at end of the year	(3,026)	(3,251)

The debit balance in the imputation credits account results from the participation of Aurora Energy Limited in the Aurora Energy Limited tax group with *DELTA* Utility Services Limited. The group had a credit balance at 31 March.

	2006 \$000	2005 \$000
4 EQUITY		
Issued Capital		
10,000,000 ordinary shares	10,000	10,000
Asset revaluation reserve		
Balance at beginning of the year	157,032	110,147
Net revaluation	0	46,885
Balance at end of the year	157,032	157,032
Retained earnings		
Balance at beginning of the year	(1,456)	2,267
Net surplus for the year	21,888	10,140
Dividend distributions	(6,440)	(13,863)
Balance at end of the year	13,992	(1,456)
TOTAL EQUITY	181,024	165,576
5 ACCOUNTS RECEIVABLE		
Trade receivables	8,048	7,942
Provision for doubtful debts	(30)	(30)
	8,018	7,912
Due from related parties	310	28
	8,328	7,940

For the Year Ended 30 June

	2006 \$000	2005 \$000
6 INVESTMENTS		
Short-term investment in Otago Power Limited	55	55
Investment – listed companies	9	9

Short-term Investment

During the 2002 year, the company purchased 5,632,567 shares in Otago Power Limited, as part of an unsuccessful take-over bid. Otago Power is being liquidated, with the liquidation proceeds being returned to shareholders. The investment is included in the company's accounts at its estimated net liquidation value of approximately 1 cent per share. Final proceeds are expected to be received by the end of December 2006.

Investments – listed companies

The company has acquired small shareholdings in several publicly-listed electricity-sector companies. These holdings are considered long term and the investments are shown at cost.

7 PROPERTY, PLANT AND EQUIPMENT

	As at 30 June 2006			As at 30 June 2005		
	Cost or Valuation	Depreciation	Book Value	Cost or Valuation	Depreciation	Book Value
	\$000	\$000	\$000	\$000	\$000	\$000
At valuation						
Freehold land	2,734	0	2,734	2,734	0	2,734
Buildings	9,955	496	9,459	9,955	398	9,557
Network assets	283,405	10,763	272,642	283,254	1,542	281,712
Plant and equipment	1,699	188	1,511	1,883	30	1,853
At cost						
Freehold land	184	0	184	184	0	184
Buildings	256	35	221	256	30	226
Network assets	19,558	1,843	17,715	4,352	1,606	2,746
Plant and equipment	227	15	212	31	1	30
Motor vehicles	42	3	39	6	0	6
Furniture and fittings	6	2	4	6	2	4
Plant construction in process	6,462	0	6,462	6,914	0	6,914
Total property, plant and equipment	324,528	13,345	311,183	309,575	3,609	305,966

The directors consider the carrying value of the land and buildings to be fair value.

8 DEFERRED TAX

Balance at beginning of year	37,204	32,061
Movement from income tax	(5,837)	5,143
Balance at end of year	31,367	37,204



For the Year Ended 30 June

	2006 \$000	2005 \$000
9 OTHER LIABILITIES		
Current liabilities		
GST payable	347	600
	347	600
10 ACCOUNTS PAYABLE		
Trade creditors	2,145	2,165
Due to parent company	1,622	1,119
Due to other related parties	8,059	7,268
	11,826	10,552
11 TERM LIABILITIES		
Balance at beginning of the year	100,000	99,100
Current year borrowing	21,005	27,300
Current year repayment	(26,105)	(26,400)
Balance at end of the year	94,900	100,000

A borrowing facility exists which allows the company to draw funds up to the amount of \$110 million. At year end, \$94.9 million had been drawn on the facility. Any borrowings made under the facility are secured by a second-ranked General Security Agreement over all of the assets of the company.

The company is party to a security arrangement to support Dunedin City Treasury Limited's Multi-Option Instrument Issuance Agreement.

The weighted average interest rate on term debt at 30 June 2006 was 7.52% (2005 : 7.44%).

