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Directors

Neil Boniface (Chairman)
Philip Mulvey
Geoffrey Piercy
Ross Smith

Registered Office

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New Zealand
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Principal Bankers

Westpac Banking Corporation

Auditors

PricewaterhouseCoopers, Christchurch on behalf
of the Office of the Auditor-General

Solicitors

Preston Russell Law

Board of Directors



Neil Boniface (Chairman)



Philip Mulvey



Ross Smith



Geoffrey Piercy

1. General

It has been another successful year for Electricity Invercargill Limited (Company), maintaining a well above average quality of supply for its customers, keeping line charges within the Commerce Commission price path thresholds and contributing to the wealth of the city through its dividends and enhancement of the visual environment.

The Company's financial and network performance also ensures it maintains its position as one of the best performing networks in the country.

The main source of revenue for the Company is attributable to the Use Charge received from PowerNet Limited (PowerNet) for the lease of the network assets. This Use Charge calculation takes into account a specified rate of return on the book value of the assets, depreciation and the corporate costs of the Company.

Other revenue is derived from the capital contributions of customers connecting new installations to the network and the profits from the Company's investments in OtagoNet Joint Venture, Otago Power Services Limited, Power Services Limited and Electricity Southland Limited.

2. Financial Performance

The Group net surplus after tax for the year ended 31 March 2008 was \$6.723 million (2007 - \$5.565 million). The Company provided for an increased dividend of \$3.900 million (2007 - \$3.700 million).

The increased surplus reflects a number of factors such as increased revenue of \$22.034 million (2007 - \$21.002 million) from the continuing growth occurring in Invercargill, Bluff and Otago and a change in the corporate tax rate. These items were offset by increased Transpower costs.

The investments in OtagoNet Joint Venture, Otago Power Services Limited and Power Services Limited have all met expectations both financially and operationally, all continuing to contribute positively to both the cashflow and net profit of the Electricity Invercargill Limited Group.

The Company continued to promote Invercargill activities to the extent of \$25,000 through the erection of the Christmas lights.

The operating results supported by the strong financial position and operating cashflow, together with continued growth prospects in the Invercargill City, has the Company well positioned for the future.

The consolidated result for the Group is:

	31 March 2008	31 March 2007
	\$000	\$000
Operating Surplus before Taxation	7,414	7,222
Less Taxation Expense	(691)	(1,657)
Net Surplus after Taxation	6,723	5,565

International Financial Reporting Standards

The 2008 year is the second year of reporting for the Company under the New Zealand International Financial Reporting Standards (NZ IFRS). Historically New Zealand's accounting standards could generally be looked upon as a sound set of principle based standards. The motivation within New Zealand for moving to an at times illogical, overburdening and prescriptive set of standards (NZ IFRS) would have to be questioned. It was however pleasing to see the accounting profession defer the implementation

of NZ IFRS for small entities and recent comments to Government by the Auditor General questioning the cost benefit of the change.

The main effect on the Group has been the recording of a deferred tax liability of \$12.802 million in 2007 which has correspondingly reduced the equity of the Group and resulted in the transfer of revaluation reserves to retained earnings. The logic of recording a deferred tax liability that is in excess of any tax liability should the assets be sold is questionable, particularly when there is no intention to sell assets.

Following the announcement by the Government to reduce the corporate tax rate from 33 cents in the dollar to 30 cents, the Company has seen a reduction in its deferred tax liability in the region of \$1.2 million. Of this reduction, \$0.6 million is recorded through the Income Statement. The recording through the Income Statement of a reduction in a questionable liability that was originally recorded through equity begins to test the requirement to fairly and accurately report the results for the year.

The prescriptive disclosure required under NZ IFRS has resulted in an increase in the number of pages in the Company's financial statements with notes of little value to readers such as financial instruments (five pages) and the reporting of compensation payable to key management personnel.

It is no surprise that comments, such as those from the Auditor General, are beginning to surface with the examples seen in the Company's financial statements of questionable liabilities, overstated surpluses and the disclosure of low value information. The logic behind the decision to provide New Zealand with this prescriptive reporting regime would have to be questioned.

3. Operational Performance

The Company has maintained regular investment in its distribution network which has not only met customer requirements in price and reliability but has also contributed to increased public safety and enhanced the visual environment through the undergrounding policy. The Company has completed over 95% of the Invercargill City undergrounding programme.

Reliability of the network for the year did not meet our high overall expectations, both SAIDI and SAIFI also breaching the Commerce Commission Quality Thresholds. This was due mainly to severe winds affecting the overhead lines of the Bluff network and does not reflect a deterioration of the network assets.

Although below target this year, the consistently high reliability levels are a tribute to the aggressive undergrounding policy and asset stewardship of the past 30 years.

The Company still remains one of the best performers in New Zealand.

The target and actual SAIFI and SAIDI reliability indices are shown below.

SAIFI – System Average Interruption Frequency Index

(the average number of times each year that each customer connected to the network is without supply)

Target	Actual
1.00	1.15

SAIDI – System Average Interruption Duration Index

(the average total time in minutes each year that each customer connected to the network is without supply)

Target	Actual
35 minutes	54.8 minutes

Metering assets and load control relays were also retained by the Company and managed by PowerNet during this period.

4. PowerNet Limited

The Company has a 50% shareholding in PowerNet, a joint venture with The Power Company Limited. PowerNet is responsible for managing the Company's network, meter assets and business interests.

This management is executed through a capital and maintenance works programme which constitutes the major part of the Business Plan approved by the PowerNet and the Company Directors.

PowerNet publishes its own annual report and, as it is a break-even company, its performance is judged by the value and efficiency of its network asset management and business development for PowerNet and its stakeholders.

5. Investment and Development

Investigations to increase investment and development have been channelled through the joint venture company Electricity Southland Limited, particularly those with a view to obtaining further economies of scale and improved efficiencies of network management.

The 50% investment in Electricity Southland Limited with The Power Company Limited (50%) did not meet its overall projections this year as revenue from the embedded networks in Frankton was below target due to less new construction completed this year than originally anticipated. Directors are pleased with the investment however and remain confident the continuing development in the area will meet the Company's medium and long term projections.

The following major projects on the Company's network were completed by PowerNet during the year.

Project	Approximate Expenditure
New Customer Connections and Reticulation of New Subdivisions	\$478,000
Tyne, Eye, Deveron and Jed Street Area, Invercargill - Undergrounding	\$472,000
Doon Street Zone Substation 33kV Circuit Breaker Replacements	\$340,000
Distribution Transformer Replacements	\$291,000
Saturn, John and Murphy Street Area, Invercargill - Undergrounding	\$271,000
Conon Street CBD Substation Upgrade	\$158,000
Ring Main Unit Replacements	\$115,000

The Company completed its fifth year of its 24.5% investment in the electricity network owner OtagoNet Joint Venture and similar investment in the electrical contracting company Otago Power Services Limited with its neighbour The Power Company Limited (24.5%) and Marlborough Lines Limited (51%).

The Otago based investments performed as anticipated, contributing a positive cash flow and increased profitability in addition to the benefits of a strategic partnership and acquisition. Directors are pleased with the year's performance and our shareholder is projected to benefit further from increased dividends and growth in value in the years to come. The higher revenue from the recent line charge increases has enabled significant additional expenditure on renewing and upgrading network assets, increasing the value of the network and improving supply quality to the customers.

The Company is also a 49% shareholder in the electrical contracting company Power Services Limited. The other shareholder in this company is The Power Company Limited. Power Services Limited has the lines and technical field service contracts for the Company's network.

The Company will continue to seek further opportunities with its joint venture partners in the interest of its stakeholders.

6. Industry Environment

This year saw significant work streams take place for the industry with the review of the Information Disclosure regime, the Commerce Commission Threshold Reset 2009 and the Commerce Amendment Bill (Bill). The outcome of these legislative changes is likely to require considerable additional compliance effort by the Company in the future.

The Company was involved in a number of submissions on the Bill in conjunction with the Electricity Networks Association and a group of line businesses facilitated by PricewaterhouseCoopers. The Company is supportive of the general thrust of the changes proposed in the Bill, as they affect lines businesses, and looks forward to an improved outcome and increased certainty for the industry following the passing of the Bill.