The repayment period on the term liabilities is between two and ten years, as follows:

1 - 2 years	0	0
2 - 5 years	0	0
5 years and greater	94,900	100,000
	94,900	100,000

For the Year Ended 30 June

2006	2005
\$'000	\$'000

12 RECONCILIATION OF NET SURPLUS FOR THE YEAR TO CASHFLOWS FROM OPERATING ACTIVITIES

Net surplus for the year	21,888	10,140
<i>Items not involving cashflows</i>		
Depreciation	9,906	9,228
Increase/(Decrease) in deferred tax	(5,837)	5,143
	<u>25,957</u>	<u>24,511</u>
<i>Impact of changes in working capital items</i>		
(Increase)/Decrease in accounts receivable	(388)	(221)
(Increase)/Decrease in tax refund due	0	207
Increase/(Decrease) in accounts payable	1,274	1,061
Increase/(Decrease) in other liabilities	(253)	16
Increase/(Decrease) in tax payable	62	144
(Increase)/Decrease in stocks	(11)	0
Related party advance included in accounts payable	0	500
<i>Items classified as investing activities</i>		
Capital creditors included in accounts payable	142	(2,402)
Gain on sale of assets	0	0
Loss on sale of fixed assets	0	0
(Gain)/Loss on investment	0	0
Net cash inflows/(outflows) from operating activities	<u>26,783</u>	<u>23,816</u>

13 CONTINGENT LIABILITIES

The company has no contingent liabilities at balance date (2005 : nil).

14 CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure contracted for at balance date but not provided for in the financial statements	6,598	3,616
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15 LEASE COMMITMENTS

Non-cancellable operating lease commitments		
Payable within one year	24	24
Payable between one to two years	24	24
Payable between two to five years	70	70
Payable later than five years	18	41
	<u>136</u>	<u>159</u>

16 SEGMENT INFORMATION

Aurora Energy Limited operates in the electricity distribution sector in the Otago geographical area of New Zealand.



For the Year Ended 30 June

2006	2005
\$000	\$000

17 FINANCIAL INSTRUMENTS

Financial instruments that potentially subject the company to credit risk principally consist of cash, accounts receivable and investments.

Credit Risk

Contracts have been entered into with various counter-parties having such credit ratings and in accordance with dollar limits set by the board of directors.

Currency Risk

The company has no exposure to currency risk on financial instruments that would result from changes to foreign exchange rates.

Interest Rate Risk

The company has exposure to interest rate risk resulting from possible fluctuations in market interest rates. The company has a policy to minimise its risk exposure by having varying amounts of debt covered by interest rate protection instruments. Consistent with this policy, the company has interest rate protection in place for greater than 75% of its debt through to September 2007 progressively reducing to 0% in March 2016. The board of directors reviews interest rate protection on a regular basis.

Collateral

The company does not generally require collateral or other security to support service contracts. While the company may be subject to credit losses up to the notional value of the services or goods supplied in the event of non-performance by counter-parties, it does not expect such losses to occur.

Concentration of Credit Risk

Financial instruments which potentially subject the company to concentrations of credit risk principally consist of cash, accounts receivable and investments.

The company places its cash and short term investments with high credit quality financial institutions and sovereign bodies and limits the amount of investment with any one financial institution.

The company has several customers who are required to comply with specific prudential requirements which are included in written agreements with them and are subject to normal on-going credit control procedures.

For the Year Ended 30 June

	2006 \$000	2005 \$000
17 FINANCIAL INSTRUMENTS - continued		
Fair values		
Financial assets		
<i>Carrying amount</i>		
Cash	84	106
Accounts receivable	8,328	7,940
Investments	64	64
<i>Fair values</i>		
Cash	84	106
Accounts receivable	8,328	7,940
Investments	64	64
Financial liabilities		
<i>Carrying amount</i>		
Accounts payable	11,826	10,552
Term liabilities	94,900	100,000
<i>Fair values</i>		
Accounts payable	11,826	10,552
Term liabilities	94,900	100,000

The carrying amount of the company's financial assets and financial liabilities are equivalent to their fair value.