During the year the Company was pleased to see the further proposed changes to the Electricity Industry Reform Act which will lessen restrictions on cross industry involvement and free up investment opportunities for lines businesses in generation and retail activities.

Directors have concerns over the future security of supply. They perceive the Electricity Commission and the market to be failing in providing adequate incentives for timely investment in future generation that will maintain the required security of supply in future years. This concern is exemplified by the impending possible restrictions on supply during winter 2008 following the relatively dry summer and autumn. Although the dry summer and autumn were predicted by the National Institute of Water and Atmospheric Research in October 2007, the Directors question whether the Electricity Commission was able to appropriately address the issue at that time to minimise the risk of supply restrictions during mid-2008. This situation is likely to re-occur more frequently through the Government's policy on renewable generation which, although laudable in its intent, will not be conducive to continued economic growth without some clear indication to industrial and commercial consumers of how the current levels of security of supply will be maintained.

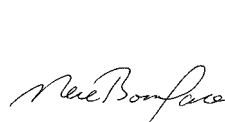
7. Acknowledgement

Directors wish to acknowledge the ongoing support of the Directors of Invercargill City Holdings Limited throughout the year.

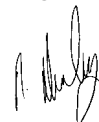
The Directors also acknowledge the ongoing partnership with The Power Company Limited which is continuing to reap benefits for both Companies.

Directors are pleased with the successful relationship with Marlborough Lines Limited through the joint venture investment in OtagoNet Joint Venture.

Finally the Directors wish to record their appreciation to the staff of PowerNet, who have successfully managed the business for another year.



Neil Boniface
Chairman



Philip Mulvey
Deputy Chairman

Directors' Report

The Directors have pleasure in presenting their Annual Report and Financial Statements for the year ended 31 March 2008.

Principal Activities

The principal activity of the parent entity, Electricity Invercargill Limited is the provision of electricity distribution services. The Company is a wholly owned subsidiary of Invercargill City Holdings Limited. The group consists of Electricity Invercargill Limited, its subsidiary, joint ventures and associate companies.

Result and Distribution

The Directors report that the Group's profit after tax and interest for the year under review was \$6,723,000. A dividend of \$3,900,000 has been declared payable in July and November 2008 and March 2009. The dividend will be imputed at 25%.

State of Company's Affairs

The Directors consider the state of the Company's affairs to be satisfactory.

Directors

The Directors are appointed by the Shareholder.

Directors' Interests

The following entries were made in the Interests Register of the Company with regard to the Directors:

General:

All Directors are interested in transactions with the Company involving the supply of standard network services, on standard terms and conditions, to premises in which they may have one or more of the following interests:

- Owner, either alone or jointly with others.
- Parent, child or spouse of another person who may have a material interest in a property.
- Director, officer or shareholder of a body corporate which may have a material interest in a property.
- Trustee or beneficiary of a trust which may have a material interest in a property.

Because the interest which Directors may have in such transactions is no different in kind, quality, benefit or obligation from transactions which the Company has with other network services customers, it is not intended to list such premises or properties in the Interests Register.

Director	Company	Position
Neil Boniface	Bond Contracts Ltd	Alternate Director
	Electricity Southland Ltd	Director
	Invercargill City Council	Deputy Mayor
	Invercargill Licensing Trust	Member
	OtagoNet Joint Venture	Member, Governing Committee
	OtagoNet Ltd	Director
	PowerNet Ltd	Director
	Pylon Ltd	Director
	Southland Driving School	Director

Philip Mulvey

Cook Adam and Co	Managing Partner
Cook Adam and Co Ltd	Director
Electricity Southland Ltd	Director
Forest Dynamics Ltd	Director
Incompass Ltd	Director
Otago Cricket Association	Director
PowerNet Ltd	Deputy Chairman
Pylon Ltd	Director
Southland Outdoor Stadium Trust	Trustee
United Pacific Energy Ltd	Director
WHK (New Zealand) Ltd	Director
WHK Cook Adam Ward Wilson	Chief Executive
WHK Cook Adam Ltd	Director
Zak Holdings Ltd	Chairman

Geoffrey Piercy

Electricity Southland Ltd	Director
Grey Power Southland	President
Invercargill City Council	Councillor
Invercargill Te Ara a Kewa Primary Health Organisation	Director
PowerNet Ltd	Director
Pylon Ltd	Director

Ross Smith

Electricity Southland Ltd	Director
Finance Now Ltd	Director
Fraser Properties Ltd	Director
Funds Administration NZ Ltd	Director
PowerNet Ltd	Director
Power Services Ltd	Director
Pylon Ltd	Director
Rural Livestock Finance Ltd	Director
Southland Building Society	Director, Chief Executive Officer
Southsure Assurance Ltd	Director

Remuneration of Directors

The following Directors held office during the year under review and were paid fees accordingly:

Neil Boniface	-	Chairman
Philip Mulvey	-	Director
Geoffrey Piercy	-	Director
Ross Smith	-	Director

Remuneration paid or due and payable to Directors for services as a Director and in any other capacity for Electricity Invercargill Limited, during the year was:

Neil Boniface	\$31,000	Geoffrey Piercy	\$16,000
Philip Mulvey	\$16,000	Ross Smith	\$16,000

Remuneration paid or due and payable to Directors for services as a Director and in any other capacity for PowerNet Limited, during the year was:

Neil Boniface	\$17,500	Geoffrey Piercy	\$17,500
Philip Mulvey	\$22,000	Ross Smith	\$17,500

Employee Remuneration

No employees or former employees received remuneration to the value of \$100,000 or greater during the year.

Donations

Donations of \$417 were made during the year.

Use of Company Information

During the year the Board received no notices from the Directors of the Company requesting to use Company information received in their capacity as Directors which would not otherwise have been made available to them.

Directors' and Employees' Indemnity and Insurance

Liability Insurance was effected for Directors of the Company.

Accounting Policies

There have been no changes in accounting policies during the year. These have been applied on a basis consistent with those used in the previous year.

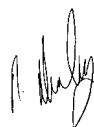
Auditor Remuneration

Refer to Note 3 of the Financial Statements for Auditor remuneration.

For and on behalf of the Directors.



Neil Boniface
Chairman



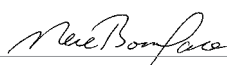
Philip Mulvey
Deputy Chairman

Network Details

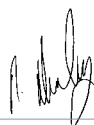
	31 March 2008	31 March 2007
Length of overhead line	72km	75km
Length of underground cable	608km	604km
Number of distribution transformers	440	441
Distribution transformer capacity (does not include customer owned transformers)	146MVA	146MVA
Consumer connections (ICP's)	17,012	16,943

Approval By Directors

The Directors have approved for issue the Financial Statements of Electricity Invercargill Limited for the year ended 31 March 2008 on pages 6 to 31.



Neil Boniface
Chairman



Philip Mulvey
Deputy Chairman

For and on behalf of the Board of Directors

26 June 2008

Statement of Service Performance *for the year ended 31 March 2008*

The objectives of Electricity Invercargill Limited for this financial year are clearly specified in the Statement of Intent, which was approved by the Shareholders. The performance targets and measures identified in the Statement of Intent, along with the performance achieved during the financial year, are detailed below.

Performance Targets

Financial Measures	Target	Achievement	
	Year Ended 31 March 2008	Year Ended 31 March 2008	Year Ended 31 March 2007
	\$000	\$000	\$000
Operating Surplus Before Tax	7,726	7,414	7,222
Operating Surplus After Tax	6,166	6,723	5,565
Earnings Before Interest and Tax (EBIT%)	8.62%	8.22%	8.14%
Return on Equity %	9.16%	9.53%	8.29%
Equity to Total Assets %	64.03%	66.09%	63.95%

Network Reliability Performance

System Average Interruption Duration Index (SAIDI)			
The average total time in minutes each customer connected to the network is without supply.			
SAIDI	35.00	54.78	35.65
System Average Interruption Frequency Index (SAIFI)			
The average number of times each customer connected to the network is without supply.			
SAIFI	1.00	1.15	1.21
Other Network Reliability Performance Measures			
Total number of interruptions		25.00	23.00
Faults per 100km of line		13.28	8.92

The Directors have reasonable assurance that the performance data of the company is free from material misstatement and is a reliable measure of the network's performance. However, there is an inherent risk as there is no independent evidence to verify the accuracy of the information recorded.

Supplementary Information

Network Statistics		
Length of overhead line	72 km	75 km
Length of underground cable	608 km	604 km
Transformer capacity MVA	146	146
Maximum demand kW	64,600	63,698
Energy into network GWh	285	288
Total consumers	17,012	16,943

Income Statements *for the year ended 31 March 2008*

	Note	GROUP		PARENT	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Operating Revenue	(2)	20,295	19,503	8,715	8,975
Other Income	(2)	1,739	1,499	2,418	1,625
Operating Expenses	(3)	(13,462)	(12,817)	(3,341)	(2,776)
Finance Costs	(3)	(1,357)	(1,316)	(1,357)	(1,316)
Share of Profit of Associates	(8)	199	353	-	-
Operating Surplus Before Taxation	(4)	7,414	7,222	6,435	6,508
Less Taxation Expense					
- Current	(4)	(1,293)	(1,507)	(852)	(1,315)
- Deferred	(4/16)	602	(150)	745	60
Net Surplus After Taxation	(17)	6,723	5,565	6,328	5,253

Statements of Changes in Equity *for the year ended 31 March 2008*

	Note	GROUP		PARENT	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Total Recognised Income and Expenses					
Net Surplus for the Year		6,723	5,565	6,328	5,253
NZ IFRS Transition Correction	(16)	10	-	-	-
Revaluation of Assets	(5)	13	13,178	13	10,388
Effect of Change in Tax Rate on Revaluation Reserve	(16)	591	-	466	-
		7,337	18,743	6,807	15,641
Distributions to Shareholders					
Dividend Paid/Declared		(3,900)	(3,700)	(3,900)	(3,700)
		(3,900)	(3,700)	(3,900)	(3,700)
Changes in Equity for the Year		3,437	15,043	2,907	11,941
Equity at Beginning of Year		67,099	52,056	64,244	52,303
Equity at End of Year	(5)	70,536	67,099	67,151	64,244

The accompanying notes on pages 10 to 31 form part of and should be read in conjunction with these financial statements.

Balance Sheets *as at 31 March 2008*

	Note	GROUP		PARENT	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Equity					
Share Capital	(5)	13,000	13,000	13,000	13,000
Reserves	(5)	16,568	15,978	13,653	13,188
Retained Earnings	(5)	40,968	38,121	40,498	38,056
Total Equity		70,536	67,099	67,151	64,244
Represented By:					
Current Assets					
Cash and Bank Deposits	(6)	1,708	2,580	63	18
Receivables and Prepayments	(7)	2,113	1,445	687	1,473
Inventories		53	46	-	-
Construction Work in Progress		26	9	-	-
Income Tax Receivable		187	12	179	-
Total Current Assets		4,087	4,092	929	1,491
Non Current Assets					
Investments in Associates	(8)	5,286	4,284	3,574	2,624
Investment in Subsidiary	(9)	-	-	28,076	27,827
Investments in Joint Ventures	(10)	-	-	2,350	1,650
Property, Plant and Equipment	(11)	91,880	91,637	64,279	64,616
Capital Work in Progress		1,967	1,440	1,261	897
Intangibles	(12)	3,515	3,475	-	-
Total Non Current Assets		102,648	100,836	99,540	97,614
Total Assets		106,735	104,928	100,469	99,105
Current Liabilities					
Creditors and Accruals	(13)	2,532	2,690	1,450	1,486
Employee Entitlements	(14)	161	137	-	-
Dividend Payable		3,900	3,700	3,900	3,700
Income Tax Payable		-	-	-	4
Shareholder Advance	(15)	-	500	-	500
Total Current Liabilities		6,593	7,027	5,350	5,690
Non Current Liabilities					
Shareholder Advance	(15)	18,000	18,000	18,000	18,000
Deferred Tax Liabilities	(16)	11,606	12,802	9,968	11,171
Total Non Current Liabilities		29,606	30,802	27,968	29,171
Total Liabilities		36,199	37,829	33,318	34,861
Net Assets		70,536	67,099	67,151	64,244

The accompanying notes on pages 10 to 31 form part of and should be read in conjunction with these financial statements.

Statements of Cash Flows *for the year ended 31 March 2008*

	Note	GROUP		PARENT	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Was Provided From:					
Receipts from Customers		20,995	21,347	9,442	8,505
Interest Received		648	516	540	404
Dividends Received		-	-	1,850	1,178
Taxation Refunds		146	9	-	-
		21,789	21,872	11,832	10,087
Cash Was Disbursed To:					
Payments to Suppliers and Employees		9,619	9,207	695	729
Income Tax Paid		1,615	1,533	1,035	1,272
Interest Paid		1,257	1,311	1,257	1,311
GST Paid/(Received)		169	(159)	15	(47)
		12,660	11,892	3,002	3,265
Net Cash Flows From Operating Activities	(17)	9,129	9,980	8,830	6,822
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash Was Provided From:					
Sale of Property, Plant and Equipment		17	31	6	30
Associates Advances Repaid		500	500	1,331	2,273
		517	531	1,337	2,303
Cash Was Applied To:					
Purchase of Property, Plant and Equipment		4,816	3,867	2,692	2,140
Investments in Associates		52	1,084	-	-
Advances to Associates		1,450	1,954	3,230	4,583
		6,318	6,905	5,922	6,723
Net Cash Flows Used in Investing Activities		(5,801)	(6,374)	(4,585)	(4,420)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash Was Applied To:					
Dividend Payment		3,700	2,300	3,700	2,300
Repayment of Shareholder Advance		500	500	500	500
		4,200	2,800	4,200	2,800
Net Cash Flows Used in Financing Activities		(4,200)	(2,800)	(4,200)	(2,800)
Net Increase/(Decrease) in Cash and Cash Equivalents Held		(872)	806	45	(398)
Add Opening Cash Brought Forward		2,580	1,774	18	416
Closing Cash and Cash Equivalents Carried Forward	(6)	1,708	2,580	63	18

The accompanying notes on pages 10 to 31 form part of and should be read in conjunction with these financial statements.

Notes to and forming part of the Financial Statements

for the year ended 31 March 2008

1. Statement of Accounting Policies

Reporting Entity

The parent entity, Electricity Invercargill Limited is a profit oriented limited liability company, that was incorporated in New Zealand on 30 June 1991, is registered under the Companies Act 1993 and whose registered office is at 251 Racecourse Road, Invercargill. The Company is a wholly owned subsidiary of Invercargill City Holdings Limited. The Group consists of Electricity Invercargill Limited, its subsidiaries and its interest in associates and jointly controlled entities (refer to Notes 8, 9 and 10).

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. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit oriented entities. Compliance with NZ IFRS ensures that the financial statements also comply with International Financial Reporting Standards (IFRS).

The principal activity of Electricity Invercargill Limited is the provision of electricity distribution services.

The financial statements were approved by the Board of Directors on 26 June 2008.

Basis of Preparation

These financial statements are presented in New Zealand dollars, rounded to the nearest thousand. The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed by the Group, with the exception that certain property, plant and equipment has been revalued to fair value.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Use of Estimates and Judgements

The preparation of financial statements to conform to NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances.

In particular estimates and assumptions have been used in the following areas:

- Property, plant and equipment
- Value of donated assets
- Employee benefits
- Recoverable amount from Cash Generating Units (CGU).

In the process of applying the Group's accounting policies, management has made the following judgements, estimates and assumptions that have the most significant impact on the amounts recognised in these financial statements.

The Group operates extensive integrated electricity distribution networks comprising large numbers of relatively minor individual network asset components. These components are replaced over time as part of an ongoing maintenance/refurbishment programme, consistent with the Group's approved network asset management plans. The costs associated with recording and tracking all individual components replaced and removed from the networks substantially outweigh the benefits of doing so. Management has estimated the quantities and the carrying values of components removed from the networks in each reporting period. Any errors in the estimates of such removals are corrected at the next asset revaluation, and are not considered to be material on either an annual or a cumulative basis with respect to either reported net surpluses or carrying values of the networks.