18 RELATED PARTY TRANSACTIONS

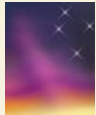
Aurora Energy Limited is a wholly-owned subsidiary of Dunedin City Holdings Limited.
Dunedin City Holdings Limited is wholly owned by Dunedin City Council.

Major Transactions with the Dunedin City Council Group

Aurora Energy Limited undertakes transactions with the Dunedin City Council and other Dunedin City Council controlled entities on an arms-length commercial basis.

During the year, the company purchased services from the Dunedin City Council Group:

Capital work	13,172	10,497
Network management and operation	10,817	10,677
Interest/facility fees payable	6,805	6,197
Subvention payments made	1,572	1,063
Subvention/tax loss offset payments	766	0
Rates and property leases	336	80
Water supplies and contracting	308	196
Management fee	260	260
Accounting, administration and secretarial	140	136
Sundry and consulting	98	62
Lease of meters	45	45
	34,319	29,213



For the Year Ended 30 June

2006	2005
\$000	\$000

18 RELATED PARTY TRANSACTIONS - continued

Aurora Energy Limited also provided services to the Dunedin City Council Group:

Rent	79	67
Distribution of electricity	73	69
Shut down charges	66	66
Service failure penalties	20	39
Interest receivable	0	12
Other	6	0
	244	253

During the year, the company undertook the following financial transactions within the Dunedin City Council Group:

Funds Drawn from Dunedin City Treasury Limited	21,005	27,300
Funds Repaid to Dunedin City Treasury Limited	(26,105)	(26,400)
Dividends Paid to Dunedin City Holdings Limited	(6,440)	(13,863)

At year-end the following amounts were owed to and from related parties in the Dunedin City Council Group:

Payable to related parties in the Dunedin City Council Group	104,581	108,387
Receivable from related parties in the Dunedin City Council Group	52	28

No related party debts have been written off or forgiven during the period (2005: nil).

The company undertakes transactions with other related parties in the normal course of business and on an arms-length commercial basis.

Mr R D Liddell was (to 31 May 2006) a partner in the accounting firm Deloitte. In the ordinary course of business during the financial period covered by this report, accounting and financial services valued at \$26,982 were purchased from Deloitte (2005: \$19,036). \$1,000 was due at the end of the year (2006: \$6,156).

Mr M O Coburn is a director of Jacks Point Limited. In the ordinary course of business during the financial period covered by this report, headworks fees valued at \$227,355 were charged by Aurora to that company (2005: nil). \$145,757 was owing to Aurora at the end of the year (2005: nil).

Mr Coburn is also a director of Lake Hayes Estate Limited. In the ordinary course of business during the financial period covered by this report, headworks fees valued at \$99,468 were charged by Aurora to that company (2005: nil). \$111,902 was owing to Aurora at the end of the year (2005: nil).

Information on the Directors



Name and qualifications

Position held and date appointed

Declaration of interests

Raymond S Polson *BCom, CA(PP), AF.Inst.D*

Non-Executive Chairman, October 1994

Chair Polson Higgs
 Chair DELTA Utility Services Limited
 Chair Incompass Limited
 Chair Fulcrum Partners Limited
 Chair The Shore Management Limited
 Chair Wensley Developments Limited
 Chair Wensley Developments (The Glebe) Limited
 Chair Wensley Developments (The Beacon) Limited
 Chair Wensley Developments (The Shore) Limited
 Chair Wensley Developments (The Club) Limited
 Chair Wensley Developments (The Marina) Limited
 Director Hirequip New Zealand Limited