The Group enters into arrangements with customers to purchase new network assets at below current replacement costs. Management has estimated the difference between the cash costs and the replacement costs of these assets and the differences are reported within revenue. Any errors in estimating the carrying values of these assets are corrected at the next asset revaluation and are not considered to be material on either an annual or a cumulative basis with respect to either reported net profits or carrying values of the network.

The Group invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of an estimation of usage, adjusted for the latest wash-up data available from the electricity wholesale market and certain metering data from electricity retailers. Management has made an allowance in revenue and in current assets/liabilities for any amounts which are estimated to be under/over charged during the reporting period. However, as final wash-up metering data is not available for in excess of twelve months, it is possible the final amounts payable or receivable may vary from that calculated.

Other areas where judgement has been exercised in preparing these financial statements are in relation to calculating the recoverable amounts from Cash Generating Units and the amounts of employee entitlements.



New Standards and Interpretations not yet Adopted

In preparing these financial statements in accordance with NZ IFRS, the following standards have been issued but are not applicable at this time.

NZ IFRS 8 Operating Segments

NZ IAS 1 (Revised) Presentation of Financial Statements

NZ IAS 23 Borrowing Costs

The above Standards become effective from 1 January 2009 and are expected to be initially applied in the year ending 31 March 2010.

The impact of NZ IAS 1 (Revised) is expected only to have an impact on presentation and the effects of NZ IAS 23 and NZ IFRS 8 are not able to be reliably measured or estimated at this stage.

New Standards Adopted in the Year

NZ IFRS 7 Financial Instruments

The adoption of the above standard has resulted in changes in the policies regarding financial instruments, significantly in the manner of classification of financial instruments and in their manner of recognition. The requirements of the standard have resulted in a more comprehensive disclosure of the risks applicable to the Group (see Note 20).

Specific Accounting Policies

a) Principles of Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the difference is credited to the income statement in the period of acquisition. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

Associates are those entities for which the group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

(iii) Joint Ventures

Joint Ventures are those entities over which the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of the joint venture entities' assets, liabilities, revenue and expenses with items of a similar nature on a line by line basis, from the date joint control commences until the date joint control ceases.

(iv) Transactions eliminated on consolidation

All significant inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

(v) Parent Investments

Investments in subsidiaries, associates and joint ventures are accounted for at cost in the Parent financial statements.

b) Revenue

Revenue is measured at the fair value of the consideration given for the sale of goods and services, net of goods and services tax. Revenue from the sale of goods is recognised when the significant risks and rewards or ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

(i) Network Charges

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

(ii) Investment Income

Interest income is recognised on a time-proportion basis using the effective interest method.

(iii) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(iv) Customer Contributions

Contributions from customers in relation to the construction of new lines for the network and donated assets are accounted for as revenue in the year in which they are received.

(v) Government Grants

Government grants that compensate the Group for the cost of an asset are recognised initially in the balance sheet as deferred income and then recognised in profit and loss as other operating income on a systematic basis over the useful life of the asset.

c) Inventories

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

d) Property, Plant and Equipment

(i) Owned Assets

All property, plant and equipment is recognised at cost less accumulated depreciation and impairment losses. The cost of purchased property, plant and equipment is the fair value of the consideration given to acquire the assets and the value of other attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

The deemed value of property, plant and equipment at 1 April 2005, the date of transition to NZ IFRS, was determined by reference to its fair value at that date.

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item, if when that cost is incurred it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

The electricity distribution network is valued at fair value. Fair value is determined on the basis of a periodic valuation, at a maximum of every three years, based on depreciated replacement cost methodology. The fair values are recognised in the financial statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying amount of the distribution network is not materially different from its fair value.

Any revaluation increase arising on the revaluation of assets is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation is charged as an expense in the income statement to the extent that it exceeds the balance, if any, held in the asset reserve relating to a previous revaluation of that asset.

When a revalued asset is sold or retired the attributable revaluation surplus remaining in the revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

(ii) Depreciation

Depreciation is charged to the income statement on a combination of straight line and diminishing value basis over the estimated useful lives of all property, plant and equipment. Land is not depreciated. The primary annual rates used are:

Buildings	1.0 – 15%	Straight Line/Diminishing Value
Network Assets	1.4 – 15%	Straight Line
Metering Assets	2.5 – 6.7%	Straight Line
Plant and Equipment	5.0 – 48%	Straight Line/Diminishing Value
Office and EDP Hardware	9.0 – 80.4%	Straight Line/Diminishing Value

(iii) Impairment

At each reporting date the Group reviews the carrying amounts of its assets and assesses them for indications of impairment. If indications of impairment exist, then the assets' recoverable amount is estimated in order to determine the extent of the impairment. The recoverable amounts are the higher of fair value (less costs to sell) and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects the market assessments of the time value of money and the risks specific to the assets involved. If the estimated recoverable amount of the asset is less than its carrying amount, the asset is written down to its recoverable amount and an impairment loss is recognised in the income statement, except to the extent that the impairment loss reverses a previous revaluation increase for that asset to the extent of that revaluation increase. When the asset does not generate cash flows independent of other assets, the cash generating unit (CGU) to which the asset belongs is tested for impairment.

Goodwill is tested for impairment annually and whenever there is an indication that it may be impaired. Any impairment of goodwill can not subsequently be reversed.

e) Capital Work in Progress

Capital Work in Progress is stated at cost and is not depreciated. It includes an accrual for the proportion of work completed at the end of the year.

f) Intangible Assets

(i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill (if it exists) has been recognised in acquisitions of subsidiaries, associates and joint ventures. In respect of business acquisitions since 1 April 2005, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous NZ GAAP at the transition date.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to CGUs and is no longer amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit and loss.

(ii) Other Intangible Assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated amortisation rates for the current period are as follows:

Software	12.5 – 48%	Straight Line/Diminishing Value
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g) Taxation

Income tax on the profit and loss for the period presented comprises current and deferred tax. Income tax is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is enacted using tax rates enacted or substantially enacted at the balance sheet date and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

h) Goods and Services Tax

All amounts in the financial statements have been shown exclusive of Good and Services Tax, with the exception of receivables and payables which are shown inclusive of Goods and Services Tax.

(i) Financial Assets

Where applicable the Group classifies its investments in the following categories:

Financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit. Derivatives are also categorised as held for trading unless they are designated as hedges.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(iii) Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity.

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement within other income or other expenses in the period in which they arise.

j) Financial Instruments

(i) Receivables

Trade and other receivables are recognised initially at fair value. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant amount of risk of changes in value.

(iii) Trade and Other Payables

Trade and other payables are stated at fair value.

(iv) Borrowings

Borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability at least 12 months after the balance date.

(v) Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement over a straight-line basis over the period of the lease.

k) Employee Entitlements

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave and long service leave when it is probable that they will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected at the time of settlement.

Provisions made in respect of employee benefits that are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to balance date.

l) Seasonality

The Group's revenues and profits are generally evenly distributed throughout the year, hence the results are not subject to seasonality.

Notes to and forming part of the Financial Statements continued

for the year ended 31 March 2008

	GROUP		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
2. Income				
Operating Revenue				
- Network Charges	20,295	19,503	8,715	8,975
Other Income				
- Interest Revenue	615	483	540	404
- Dividends Received	-	-	1,850	1,178
- Other Income	1,124	1,016	28	43
Total Income	22,034	21,002	11,133	10,600
3. Operating Expenses				
Operating Expenses Include:				
Amortisation of Intangibles	70	61	-	-
Auditors Remuneration:				
• Audit of Financial Report				
- PricewaterhouseCoopers	40	39	28	28
- Deloitte	8	7	-	-
• Other Services				
- PricewaterhouseCoopers	19	23	16	18
- Deloitte	1	1	-	-
Bad Debts Written Off	1	1	-	-
Depreciation				
• Buildings	12	12	-	-
• Office Equipment and EDP Hardware	39	44	-	-
• Plant and Equipment	36	33	-	-
• Metering Assets	292	278	292	278
• Network Assets	3,422	2,846	2,289	1,746
	3,801	3,213	2,581	2,024
Directors' Fees	180	155	79	68
Donations	-	-	-	-
Employee Benefit Expenses	1,334	1,168	-	-
Interest Expense	1,357	1,316	1,357	1,316
Network Costs	2,250	2,123	-	-
Operating Lease Expenses:				
- Tenancy and Repeater Site Leases	30	33	-	-
- Motor Vehicle Leases	43	41	-	-
- Office Equipment Leases	4	4	-	-
Loss on Disposal of Property, Plant and Equipment	138	55	99	45
Subvention Payment	65	-	-	-
Transmission Costs	4,495	4,760	-	-

Notes to and forming part of the Financial Statements continued

for the year ended 31 March 2008

4. Taxation

Current tax

Current tax expense is the expected tax payable on the taxable income for the year.

Current tax for the current and prior periods is classified as a current liability to the extent that it is unpaid. Amounts paid in excess of amounts owed are classified as a current asset.

Deferred tax

Deferred tax expense arises from the origination and reversal of temporary differences.

Note	GROUP		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Operating Surplus Before Income Tax	7,414	7,222	6,435	6,508
Income Not Taxable				
- Exempt Dividends Received	-	-	(1,850)	(1,178)
- Capital Contributions	(340)	(297)	(28)	(43)
- Equity Accounting Earnings of Associates	(199)	(353)	-	-
- Other	-	(139)	-	-
Loss Offset	(2,254)	(1,227)	(1,817)	(1,300)
Expenses not Deductible	30	-	27	-
Taxable Income	4,651	5,206	2,767	3,987
Prima Facie Taxation at 33%	1,535	1,718	913	1,316
Made up of:				
Current Tax	1,566	1,568	1,127	1,376
Deferred Tax (16)	(31)	150	(214)	(60)
	1,535	1,718	913	1,316
Under/(Over) Provisions in Prior Years	(273)	(61)	(275)	(61)
Impact of Change in Tax Rate (16)	(571)	-	(531)	-
Taxation Expense for Year	691	1,657	107	1,255
Effective Tax Rate	9.3%	23%	1.7%	19%

A change in the company tax rate from 33% to 30% effective 1 April 2008 has been accounted for as a decrease of \$571,000 (Parent: \$531,000) in the taxation expense for the year.

Tax Losses Transferred Within the Group

The current tax expense is calculated on the assumption that:

- Tax losses of \$1,817,000 (31 March 2007: \$1,300,000) with a tax benefit of \$600,000 (31 March 2007: \$429,000) have been transferred from Invercargill City Holdings Limited Group by way of group loss offset.

	PARENT	
	2008 \$000	2007 \$000
Imputation Credit Account		
The Imputation Credit Account relates to Electricity Invercargill Limited.		
Imputation Credit Account:		
Credit Balance at Beginning of Year	366	-
Credits:		
Income Tax Payments During Year	1,035	1,007
Imputation Credits on Dividend Received	911	580
Prior Period Adjustment	-	18
Debits:		
Imputation Credits on Dividend Paid	(1,823)	(1,133)
Income Tax Refund During Year	-	(106)
Credit Balance at End of Year	489	366

Notes to and forming part of the Financial Statements continued

for the year ended 31 March 2008

	GROUP		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000

5. Equity

The authorised share capital comprises 13 million ordinary shares (2007: 13 million ordinary shares) which are fully paid up and are not subject to a par value. All shares have the same rights and privileges.

Contributed Capital				
Share Capital	13,000	13,000	13,000	13,000
Reserves				
General Reserve	2,800	2,800	2,800	2,800
Revaluation Reserve Opening Balance	13,178	-	10,388	-
Revaluations during the Year	13	13,178	13	10,388
Impact of Change in Tax Rate	591	-	466	-
Revaluation Write Downs due to Asset Disposal	(14)	-	(14)	-
Closing Balance	13,768	13,178	10,853	10,388
Total Reserves	16,568	15,978	13,653	13,188
Retained Earnings				
Opening Balance	38,121	36,256	38,056	36,503
Net Surplus	6,723	5,565	6,328	5,253
NZ IFRS Transitional Correction	10	-	-	-
Revaluation Write Downs due to Asset Disposal	14	-	14	-
Dividend Declared/Paid	(3,900)	(3,700)	(3,900)	(3,700)
Closing Balance	40,968	38,121	40,498	38,056
Total Equity	70,536	67,099	67,151	64,244

	Cents per Share	Cents per Share
Dividend per Share	30.0	28.5

6. Cash and Bank Deposits

Current Account	133	589	58	18
Bank Deposits (Short term)	1,575	1,991	5	-
Total Cash and Bank Deposits	1,708	2,580	63	18

7. Receivables and Prepayments

Trade Debtors	2,012	1,355	686	1,466
Prepayments	101	90	1	7
Total Receivables and Prepayments	2,113	1,445	687	1,473

Trade and other receivables are stated at their cost less any impairment losses. The carrying amounts of the Group's receivables are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication exists, the receivables' recoverable amount is estimated.

At balance date 10% of the Group's trade receivables (Parent: 0%) were 30-90 days passed due, 4% of the Group's trade receivables (Parent: 0%) were > 90 days passed due. As most of these amounts are expected to be recovered, no provision for impairment has been created.

8. Interest in Associates

Associate Companies	Country of Incorporation	Percentage Held By Group	Balance Date
Power Services Limited	NZ	49%	31 March
Electricity Southland Limited	NZ	50%	31 March
Otago Power Services Limited	NZ	24.5%	31 March

The Group's share of the results of its equity accounted associate entities is as follows:

	GROUP	
	2008 \$000	2007 \$000
Share of Surplus Before Taxation	414	444
Less Taxation Expense	(215)	(91)
Total Recognised Revenues and Expenses	199	353
The Group's interests in associate entities are as follows:		
Carrying Amount at Beginning of Year	4,284	1,747
Investments in Associates	-	725
Total Recognised Revenues and Expenses	199	353
Goodwill arising on Acquisition	-	259
Equity acquired on Acquisition	-	(12)
Increase in Advances to Associates	950	1,454
Dividends Received	(147)	(242)
Carrying Amount at End of Year	5,286	4,284

Summary financial information for equity accounted associates, not adjusted to percentage ownership held by the Group.

Revenue	16,339	14,559
Expenses	(15,422)	(13,036)
Profit/(Loss)	917	1,523
Current Assets	3,851	4,257
Non Current Assets	10,081	7,828
Current Liabilities	1,776	1,992
Non Current Liabilities	7,634	5,890

The Parent's advances to associates are as follows:

	PARENT	
	2008 \$000	2007 \$000
Advances to Associates	3,574	2,624

The advances are repayable on demand, but with a 13 month period of notice. The advances incur interest at 0.75% above the 90 day bank bill rate.

9. Investment in Subsidiary

The Group's interest in the subsidiary entity is as follows:

	Percentage Held By Group		Balance Date
	2008	2007	
Pylon Limited	100%	100%	31 March

	PARENT		
	2008 2007	\$000 \$000	
Shares in Subsidiary	26,901	26,901	
Advance to Subsidiary	1,175	926	
Total Investment in Subsidiary	28,076	27,827	

The Advance is repayable on demand but with a 13 month notice period and does not incur any interest.

10. Investments in Joint Ventures

The Group has a participating interest in the following joint ventures through its wholly owned subsidiary Pylon Limited.

Joint Venture	Percentage Held By Group		Balance Date
	2008	2007	
PowerNet Limited	50%	50%	31 March
OtagoNet Joint Venture	24.5%	24.5%	31 March

Financial Performance

The Group's operating revenues and share of expenses for the year, consolidated on a line-by-line basis was:

	GROUP		
	2008 \$000	2007 \$000	
Revenue	21,736	20,802	
Expenses	9,999	9,998	

Financial Position

The Group's share of assets and liabilities consolidated on a line-by-line basis was:

	2008	2007	
Current Assets	3,151	2,590	
Non Current Assets	2,111	2,249	
Non Current Liabilities	-	12	

The Parent's advances to joint ventures are as follows:

	PARENT		
	2008 \$000	2007 \$000	
Advances to joint ventures	2,350	1,650	

The advances are repayable on demand, but with a 13 month period of notice. The advances incur interest at 0.75% above the 90 day bank bill rate.

Notes to and forming part of the Financial Statements continued

for the year ended 31 March 2008

11. Property, Plant and Equipment

	PARENT		
	Network Assets \$000	Meters \$000	Total \$000
Cost or Valuation			
Balance at 1 April 2006	47,337	3,739	51,076
Additions	1,957	164	2,121
Revaluation	12,212	-	12,212
Disposals	(83)	-	(83)
Balance at 31 March 2007	61,423	3,903	65,326
Balance at 1 April 2007	61,423	3,903	65,326
Additions	2,239	90	2,329
Revaluation Correction	23	-	23
Disposals	(111)	-	(111)
Balance at 31 March 2008	63,574	3,993	67,567
Depreciation and Impairment Losses			
Balance at 1 April 2006	1,705	281	1,986
Depreciation for Year	1,746	278	2,024
Impairment Losses	-	-	-
Impact of Revaluation	(3,292)	-	(3,292)
Disposals	(8)	-	(8)
Balance at 31 March 2007	151	559	710
Balance at 1 April 2007	151	559	710
Depreciation for Year	2,289	292	2,581
Impairment Losses	-	-	-
Revaluation Correction	3	-	3
Disposals	(6)	-	(6)
Balance at 31 March 2008	2,437	851	3,288
Carrying Amount/Book Value			
Book Value 31 March 2007	61,272	3,344	64,616
Book Value 31 March 2008	61,137	3,142	64,279

Carrying amounts of property, plant and equipment had they been recognised under the cost model.

31 March 2007	45,768	3,344	49,112
31 March 2008	45,613	3,142	48,755

Notes to and forming part of the Financial Statements continued

for the year ended 31 March 2008

GROUP

	Land \$000	Plant and Buildings \$000	Plant and Equipment \$000	Network Assets \$000	Meters \$000	Total \$000
Cost or Valuation						
Balance at 1 April 2006	53	339	314	73,559	3,739	78,004
Additions	6	18	141	3,216	164	3,545
Revaluation	-	-	-	12,212	-	12,212
Disposals	-	-	(140)	(92)	-	(232)
Balance at 31 March 2007	59	357	315	88,895	3,903	93,529
Balance at 1 April 2007	59	357	315	88,895	3,903	93,529
Transfer to Intangibles	-	-	(54)	-	-	(54)
Additions	-	1	95	4,047	90	4,233
Revaluation Correction	-	-	-	23	-	23
Disposals	-	-	(6)	(169)	-	(175)
Balance at 31 March 2008	59	358	350	92,796	3,993	97,556
Depreciation and Impairment Losses						
Balance at 1 April 2006	-	4	50	1,705	281	2,040
Depreciation for Year	-	13	77	2,846	278	3,214
Impairment Losses	-	-	-	-	-	-
Impact of Revaluation	-	-	-	(3,292)	-	(3,292)
Disposals	-	-	(62)	(8)	-	(70)
Balance at 31 March 2007	-	17	65	1,251	559	1,892
Balance at 1 April 2007	-	17	65	1,251	559	1,892
Transfer to Intangibles	-	-	(3)	-	-	(3)
Depreciation for Year	-	12	75	3,422	292	3,801
Impairment Losses	-	-	-	-	-	-
Revaluation Correction	-	-	-	3	-	3
Disposals	-	-	(1)	(16)	-	(17)
Balance at 31 March 2008	-	29	136	4,660	851	5,676
Carrying Amount/Book Value						
Book Value 31 March 2007	59	340	250	87,644	3,344	91,637
Book Value 31 March 2008	59	329	214	88,136	3,142	91,880

Carrying amounts of property, plant and equipment had they been recognised under the cost model.

31 March 2007	59	340	250	67,976	3,344	71,969
31 March 2008	59	329	215	68,447	3,142	72,192

Deemed Cost

The carrying amount of property, plant and equipment at 1 April 2005, the date of transition to NZ IFRS is now taken as the deemed cost of the property, plant and equipment at that date.

Notes to and forming part of the Financial Statements continued

for the year ended 31 March 2008

Valuation

The network assets of Electricity Invercargill Limited were revalued by means of a "Directors' Revaluation" on 31 March 2007 to assessed fair value. The assessed fair value was achieved by taking the previously revalued assets at their 1 April 2004 carrying values, and updated those values in terms of today's material and labour costs. This resulted in a revaluation movement of \$15,504,000.

The network assets of OtagoNet Joint Venture were revalued on 1 April 2006 to depreciated replacement cost as assessed by independent valuers PricewaterhouseCoopers. This resulted in the Group recording a revaluation movement of \$4,165,000.

Acquisitions and Disposals

Electricity Invercargill Limited assets acquired between 1 April 2004 and 31 March 2005 (pre-transition) are stated at deemed cost, with all assets acquired since that date stated at purchase cost. All other assets additions are stated at historical cost. Disposals are written back against the asset cost with any necessary adjustments to accumulated depreciation and the revaluation reserve.

Some EDP Software which had previously been included in Property, Plant and Equipment has now been reclassified as Intangible Assets.

12. Intangible Assets

	GROUP		
	Software \$000	Goodwill \$000	Total \$000
Cost			
Balance at 1 April 2006	247	3,199	3,446
Additions	94	-	94
Disposals	-	-	-
Balance at 31 March 2007	341	3,199	3,540
Balance at 1 April 2007	341	3,199	3,540
Reclassification	54	-	54
Additions	59	-	59
Disposals	-	-	-
Balance at 31 March 2008	454	3,199	3,653
Amortisation and Impairment Losses			
Balance at 1 April 2006	4	-	4
Amortisation for Year	61	-	61
Impairment Losses	-	-	-
Disposals	-	-	-
Balance at 31 March 2007	65	-	65
Balance at 1 April 2007	65	-	65
Reclassification	3	-	3
Amortisation for Year	70	-	70
Impairment Losses	-	-	-
Disposals	-	-	-
Balance at 31 March 2008	138	-	138
Carrying Amount/Book Value			
Book Value 31 March 2007	276	3,199	3,475
Book Value 31 March 2008	316	3,199	3,515

Software assets have a finite useful life and are amortised over that useful life of 3-8 years.

Goodwill, in respect of acquisitions made prior to transition date, is stated at cost being the amount recorded under NZ FRS at transition date. Goodwill is not amortised but tested for impairment annually. Goodwill is tested for impairment by allocation to a Cash Generating Unit(s) within OtagoNet Joint Venture.

Electricity Invercargill Limited (Parent) does not have any Intangible Assets.

Notes to and forming part of the Financial Statements continued

for the year ended 31 March 2008

Note	GROUP		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
13. Creditors and Accruals				
Trade Payables	1,588	1,937	519	654
Accruals	814	549	903	706
GST Payable	130	204	28	126
Total Creditors and Accruals	2,532	2,690	1,450	1,486
14. Employee Entitlements				
Balance at Beginning of Year	137	122	-	-
Additional Accrual	147	116	-	-
Amount Utilised	(123)	(101)	-	-
Balance at End of Year	161	137	-	-

Employee entitlements includes accrued wages, bonuses, accrued holiday pay, and long service leave. Where settlement is expected to be greater than one year, the item(s) are discounted using the Group's weighted average cost of capital.

The directors consider that the carrying amount of the employee entitlements approximate their fair value.

15. Shareholder Advance

Invercargill City Holdings				
- Current Portion	-	500	-	500
- Non Current Portion	18,000	18,000	18,000	18,000
Total Shareholder Advance	18,000	18,500	18,000	18,500

The Electricity Invercargill Limited's (EIL) shareholder Invercargill City Holdings Limited (ICHL) provides all loan facilities for companies in the ICHL Group including EIL. Costs incurred by ICHL on their borrowings and facilities are passed directly through to EIL. ICHL's facility has a revolving three year term. Agreement is reached each year between EIL and ICHL on loan repayments to be made for the following year.

The weighted average interest rate for the loan is 8.47% (2007: 7.49%)

16. Deferred Tax Liabilities

Balance at the Beginning of the Year		12,802	6,161	11,171	6,115
Charged to the Income Statement (4)					
- Temporary Difference Reversals		(31)	150	(213)	(60)
- Change in Company Tax Rate		(571)	-	(531)	-
Charged to Equity					
- Revaluation Adjustment		7	6,491	7	5,116
- NZ IFRS Transition Correction		(10)	-	-	-
- Change in Company Tax Rate		(591)	-	(466)	-
Balance at the End of the Year		11,606	12,802	9,968	11,171

The primary component of the deferred tax balance is related to software, property, plant and equipment.

A change in the company tax rate from 33% to 30% effective 1 April 2008 has been accounted for in a reduction of \$1,162,000 (Parent: \$997,000) in the deferred tax liability at year's end.

The NZ IFRS transition correction is to correct a timing difference error recorded in the 2007 year.

There is not expected to be any significant reversal of deferred taxation in the next 12 months.

Notes to and forming part of the Financial Statements continued

for the year ended 31 March 2008

17. Reconciliation of Net Surplus After Taxation with Net Operating Cash Flows

The following is a reconciliation between the net surplus after taxation shown in the Income Statements and the Net Cash Flows From Operating Activities.

	GROUP		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Net Surplus After Taxation	6,723	5,565	6,328	5,253
Plus/(Less) Non Cash Items:				
Depreciation	3,801	3,212	2,581	2,024
Amortisation of Software	71	61	-	-
Deferred Taxation	(602)	150	(745)	(60)
Loss on Sale of Property, Plant and Equipment	138	55	99	46
	3,408	3,478	1,935	2,010
Plus/(Less) Movements in Working Capital:				
Increase/(Decrease) in Payables, Accruals and Provisions	(134)	389	(36)	100
(Increase)/Decrease in Receivables	(668)	567	786	(578)
(Increase)/Decrease in Inventories	(24)	(2)	-	-
Increase/(Decrease) in Provision for Taxation	(176)	(17)	(183)	37
	(1,002)	937	567	(441)
Net Cash Flows From Operating Activities	9,129	9,980	8,830	6,822

18. Commitments

The Group, through its Joint Ventures PowerNet Limited and OtagoNet Joint Venture, has capital expenditure contracted for but not provided for in the financial statements.

Capital Commitments	1,515	1,315	918	771
Total Capital Commitments	1,515	1,315	918	771
Operating Lease Commitments				
Operating lease commitments are payable as follows:				
- Not later than one year	65	65	-	-
- Later than one year and not later than two years	40	37	-	-
- Later than two years and not later than five years	59	25	-	-
- Later than five years	1	1	-	-
Total Operating Lease Commitments	165	128	-	-

The operating leases consist of vehicle leases, office equipment leases and tenancy leases.

19. Contingent Liabilities

There are no Contingent Liabilities as at 31 March 2008 (31 March 2007: Nil).

20. Financial Instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Credit Risk

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and short-term investments and trade receivables. Cash and short-term investments are placed with banks with high credit ratings assigned by international credit-rating agencies, or other high credit quality financial institutions.

The Group manages its exposure to credit risk from trade receivables by performing credit evaluations on all customers requiring credit whenever possible, and continuously monitoring the outstanding credit exposure to individual customers. The Group does not generally require or hold collateral against credit risk.

The Group is exposed to a concentration of credit risk with regards to the amounts owing by energy retailers for line charges. However, these entities are considered to be high credit quality entities. An amount of \$1,465,000 (2007: \$854,000) is owed by energy retailers at balance date.

Liquidity Risk

Liquidity risk represents the Group's ability to meet its contractual obligations.

The Group evaluates its liquidity requirements on an ongoing basis. In general the Group generates sufficient cash flows from its operating activities to meet its contractual obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

The following table details the Group's exposure to liquidity risk as at 31 March 2008:

	Maturity Dates < 1 Month \$000	Maturity Dates < 1 Yr \$000	Maturity Dates 1-3 Yrs \$000	Total \$000
Financial Assets				
Cash and Cash Equivalents	1,708	-	-	1,708
Trade and Other Receivables	2,012	-	-	2,012
Construction Work In Progress	-	26	-	26
	3,720	26	-	3,746
Financial Liabilities				
Trade Payables	1,718	-	-	1,718
Accruals	-	814	-	814
Employee Entitlements	-	161	-	161
Advances	-	-	18,000	18,000
Dividend Payable	-	3,900	-	3,900
	1,718	4,875	18,000	24,593

Advance repayment arrangements are discussed in Note 15.

Notes to and forming part of the Financial Statements continued

for the year ended 31 March 2008

The following table details the Parent's exposure to liquidity risk as at 31 March 2008:

	Maturity Dates < 1 Month \$000	Maturity Dates < 1 Yr \$000	Maturity Dates 1-3 Yrs \$000	Total \$000
Financial Assets				
Cash and Cash Equivalents	63	-	-	63
Trade and Other Receivables	686	-	-	686
Advances	-	-	7,099	7,099
	749	-	7,099	7,848
Financial Liabilities				
Trade Payables	547	-	-	547
Accruals	-	903	-	903
Employee Entitlements	-	-	-	-
Advances	-	-	18,000	18,000
Dividend Payable	-	3,900	-	3,900
	547	4,803	18,000	23,350

Advances to associates, subsidiaries and joint venture, are repayable on demand but with a 13 month notice period. The \$18 million advance repayment arrangements are discussed in Note 15.

The accruals are funded by either short-term investment funds or from cash generated by operating activities.

The following table details the Group's exposure to liquidity risk as at 31 March 2007:

	Maturity Dates < 1 Month \$000	Maturity Dates < 1 Yr \$000	Maturity Dates 1-3 Yrs \$000	Total \$000
Financial Assets				
Cash and Cash Equivalents	2,580	-	-	2,580
Trade and Other Receivables	1,355	-	-	1,355
Construction Work In Progress	-	9	-	9
	3,935	9	-	3,944
Financial Liabilities				
Trade Payables	2,141	-	-	2,141
Accruals	-	549	-	549
Employee Entitlements	-	137	-	137
Advances	-	-	18,000	18,000
Dividend Payable	-	3,700	-	3,700
	2,141	4,386	18,000	24,527

The \$18 million advance repayment arrangements are discussed in Note 15.

Notes to and forming part of the Financial Statements continued

for the year ended 31 March 2008

The following table details the Parent's exposure to liquidity risk as at 31 March 2007:

	Maturity Dates < 1 Month \$000	Maturity Dates < 1 Yr \$000	Maturity Dates 1-3 Yrs \$000	Total \$000
Financial Assets				
Cash and Cash Equivalents	18	-	-	18
Trade and Other Receivables	1,466	-	-	1,466
Advances	-	-	5,200	5,200
	1,484	-	5,200	6,684
Financial Liabilities				
Trade Payables	780	-	-	780
Accruals	-	706	-	706
Employee Entitlements	-	-	-	-
Advances	-	-	18,000	18,000
Dividend Payable	-	3,700	-	3,700
	780	4,406	18,000	23,186

Advances to associates, subsidiaries and joint venture, are repayable on demand but with a 13 month notice period. The \$18 million advance repayment arrangements are discussed in Note 15.

The accruals are funded by either short-term investment funds or from cash generated by operating activities.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The Group has interest bearing debt which is subject to interest rate variations in the market. This debt (being an advance from the Group's parent company, Invercargill City Holdings Limited) is partially hedged and managed by the Group's parent company, thus reducing the Group's exposure the interest rate variation.

The Group is not subject to foreign exchange risk.

The following table details the Group's exposure to interest rate risk as at 31 March 2008:

	Variable Interest Rate \$000	Maturity Dates < 1 Yr \$000	Non Interest Bearing \$000	Total \$000
Financial Assets				
Cash and Cash Equivalents	1,708	-	-	1,708
Trade and Other Receivables	-	-	2,012	2,012
	1,708	-	2,012	3,720
Financial Liabilities				
Trade and Other Payables	-	-	2,532	2,532
Employee Entitlements	-	-	161	161
Advances	18,000	-	-	18,000
	18,000	-	2,693	20,693

Notes to and forming part of the Financial Statements continued

for the year ended 31 March 2008

The following table details the Parent's exposure to interest rate risk as at 31 March 2008:

	Variable Interest Rate \$000	Maturity Dates < 1 Yr \$000	Non Interest Bearing \$000	Total \$000
Financial Assets				
Cash and Cash Equivalents	63	-	-	63
Advances	5,924	-	1,175	7,099
Trade and Other Receivables	-	-	686	686
	5,987	-	1,861	7,848
Financial Liabilities				
Trade and Other Payables	-	-	1,450	1,450
Employee Entitlements	-	-	-	-
Advances	18,000	-	-	18,000
	18,000	-	1,450	19,450

The following table details the Group's exposure to interest rate risk as at 31 March 2007:

	Variable Interest Rate \$000	Maturity Dates < 1 Yr \$000	Non Interest Bearing \$000	Total \$000
Financial Assets				
Cash and Cash Equivalents	2,580	-	-	2,580
Trade and Other Receivables	-	-	1,355	1,355
	2,580	-	1,355	3,935
Financial Liabilities				
Trade and Other Payables	-	-	2,690	2,690
Employee Entitlements	-	-	137	137
Advances	18,000	-	-	18,000
	18,000	-	2,827	20,827

The following table details the Parent's exposure to interest rate risk as at 31 March 2007:

	Variable Interest Rate \$000	Maturity Dates < 1 Yr \$000	Non Interest Bearing \$000	Total \$000
Financial Assets				
Cash and Cash Equivalents	18	-	-	18
Advances	4,274	-	926	5,200
Trade and Other Receivables	-	-	1,466	1,466
	4,292	-	2,392	6,684
Financial Liabilities				
Trade and Other Payables	-	-	1,486	1,486
Employee Entitlements	-	-	-	-
Advances	18,000	-	-	18,000
	18,000	-	1,486	19,486

Sensitivity Analysis for Interest Rate Change

Electricity Invercargill Limited is subject to exposure to interest rate variations through both its cash and short-term investments and loans.

An increase in the interest rate of 1% is estimated to increase/(decrease) the net profit before tax by \$13,000 (2007: \$(1,000)).

Fair Value

The estimated fair values of the Group's financial instruments are represented by the carrying values.

Capital Management

The Group's capital includes share capital, reserves and retained earnings. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

21. Segmental Reporting

Electricity Invercargill Limited operates predominantly in one segment, being the management of assets involved in the distribution of electricity in Southland/Otago.

22. Transactions with Related Parties

Electricity Invercargill Limited is 100% owned by Invercargill City Holdings Limited. Invercargill City Holdings Limited is a wholly owned subsidiary of the Invercargill City Council.

Electricity Invercargill Limited has an interest in the PowerNet Limited joint venture, OtagoNet Joint Venture, Electricity Southland Limited, Otago Power Services Limited and Power Services Limited through their wholly owned subsidiary Pylon Limited.

All transactions between Electricity Invercargill Limited and related parties relate to the normal trading activities of Electricity Invercargill Limited and have been conducted on a commercial basis.

No related party debts have been written off or forgiven during the period.

Material transactions Electricity Invercargill Limited has had with the above-mentioned parties during the year are as follows:

	2008	2007
	\$000	\$000
Goods and Services Supplied to:		
PowerNet Limited (Joint Venture)	8,890	9,110
Electricity Southland Limited (Associate)	196	63
Otago Power Services Limited (Associate)	28	21
Power Services Limited (Associate)	67	83
Receivables Outstanding at Balance Date		
PowerNet Limited (Joint Venture)	567	1,409
Electricity Southland Limited (Associate)	58	21
Otago Power Services Limited (Associate)	7	6
Power Services Limited (Associate)	17	30
Goods and Services Supplied by:		
PowerNet Limited (Joint Venture)	2,942	2,390
Electricity Southland Limited (Associate)	-	-
Invercargill City Holdings Limited (Other Related Party)	1,500	1,440
Invercargill City Council (Other Related Party)	15	75
Creditors Outstanding at Balance Date		
PowerNet Limited (Joint Venture)	504	642
Invercargill City Holdings Limited (Other Related Party)	467	378
Invercargill City Council (Other Related Party)	-	-
Dividends Paid to:		
Invercargill City Holdings Limited (Other Related Party)	3,700	2,300
Dividends Paid by:		
Pylon Limited (Subsidiary)	1,850	1,178
Advances Provided to:		
PowerNet Limited (Joint Venture)	700	-
Electricity Southland Limited (Associate)	950	1,150
Pylon Limited (Subsidiary)	249	856
Otago Power Services Limited (Associate)	-	122
Power Services Limited (Associate)	-	182
Advances Repaid to:		
Invercargill City Holdings Limited (Other Related Party)	500	500

Notes to and forming part of the Financial Statements continued

for the year ended 31 March 2008

Other Related Parties

There have been no material transactions with Directors with the exception of the following:

Electricity Invercargill Limited, through its joint venture interest in PowerNet Limited, uses AWS Legal as its solicitors, of which Alan Harper is a Partner. Electricity Invercargill Limited's share of fees paid to AWS Legal during the year amounted to \$20,000 (31 March 2007: \$14,000) of which \$600 (incl GST) (31 March 2007: \$300 (incl GST)) is owing at balance date.

During the year PowerNet Limited's tax advisors Ward Wilson merged with WHK Cook Adam of which Philip Mulvey was a partner to become WHK Cook Adam Ward Wilson of which Philip Mulvey is Chief Executive. Electricity Invercargill Limited's share of fees for taxation advice paid to WHK Cook Adam Ward Wilson during the year amounted to \$2,000 (excl GST) of which \$1,000 (incl GST) is owing at balance date.

All transactions between PowerNet Limited and AWS Legal and WHK Cook Adam Ward Wilson relate to normal trading activities and have been conducted on a commercial basis.

Electricity Invercargill Limited has held term investments with Southland Building Society of which Ross Smith is Chief Executive. Electricity Invercargill Limited received \$25,000 interest (paid and accrued) during the year from Southland Building Society (Year ending 31 March 2007: \$60,000) but holds no term investment at balance date (31 March 2007: Nil).

Key Management Personnel

The compensation of the directors and executives, being the key management personnel of the entity is set out below:

	GROUP		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Salaries and Short-term Employee Benefits	581	479	79	68

Executive staff remuneration comprises salary and other short-term benefits. PowerNet executives appointed to the boards of related companies do not receive directors' fees personally.



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AUDIT REPORT
TO THE READERS OF
ELECTRICITY INVERCARGILL LIMITED'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 31 MARCH 2008

The Auditor-General is the auditor of Electricity Invercargill Limited ("the Company") and Group. The Auditor-General has appointed me, Maurice Noone, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements and performance information of the Company and Group, on his behalf, for the year ended 31 March 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the Company and Group on pages 7 to 31:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of:
 - the Company and Group's financial position as at 31 March 2008; and
 - the results of their operations and cashflows for the year ended on that date.
- The performance information of the Company and Group on page 6 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 31 March 2008.
- Based on our examination the Company kept proper accounting records.

The audit was completed on 26 June 2008, and is the date at which our opinion is expressed.

The basis of the 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 our 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 and Group as at 31 March 2008. They must also give a true and fair view of the results of their operations and cashflows 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 performance achievements for the year ended 31 March 2008. The Board of Directors' 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.

Other than the audit and issuing certificates pursuant to the Electricity Information Disclosure Requirements 2004 and the Commerce Act (Electricity Distribution Thresholds) Notice 2004, and in providing industry related advice we have no relationship with or interests in the Company and Group.



Maurice Noone
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand

Undergrounding of electricity lines in Eye Street provides an improved vista and a more reliable supply to customers.





The Annual Report is printed on environmentally sustainable paper using soy based inks