Ross D Liddell *BCom, CA(PP), ACIS, F.Inst.D.*

Non-Executive Deputy Chairman, October 1994

Chair Browns Barkly Limited
 Chair City Forests Limited
 Chair Dunedin City Treasury Limited
 Chair James Maurice Properties Limited
 Chair Palmer & Son Limited
 Chair Palmer MH Limited
 Chair Palmers Mechanical Limited
 Chair Viblock Limited
 Deputy Chair

DELTA Utility Services Limited

Director A B Lime Limited
 Director Blackhead Quarries Limited
 Director Citibus Limited
 Director Dunedin City Holdings Limited
 Director Fulcrum Partners Limited
 Director Victory Lime 2000 Limited
 Partner Deloitte (retired 31 May 2006)

Michael O Coburn *FNZIM*

Non-Executive Director, October 2003

Chair Clearwater Land Holdings Limited
 Director Arthur Barnett Limited
 Director Citibus Limited
 Director City Forests Limited
 Director DELTA Utility Services Limited
 Director Dunedin City Holdings Limited
 Director Hirequip New Zealand Limited
 Director Lake Hayes Estate Limited
 Director New Zealand Land Trust Limited
 Executive Director, Jacks Point Limited
 Deputy Chair

Otago Rescue Helicopter Limited
 (resigned 15 August 2005)

Director Paper Plus New Zealand Limited
 (resigned 3 March 2006)

Name and qualifications

Position held and date appointed

Declaration of interests

Norman G Evans *DBA, NZCE*

Non-Executive Director, July 2005

Director Citibus Limited
 Director City Forests Limited
 Director DELTA Utility Services Limited
 Director Dunedin City Holdings Limited

John W Gilks *FCA, F.Inst.D.*

Non-Executive Director, June 1990 - April 1994,
 May 2002

Chair Port Otago Limited
 Chair Receivables Management Limited
 Deputy Chair
 City Forests Limited

Deputy Chair

Fisher & Paykel Appliances Holdings Limited

Director Business in the Community Limited
 Director Citibus Limited
 Director DELTA Utility Services Limited
 Director Dublin Bay Investments Limited
 Director Dunedin City Holdings Limited
 Director Fisher & Paykel Finance Limited
 Director K.M.K. Storage Limited
 Director Philip Laing House Limited
 Director Pacific Edge Biotechnology Limited
 (resigned 31 December 2005)

Paul R Hudson *JP, BCom, CA*

Non-Executive Director, June 1990 - October 1992
 November 1999

Chair Dunedin City Holdings Limited
 Chair Citibus Limited
 Chair Dunedin Council of Social Services
 Director City Forests Limited
 Director DELTA Utility Services Limited
 Councillor Dunedin City Council
 Chair Community House Trust (resigned June 2006)

TO THE READERS OF AURORA ENERGY LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2006

The Auditor-General is the auditor of Aurora Energy Limited (the company). The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf, for the year ended 30 June 2006.

Unqualified Opinion

In our opinion:

- the financial statements of the company on pages 14 to 30:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of:
 - the company's financial position as at 30 June 2006; and
 - the results of operations and cash flows for the year ended on that date.
- the performance information of the company on page 14 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 30 June 2006.
- based on our examination the company kept proper accounting records.

The audit was completed on 31 August 2006, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the board of directors and the auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the board of directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board of Directors and the Auditor

The board of directors is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must give a true and fair view of the financial position of the company as at 30 June 2006. They must also give a true and fair view of the results of operations and cash flows for the year ended on that date. The board of directors is also responsible for preparing performance information that gives a true and fair view of service performance achievements for the year ended 30 June 2006. The board of director's responsibilities arise from the *Energy Companies Act 1992* and the *Financial Reporting Act 1993*.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the *Public Audit Act 2001* and section 45(1) of the *Energy Companies Act 1992*.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out another audit assignment for the company. This involved issuing an audit certificate pursuant to the *Electricity Information Disclosure Requirements 2004*. These assignments are compatible with those independence requirements. Other than these assignments we have no relationship with or interests in the company.



BF Kearney
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand