Westpower
ANNUAL REPORT 2009

Contents

Company Details

Registered Office
146 Tainui Street
PO Box 375, Greymouth

Telephone 03 768 9300
Facsimile 03 768 2766

Auditors
Audit New Zealand
Private Box 2, Christchurch

Bankers
Westpac Banking Corporation Ltd
PO Box 25, Greymouth

Loan Underwriters
Westpac Banking Corporation Ltd
PO Box 2721, Christchurch

Tax Advisors
KPMG
PO Box 966, Wellington

Solicitors
Hannan and Seddon
PO Box 454, Greymouth

Bundle Findlay
PO Box 996, Wellington

Photos: Stewart Nimmo Photography


ElectroNet

Mission and Vision Statements

Mission

A West Coast Company operating successful businesses which provide first class electrical and technology solutions wherever our customers take us.

Vision

Recognised for excellence in all links of the electricity value chain.

Chairman and Chief Executive Report
for the Year to 31 March 2009

Financial Performance

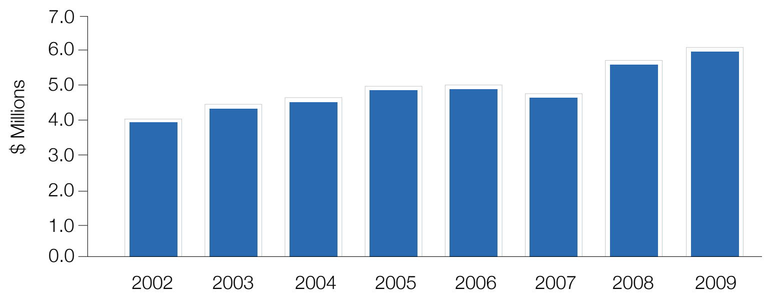
The Westpower Group has enjoyed strong financial performance in the year to 31 March 2009. The subsidiary businesses have performed well while Westpower's lines business has maintained positive returns in spite of the effects of the regulatory regime.

ElectroNet Services Ltd along with its subsidiaries Mitton ElectroNet Ltd and our most recent acquisition, Electronet Transmission Limited are providing good non regulated income.

Group Net Profit growth over recent years, excluding capital contribution revenues and discontinued activities, is highlighted below.

Net Profit Before Tax

Adjusted for Capital Contributions and Discontinued Activities

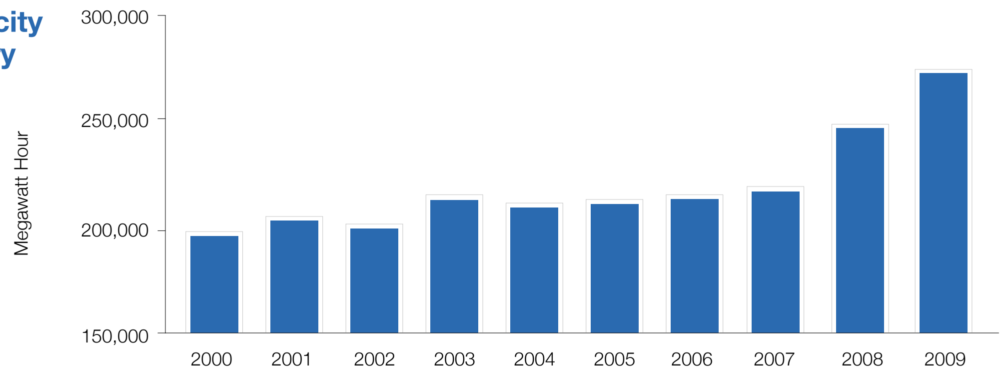


Growth in Electricity Demand

Electricity demand growth has continued its trend of recent years, reflecting the economic prosperity of the region. The current recessionary environment may impact on the speed of growth in coming years, however we believe that step load increases on the network will be sustained.

Peak demand in the 2008/09 year reached close to 48MW, exceeding the 2007/08 peak of 44MW.

Electricity Delivery



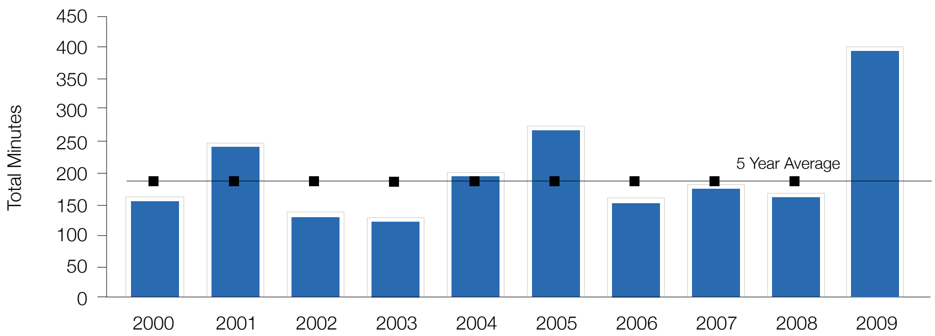
Quality

Quality performance is measured by comparing the average duration and frequency of outages on the network across years, and against a threshold set under regulation by the Commerce Commission.

In 2009 Westpower's performance in the area has been significantly effected by a number of high impact and widespread weather events, in particular wind storms in July and November 2008. This resulted in a System Average Interruption Index of 382.9 system minutes.

The following graphics demonstrate Westpower's performance over recent years, and the incidents contributing to 2009's performance.

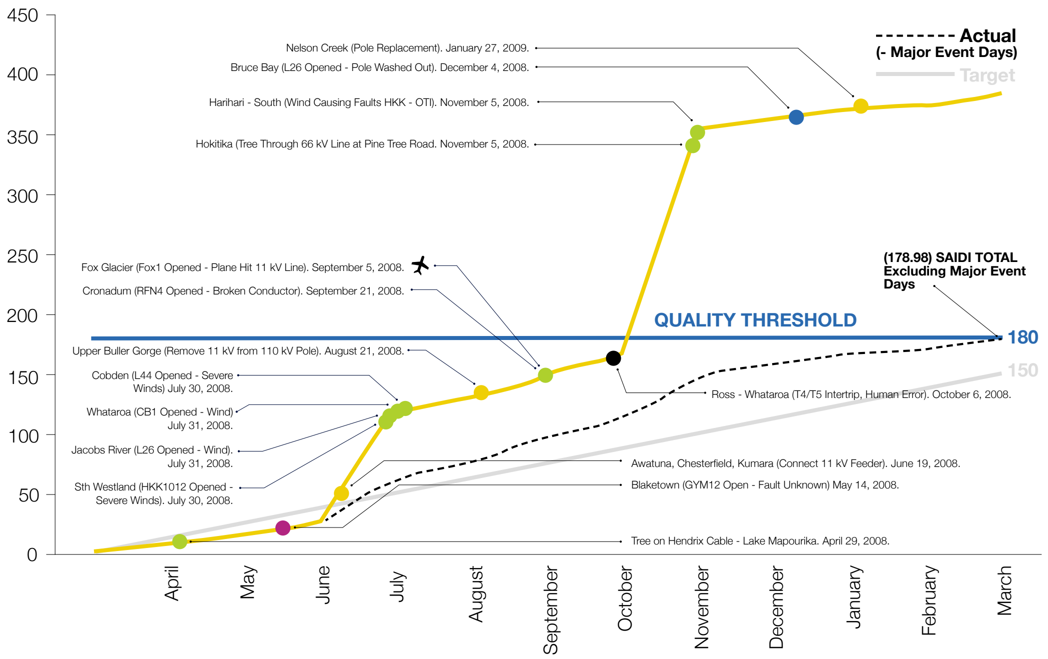
Saidi






Saidiworm April 2008 - March 2009

System Average Interruption Frequency Index



- Human Error
- Heavy Rain
- Unplanned (Wind/Rain, Trees etc...)
- Planned (Maintenance etc...)
- Unplanned (Equipment Faults)
- Unplanned Vehicle Accident
- Unknown

The significant outages experienced are considered to come within the Commerce Commission's definition of Major Event Days, in which case their exclusion from the threshold assessment results in Westpower's quality performance being within the regulatory framework, as shown in the dotted line in the graphic above

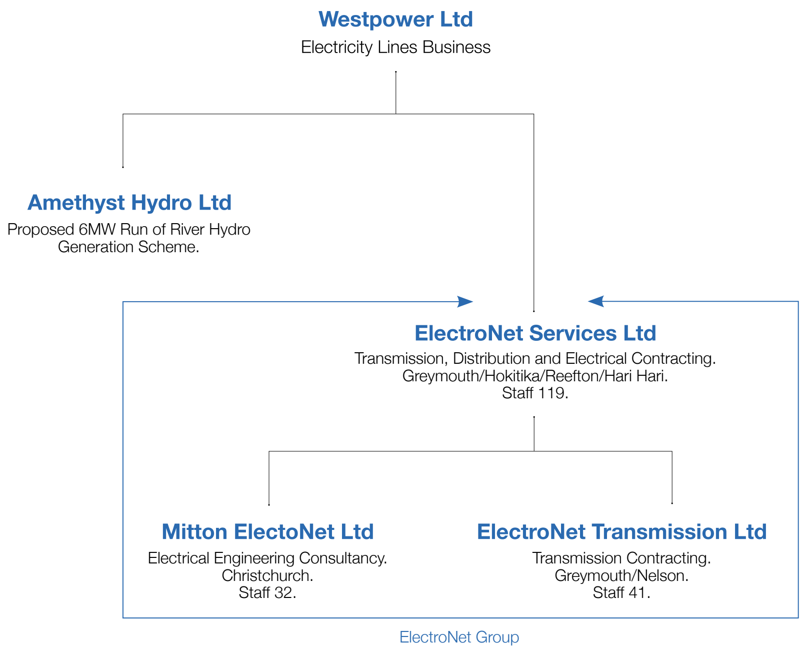
Operational Performance

Westpower's subsidiary businesses have continued their successful contracting and consultancy performance through 2009, with new addition ElectroNet Transmission Ltd providing a solid first year performance.

ElectroNet Services has once again provided a strong management role in respect of the affairs of Westpower, and the management and maintenance of Westpower's assets. This coupled with another excellent performance in group external contracting has provided the platform for ElectroNet to expand its operations and offer more opportunities for West Coasters.

Christchurch based Mitton ElectroNet Ltd has completed its second year of operations, and it has continued to grow and diversify its base of operations. With a good base of customers throughout New Zealand and Australia the future for the company looks bright.

The structure of the Westpower Group and statistics related to the companies follow:



ElectroNet companies have 14 staff on apprenticeships as either line mechanics or electricians. In addition 6 students are attending university on scholarships.

Consumer Line Charges

Line charges were increased by 4% in August 2009, reflecting the amount allowable under the Commerce Commission Price Thresholds.

The Directors were pleased to be able to provide a line charge discount to consumers during 2009. The discount, which totaled $1m excluding GST, was the result of the combined trading of the group companies.

Future Regulation

Westpower's consumer ownership has resulted in it being exempted from the Price Quality Threshold regime. This is a significant move away from an intrusive and heavy handed regime which saw Westpower's prices reducing in real terms of the last five years.

A level of regulation which requires disclosure of specific information about the business will remain, however we will return to a situation where consumers will ultimately determine for themselves their satisfaction with the performance of their community owned businesses.

Electricity Generation

The Directors of Westpower will continue to review opportunities for the business to return to its involvement in electricity generation. The most current of these opportunities is the proposed Amethyst scheme at Hari Hari, which is now fully consented and nearing the end of its feasibility analysis stage.

Also still being considered is a scheme on the Waitaha River in South Westland, which is at the early feasibility stage.

Summary

Group Chairman, Mike Newcombe

The Directors are very pleased with the continuing growth in the Westpower Group, and the success of the new business opportunities that have been taken in recent years. They bode well for the sustainable future of our West Coast businesses, and ensuring that our essential infrastructure is backed up by well trained and focused local staff.

The benefits of community ownership are many, and are reflected in the significant level of training and development undertaken within the companies, and also in the ability of the Directors, from time to time, to provide line charge discounts to consumers.

The dedication and commitment of the staff of the group companies is without question and greatly appreciated. Our senior management team of Rob Caldwell, Rodger Griffiths, Cyril Shirley and Kent Martin make a significant contribution to the success of the businesses.

I thank my fellow Directors Richard Cornelius, Hugh Little and Sue Merriman for their continued support of the strategic direction of the business and their dedication to their respective roles within the governance of the group.

I also thank the shareholders representatives the West Coast Electric Power Trust for their support of the activities of the companies.

M J Newcombe
Chairman

In Loving Memory of

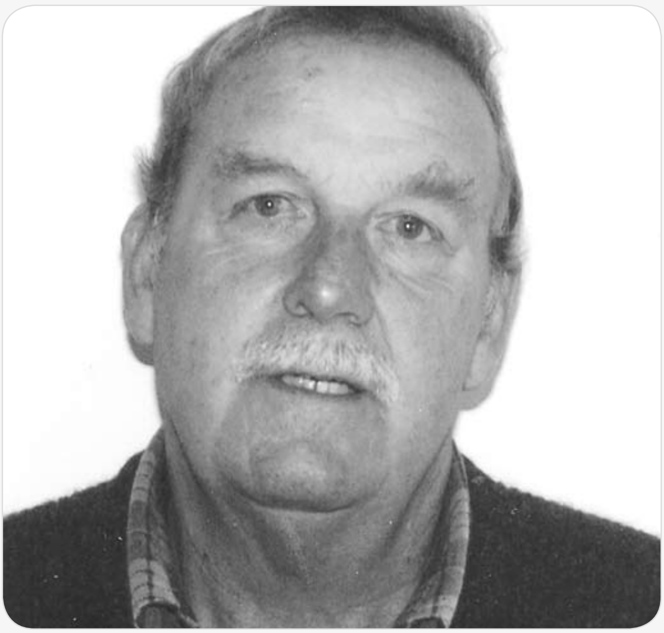
Phil Pascoe

Christmas 2008 had a sad note for ElectroNet staff with the passing of two long standing and highly regarded workmates.

Phil Pascoe died after a long period of ill health.

Phil had "retired" almost ten years ago, but over recent years had assisted the Asset Management team on a casual/part time basis with condition assessment and vegetation control administration.

He had been a mentor and trainer to some of the younger guys in the team, and passed on years of knowledge of the network.



Phil, in total, had an association with Westpower and ElectroNet exceeding 40 years. Prior to his temporary retirement he held the position of Greymouth Lines Area Manager.

Phil will really be missed, in particular by the Lines and Asset Management guys.

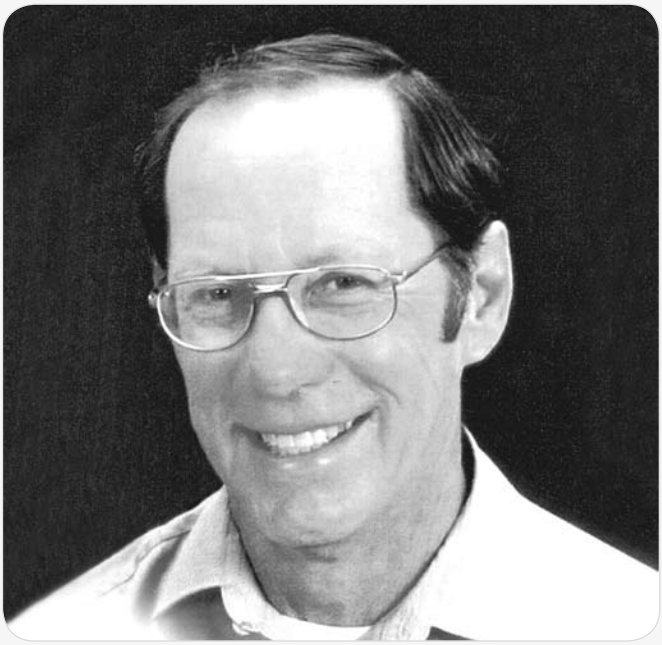
and *Bob Bostwick*

62 year old Hokitika Line Mechanic Bob Bostwick died early in the New Year after suffering a massive stroke.

Bob had retired from ElectroNet midway through last year, but had returned to work on a part time basis.

His wife Dot has told us that he missed the work and people so much that he just had to come back.

Bob commenced with Westpower in 1973, but was subsequently made redundant by Westpower in the first round of cuts in the 1990's. Bob returned to employment with ElectroNet after approximately a 3 year break.



Bob was well respected as a tradesman, and his work ethic was second to none. He was extremely influential in the training of a number of young line mechanics – or 'my boys' as he referred to them.

In respect of the financial year ended 31 March 2009 the Directors of Westpower Limited submit the following report:

The names of the Directors of the company in office at the end of the year and their remuneration were as follows:

Michael John Newcombe Chairman, Director of Subsidiaries	$52,000
Richard Snowden Cornelius Non Executive Director, Director of Subsidiaries	$28,500
Hugh Robert Little Non Executive Director, Director of Subsidiaries	$28,500
Suzanne Peta Merriman Non Executive Director, Director of Subsidiaries Chair of Audit Committee	$30,500

The annual fees shown above were effective from 14 September 2007 which resulted in a back payment of fees for each director as follows: M J Newcombe $9,100, R S Cornelius $5,548, H R Little $5,548 and S P Merriman $6,015. These amounts are not included above.

Principal Activities of the Company

The Group's principal activities for the financial year ended 31 March 2009 were the reticulation of electricity and electrical contracting.

Recommended Dividend

The Directors recommend that in respect of the year ended 31 March 2009:

- A final ordinary dividend of $134,250 be paid.
- A preference dividend of 7.25% per annum amounting to $21,750 be paid.
- The dividends carry full imputation credits and are payable following the company's annual general meeting in September 2009.




Auditor's Remuneration

In accordance with section 45 of the Energy Companies Act 1992, the Audit Office is responsible for the audit of Westpower Limited. The audit is undertaken by Audit New Zealand on behalf of the Controller and Auditor-General. It is recommended that the Directors be authorised to fix the remuneration of the auditor.

Review of Operations

The Group's net surplus for the year ended 31 March 2009 was $5.7m before taxation. (2008: $8.8m)

Election of Directors

The Director's are appointed by the shareholders.

Directors' Indemnity, Liability and Insurance

A Directors' and Officers' Liability Insurance is in place for Directors. The sum insured is $5 million.

Employees' Remuneration

During the year, the number of non-director employees who received remuneration and other benefits of $100,000 or more was as follows:

Total Remuneration and Other Benefits	Number of Employees
$100,000 - $110,000	7
$110,000 - $120,000	1
$120,000 - $130,000	1
$130,000 - $140,000	1
$180,000 - $190,000	1
$200,000 - $210,000	1
$210,000 - $220,000	1

No other non-director employees received remuneration and other benefits which totaled more than $100,000.




Directors' Interests Disclosed

The following Directors have declared interests in the identified entities as shareholder and/or director. The declaration serves as notice that the Director may benefit from any transactions between the Company or Group and the identified entities.

Mike Newcombe

Position Held	Entity	Relationship with Westpower Ltd
Director	ElectroNet Services Ltd	Subsidiary of Westpower
Director	Accent Lighting Ltd	
Managing Director	M J Newcombe Ltd	
Director	Standby Power Ltd	
Director	Amethyst Hydro Ltd	Subsidiary of Westpower
Trustee	Otautahi Education Development Trust	
Director	Mitton ElectroNet Ltd	Subsidiary of ElectroNet Services
Director	West Coast Options Ltd	Subsidiary of Westpower
Director	Luggate Hangers Ltd	
Director	ElectroNet Transmission Ltd	Subsidiary of ElectroNet Services
Trustee	Wanaka Terraces Trust	

Richard Cornelius

Position Held	Entity	Relationship with Westpower Ltd
Director	ElectroNet Services Ltd	Subsidiary of Westpower
Director	CMP Kokiri	
Director	Canterbury Meat Packers Ltd	
Director	Amethyst Hydro Ltd	Subsidiary of Westpower
Director	West Meat Wellington NZ Ltd	
Director	ANZCO Foods Ltd	
Director	Mitton ElectroNet Ltd	Subsidiary of ElectroNet Services
Director	Donna Cornelius Naturopathic Ltd	
Director	ElectroNet Transmission Ltd	Subsidiary of ElectroNet Services
Director	NZ Meat Marketing Ltd	
Director	Phoenix Meat Company Ltd	




Hugh Little

Position Held	Entity	Relationship with Westpower Ltd
Director	ElectroNet Services Ltd	Subsidiary of Westpower
Deputy CEO	Westland Milk Products Ltd	
Owner/Director	Stations Inn Restaurant, Bar and Accommodation	
Owner/Director	Little Farms Ltd	
Director	Rydan Farms Ltd	
Director	Amethyst Hydro Ltd	Subsidiary of Westpower
Director	Mitton ElectroNet Ltd	Subsidiary of ElectroNet Services
Director	ElectroNet Transmission Ltd	Subsidiary of ElectroNet Services

Sue Merriman

Position Held	Entity	Relationship with Westpower Ltd
Director	ElectroNet Services Ltd	Subsidiary of Westpower
Managing Director/ Partner	Marshall and Heaphy Ltd	
Director	Timberlands West Coast Ltd	
Director/Shareholder	Moet Ltd	
Director/Shareholder	Westland Consultancy Ltd	
Director	Amethyst Hydro Ltd	Subsidiary of Westpower
Director	Coast Investments Ltd	
Officer	West Coast Historical and Mechanical Society	
Trustee	Merriman Family Trust	
Director	Mitton ElectroNet Ltd	Subsidiary of ElectroNet Services
Director/Shareholder	Top Gear Performance Ltd	
Director	ElectroNet Transmission Ltd	Subsidiary of ElectroNet Services
Director/Shareholder	High Street Business Park Limited	
Director/Shareholder	HSBP Limited	




In respect of Westland Milk Products Ltd and Director H Little, the group has provided electrical contracting services. In respect of the Stations Restaurant, Bar and Accommodation and Director H Little, the group has provided electrical contracting services. These services have been provided on normal commercial terms under either formal contracts or requests for service.

In respect of Marshall and Heaphy Ltd and Director S Merriman, the group has provided information technology contracting services. In respect of the West Coast Historical and Mechanical Society and Director S Merriman, the group has provided electrical contracting services. These services have been provided on normal commercial terms under either formal contracts or requests for service.

In respect of CMP Kokiri Ltd and Director R Cornelius, the group has provided electrical contracting services. These services have been provided on normal commercial terms under either formal contracts or requests for service.

Particulars of Directors' Interest in the Shares of Westpower Limited

There are no directors who held an interest in the shares of Westpower Limited.

Directors' Benefits

No Director of the Company 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 Directors shown in the group financial statements.

There were no notices from Directors to the company requesting to use company information received in their capacity as Directors which 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 that is not otherwise dealt with in this report or financial statements and that has significantly affected, or may significantly affect, the operations of Westpower group, the result of those operations or the state of affairs of the group.

Financial Statements

The financial statements for the year ended 31 March 2009 immediately follow this report.

On behalf of the Board,

M J Newcombe
Chairman

S Merriman
Chair of Audit Committee

29 June 2009

Westpower Limited

Income Statement for the Year Ended 31 March, 2009

	Notes	Group 31 Mar 09 $000	Group 31 Mar 08 $000	Parent 31 Mar 09 $000	Parent 31 Mar 08 $000
Operating Revenue	5	36,892	37,751	18,226	20,592
Other Income	6	41	6	18	756
		36,933	**37,757**	**18,244**	**21,348**
Operating Expenses	7	26,018	24,072	12,106	10,693
Depreciation, Amortisation and Impairment		4,185	4,004	3,497	3,425
		30,203	**28,076**	**15,603**	**14,118**
Operating Profit (Loss)		**6,731**	**9,681**	**2,641**	**7,230**
Finance Income		455	560	891	877
Finance Expenses		(1,534)	(1,468)	(1,756)	(1,728)
Net Finance Cost	8	**(1,079)**	**(908)**	**(865)**	**(851)**
Profit (Loss) Before Income Tax		**5,651**	**8,773**	**1,776**	**6,379**
Income Tax	9	1,884	291	555	(891)
Profit (Loss) After Income Tax		**3,767**	**8,482**	**1,221**	**7,270**
Attributable to:					
Company Shareholders		3,735	8,449	1,221	7,270
Minority Interests		32	33	0	0
		3,767	**8,482**	**1,221**	**7,270**

The notes on pages 22 to 50 are an integral part of these financial statements.

Westpower Limited

Balance Sheet as at 31 March, 2009

	Notes	Group 31 Mar 09 $000	Group 31 Mar 08 $000	Parent 31 Mar 09 $000	Parent 31 Mar 08 $000
Non Current Assets					
Property, Plant and Equipment	10	114,538	108,708	110,670	105,149
Goodwill and Other Intangible Assets	11	7,374	7,443	379	474
Investments in Subsidiaries	12	0	0	9,775	9,745
Other Investments	13	2,734	3,477	2,727	3,470
Finance Lease Receivable	14	94	211	94	211
Deferred Tax Asset	9	13	30		
Total Non Current Assets		**124,753**	**119,868**	**123,645**	**119,048**
Current Assets					
Cash and Cash Equivalents	15	1,862	3,004	404	167
Trade and Other Receivables	16	8,868	6,210	3,816	2,623
Finance Lease Receivable	14	116	100	116	100
Loan to ElectroNet Services					1,500
Inventories		2,766	2,541	1,592	1,334
Current Tax Assets		729	1,182	1,031	994
Total Current Assets		**14,341**	**13,037**	**6,959**	**6,718**
Total Assets		**139,094**	**132,905**	**130,604**	**125,767**
Equity					
Share Capital	18	30,000	30,000	30,000	30,000
Reserves	18	13,455	14,029	11,974	12,548
Retained Earnings		51,701	48,122	44,669	43,604
Minority Interest		885	853		
Total Equity		**96,041**	**93,004**	**86,643**	**86,152**
Non Current Liabilities					
Loans and Borrowings	19	300	18,829	300	18,829
Financial Derivatives		742	(79)	742	(79)
Finance Lease Payable	20	200			
Employee Benefits		350	330		
Deferred Tax Liabilities	9	16,180	15,835	16,180	15,835
Total Non Current Liabilities		**17,772**	**34,915**	**17,222**	**34,585**
Current Liabilities					
Trade and Other Payables	21	5,412	4,866	3,560	1,909
Finance Lease Payable	20	90			
Current Portion of Borrowings	19	19,779	121	23,179	3,121
Total Current Liabilities		**25,281**	**4,987**	**26,739**	**5,030**
Total Liabilities		**43,053**	**39,901**	**43,961**	**39,615**
Total Equity and Liabilities		**139,094**	**132,905**	**130,604**	**125,767**

The notes on pages 22 to 50 are an integral part of these financial statements.

Authorised for issue on 29 June, 2009 for and on behalf of the Board.

M J Newcombe
Chairman

S Merriman
Chair of Audit Committee

Westpower Limited

Statement of Changes in Equity for the Year Ended 31 March, 2009

Group

	Attributable to Equity Holders of the Company						
	Share Capital $000	Hedging Reserve $000	Revaluation Reserve $000	Retained Earnings $000	Total $000	**Minority Interest $000**	**Total Equity $000**
Balance at 31 March, 2007	30,000	66	9,440	39,829	79,335	820	80,155
Profit for the Period				8,449	8,449	33	8,482
Effective Portion of Cashflow Hedges		(61)			(61)		(61)
Fair Value of Cashflow Hedges		42			42		42
Revaluation of Distribution Assets			3,336		3,336		3,336
Revaluation of Land and Buildings			1,450		1,450		1,450
Income Tax Items Taken Directly to Equity		6	(250)		(244)		(244)
Total Recognised Income and Expenses	**0**	**(13)**	**4,536**	**8,449**	**12,972**	**33**	**13,005**
Dividends to Equity Holders				(156)	(156)		(156)
Balance at 31 March, 2008	**30,000**	**53**	**13,976**	**48,122**	**92,151**	**853**	**93,004**
Profit for the Period				3,735	3,735	32	3,767
Effective Portion of Cashflow Hedges		16			16		16
Fair Value of Cashflow Hedges		(836)			(836)		(836)
Revaluation of Distribution Assets							
Revaluation of Land and Buildings							
Income Tax on Items Taken Directly to Equity		246			246		246
Total Recognised Income and Expenses	**0**	**(574)**		**3,735**	**3,161**	**32**	**3,193**
Dividends to Equity Holders	0	0	0	(156)	(156)		(156)
Balance at 31 March, 2009	**30,000**	**(521)**	**13,976**	**51,701**	**95,156**	**885**	**96,041**

The notes on pages 22 to 50 are an integral part of these financial statements.

Westpower Limited

Statement of Changes in Equity for the Year Ended 31 March, 2009

Parent

	Attributable to Equity Holders of the Company						
	Share Capital $000	Hedging Reserve $000	Revaluation Reserve $000	Retained Earnings $000	Total $000	**Minority Interest $000**	**Total Equity $000**
Balance at 1 April, 2007	30,000	66	9,440	36,490	75,996		75,996
Profit for the Period				7,270	7,270		7,270
Effective Portion of Cashflow Hedges		(61)			(61)		(61)
Fair Value of Cashflow Hedges		42			42		42
Revaluation of Distribution Assets			1,855		1,855		1,855
Revaluation of Land and Buildings			1,450		1,450		1,450
Income Tax on Items Taken Directly to Equity		6	(250)		(244)		(244)
Total Recognised Income and Expenses		**(13)**	**3,055**	**7,270**	**10,312**		**10,312**
Dividends to Equity Holders				(156)	(156)		(156)
Balance at 31 March, 2008	**30,000**	**53**	**12,495**	**43,604**	**86,152**		**86,152**
Profit for the Period				1,221	1,221		1,221
Effective Portion of Cashflow Hedges		16			16		16
Fair Value of Cashflow Hedges		(836)			(836)		(836)
Revaluation of Distribution Assets							
Revaluation of Land and Buildings							
Income Tax on Items Taken Directly to Equity		246			246		246
Total Recognised Income and Expenses		**(574)**		**1,221**	**647**		**647**
Dividends to Equity Holders				(156)	(156)		(156)
Balance at 31 March, 2009	**30,000**	**(521)**	**12,495**	**44,669**	**86,643**		**86,643**

The notes on pages 22 to 50 are an integral part of these financial statements.

Westpower Limited

Statement of Cashflows for the Year Ended 31 March, 2009

	Notes	Group		Parent	
		31 Mar 09 $000	31 Mar 08 $000	31 Mar 09 $000	31 Mar 08 $000
Cash Flows from Operating Activities					
Receipts from Customers		33,053	35,462	16,056	19,317
Interest Received		405	514	842	831
Dividends Received		18	6	18	756
Payments to Suppliers and Employees		(26,557)	(23,506)	(11,589)	(11,811)
Interest Paid		(1,552)	(1,635)	(1,774)	(1,895)
Income Tax Paid		(822)	(1,511)		(262)
Net GST Paid		(54)	(129)	(85)	36
Net Cash Inflows / (Outflows) from Operating Activities	25	**4,491**	**9,201**	**3,467**	**6,972**
Cash Flows from Investing Activities					
Proceeds from Sale of Property, Plant and Equipment		74	80	0	0
Loan and Sinking Fund Payments Received		800	621	3,150	685
Acquisition of Property, Plant and Equipment		(7,391)	(7,040)	(6,866)	(5,396)
Acquisition of Investments		(8)	(1,065)	(888)	(8,304)
Purchase of Goodwill and Intangibles		(81)	(6,708)		
Net Cash Inflows / (Outflows) from Investing Activities		**(6,606)**	**(14,112)**	**(4,603)**	**(13,014)**
Cash Flows from Financing Activities					
Contribution from Owners					
Proceeds from Borrowings		3,950	8,500	4,350	8,500
Repayment of Borrowings		(2,821)	(2,834)	(2,821)	(2,834)
Dividends Paid		(156)	(156)	(156)	(156)
Net Cash Inflows / (Outflows) from Financing Activities		**973**	**5,510**	**1,373**	**5,510**
Net Increase (Decrease) in Cash and Cash Equivalents		**(1,142)**	**598**	**237**	**(532)**
Cash and Cash Equivalents at 1 April		3,004	2,406	167	699
Cash and Cash Equivalents at 31 March	15	**1,862**	**3,004**	**404**	**167**

The GST (net) component of operating activities reflects the net GST paid and received with the IRD. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The notes on pages 22 to 50 are an integral part of these financial statements.

1 Reporting Entity

Westpower Limited (the parent) is a company domiciled in New Zealand and registered under the Companies Act 1993.

Financial statements for the parent (separate financial statements) and consolidated financial statements are presented. The consolidated financial statements of Westpower Limited as at and for the year ended 31 March 2009 comprise the parents and its subsidiaries (together referred to as the Group).

The company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements company with that Act and section 44 of the Energy Companies Act 1992.

Westpower Limited is primarily involved in the reticulation of electricity.

The financial statements were authorised for issue by the Board on 29 June 2009.

2 Basis of Preparation

(a) Statement of Compliance

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with NZ equivalents to International Financial Reporting Standards (NZ IFRSs) and other applicable financial reporting standards appropriate for profit-oriented entities.

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

The accounting policies have been applied consistently by Group entities.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value.
- Available for sale financial assets are measured at fair value.
- Distribution assets and land and buildings are measured at fair value.

The methods used to measure fair value are discussed further in Note 4.

(c) Functional and Presentation Currency

These financial statement are presented in New Zealand dollars ($), which is the parent's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

(d) Use of Estimates, Judgments and Assumptions

The preparation of financial statements requires management to make judgments, 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.

Estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:
- Note 3(j)(iii) Measurement of the recoverable amount of cash generating units.

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are

exercisable are taken into account. 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) Transactions Eliminated on Consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign Currency Transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the income statement in the period in which they arise.

(c) Financial Instruments

(i) Non-Derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, customer deposits and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Investments in Subsidiaries

Investments in equity securities of subsidiaries, associates and joint ventures are measured at cost in the separate financial statements of the Parent.

Available For Sale Financial Assets

The Group's investment in non subsidiary equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(j)(i)), are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

The fair value of equity investments that are not trade in an active market and are classified as available-for-sale, is based on the non-market valuation techniques.

Other

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and Other Receivable

Trade and other receivables are stated at their cost less impairment losses.

A provision for impairment of receivables is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the effective interest method.

Interest Bearing Borrowings

Interest-bearing borrowings are classified as other non-derivative financial instruments.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and Other Payables

Trade and other payables are stated at cost.

(ii) Derivative Financial Instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value at each balance date. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship (see below).

Cash Flow Hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

(iii) Share Capital

Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Preference Share Capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Parent's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss.

(d) Property, Plant and Equipment

(i) Recognition and Measurement

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The cost of property, plant and equipment at 1 April 2006, the date of transition to NZ IFRS, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

- Electricity distribution system — 15-70 years SL
- Buildings — 5-50 years SL
- Motor vehicles — 10-50% DV
- Plant and equipment — 7-50% DV
- Furniture and fittings including computers — 6-48% DV

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(iv) Subsequent Measurement

Land and buildings are subsequently measured at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers. Land and buildings were revalued as at 1 April 2007 by Coast Valuations Limited, registered valuers. The fair values are recognised in the financial statements of the consolidated entity ($6,068,500), and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from fair value.

The distribution system is subsequently measured at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers, based on a depreciated replacement cost methodology. Distribution system assets were revalued in house by Westpower's Asset Manager and peer reviewed by Kerslake and Partners, Consulting Engineers as at 1 April 2007. The fair values are recognised in the financial statements of the consolidated entity ($88,434,378) and are reviewed at the end of each reporting period to ensure that the carrying value of the distribution system is not materially different from fair value. Consideration is given as to whether the distribution system is impaired as detailed in note 3(j)(iii).

Any revaluation increase arising on the revaluation of land and buildings and the distribution system 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 profit or loss, 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 the revaluation of land and buildings and the distribution system is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and the distribution system is charged to profit or loss. On the subsequent sale or retirement of a revalued item, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

(e) Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the group's interest in the net fair value of the assets and liabilities of the acquiree. Goodwill is measured at cost less accumulated impairment losses.

(f) Other Intangible Assets

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

Amortisation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of the intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Software 20-40% DV

(g) Work In Progress

Work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Work in progress is presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

(h) Leased Assets (as Lessor)

Leases in terms of which the Group transfers substantially all the risks and rewards of ownership are classified as finance leases. These assets are disposed of by the Group and a receivable recognised at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

(i) Inventories

Inventories consist of construction materials. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(j) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

(i) Impairment of Equity Instruments
Equity instruments are deemed to be impaired whenever there is a significant or prolonged decline in fair value below the original purchase price. For this purpose prolonged is regarded as any period longer than nine months and significant as more than 20 percent of the original purchase price of the equity instrument.

Any subsequent recovery of an impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

(ii) Impairment of Receivables
The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

(iii) Impairment of Non Financial Assets
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee Benefits

(i) Defined Contribution Plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Other Long Term Employee Benefits
The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the risk free interest rate. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iii) Short Term Benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Revenue

(i) Goods Sold

Revenue is recognised when the significant risks and rewards of 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.

Lines charges represent income charged to energy retailers based on their meter readings during the period. An allowance is made for unbilled line charges from energy retailers to the end of the period.

(ii) Services

Revenue from services rendered comprises the amounts received and receivable by the Group for services supplied to customers in the ordinary course of business.

(iii) Vested Assets and Capital Contribution

Vested assets and capital contributions are recognised as revenue at the fair value of the assets at the point that assets are connected to the network.

(n) Leases (as Lessee)

(i) Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At commence of the lease term, the Group recognises finance leases as assets and liabilities in the balance sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainly as to whether the Group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

(ii) Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised as an expense on a straight-line basis over the term of the lease.

(o) Finance Income and Expenses

Finance income comprises interest income on funds invested, unwinding of the discount on assets and dividend income. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings and dividends on preference shares classified as liabilities. All borrowing costs are recognised in profit or loss using the effective interest method.

(p) Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or 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 substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Goods and Services Tax

All items in the financial statements are net of Goods and Services Tax except for debtors and creditors which are shown in the balance sheet inclusive of GST.

(r) New Standards Adopted and Interpretations Not Yet Adopted

A number of new interpretations are not yet effective for the year ended 31 March 2009, and have not been applied in preparing these consolidated financial statements:

NZ IFRS FRS 8 Operating Segments supersedes NZ IAS 14 Segment Reporting and provides guidance on the disclosure requirements in respect of the operating segments of entities and will become mandatory for the Group's 2010 financial statements.

NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and will be effective for the Group's 2010 financial statements. The revised standard requires information in financial statement to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable reader to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives the Group the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, and in two separate statements (a separate income statement followed by a statement of comprehensive income). The Group has yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (issue 2004) and will be effective for the Group's 2010 financial statements. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standards will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustments to depreciated replace cost carrying values will have flow on effects to depreciation expense. The Group has not yet quantified the potential impact of the new standard.

4 Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, Plant and Equipment

The fair value of the distribution system assets is based on Depreciated Replacement Cost methodology, which incorporates an engineering optimisation of the system.

The fair value of property, plant and equipment recognised is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(b) Investments in Equity

The fair value of financial assets at available-for-sale financial assets is determined by non-market valuation techniques at the reporting date.

(c) Trade and Other Receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(d) Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

5. Operating Revenue

	Group		Parent	
	31 Mar 09 $000	31 Mar 08 $000	31 Mar 09 $000	31 Mar 09 $000
Line Charges	15,738	15,667	15,738	15,667
Rentals and Sundry Income	345	335	365	375
Capital Contributions	73	3,109	73	3,109
Vested Assets	1,314	1,441	1,314	1,441
Contracting and Consulting Income	19,422	17,199	736	0
Total Operating Revenue	**36,892**	**37,751**	**18,226**	**20,592**

6. Other Income

	Group		Parent	
	31 Mar 09 $000	31 Mar 08 $000	31 Mar 09 $000	31 Mar 09 $000
Gain on Sale of Property, Plant and Equipment	23			
Dividends from Subsidiaries				750
Dividend Income on Available for Sale Financial Assets	18	6	18	6
Total Other Income	**41**	**6**	**18**	**756**

7. Operating Expenses

	Group		Parent	
	31 Mar 09 $000	31 Mar 08 $000	31 Mar 09 $000	31 Mar 09 $000
Loss on Disposal of Property, Plant and Equipment	322	373	308	366
Directors' Fees	166	88	116	62
Auditor's Renumeration to Audit NZ Comprises:				
• Audit of Financial Statements	98	84	44	42
• IFRS Transition	10	13	10	13
• Other Audit Related Services	24	18	24	18
Operating Lease Expense	524	230		
Transmission Charges	3,883	3,970	3,883	3,970
Maintenance and Operations	4,599	3,912	4,599	3,912
Employee Related Expenses				
• Defined Contribution Schemes	362	250		
• Other Employee Benefits	11,405	8,317	258	235
Other Expenses	4,625	6,817	2,864	2,075
	26,018	**24,071**	**12,106**	**10,693**

8. Finance Income and Expenses

	Group		Parent	
	31 Mar 09 $000	31 Mar 08 $000	31 Mar 09 $000	31 Mar 09 $000
Interest Income	406	514	842	831
Unwinding of Discount	49	46	49	46
Finance Income	**455**	**560**	**891**	**877**
Interest Expense on Financial Liabilities Measured at Amortised Cost	1,534	1,468	1,756	1,728
Finance Expense	**1,534**	**1,468**	**1,756**	**1,728**
Net Finance Costs	**(1,079)**	**(908)**	**(865)**	**(851)**

9. Income Tax

	Group		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
Current Tax Expense				
Current Period	1,161	1,238	(138)	72
Adjustment for Prior Periods	(39)	(5)	(52)	8
	1,122	**1,233**	**(190)**	**80**
Deferred Tax Expense				
Origination and Reversal of Temporary Differences	762	148	745	120
Change in Income Tax Rate		(1,091)		(1,091)
	762	**(943)**	**745**	**(971)**
Income Tax Expense Recognised in Profit	**1,884**	**291**	**555**	**(891)**

Reconciliation of Effective Tax Rate	Group		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
Profit Before Income Tax	5,651	8,773	1,776	6,379
Prima Facie Tax at 30% (2008 33%)	1,695	2,895	533	2,105
Non Deductible Expenses	3	11		
Tax Exempt Income	(265)	(1,359)	(413)	(1,379)
Change in Temporary Differences	496	(162)	496	(162)
Under (Over) Provided in Prior Periods	(37)	(4)	(52)	8
Imputation Credits Received	(9)		(9)	(372)
Change in Income Tax Rate		(1,091)		(1,091)
Income Tax Expense Recognised in Profit	**1,884**	**291**	**555**	**(891)**

Income Tax Recognised Directly in Equity	Group		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
Revaluation of Property, Plant and Equipment		745		745
Derivatives	(246)	(6)	(246)	(6)
Available for Sale Financial Assets	0	0	0	0
Change in Income Tax Rate		(494)		(494)
Total Income Tax Recognised Directly in Equity	**(246)**	**245**	**(246)**	**245**

9. Income Tax (Continued)

Recognised Deferred Tax Assets and Liabilities

Deferred Tax Assets and Liabilities are Attributable to the Following:

Group	Opening Balance 31 Mar 08 $000	Charged to Income $000	Charged to Equity $000	Closing Balance 31 Mar 09 $000
Deferred Tax Liabilities				
Property, Plant and Equipment	16,030	800		16,830
Derivatives	24		(246)	(222)
Available for Sale Assets	22			22
Tax Losses		(138)		(138)
	16,076	**662**	**(246)**	**16,492**
Deferred Tax Assets				
Employee Provisions	269	38		307
Provision for Doubtful Debts	2	16		18
	271	**54**		**325**
Net Deferred Tax Liability	**15,805**	**608**	**(246)**	**16,167**
Attributable to:				
Parent	15,835	591	(246)	16,180
Subsidiaries	(30)	17		13
	15,805	**608**	**(246)**	**16,167**

	Opening Balance 31 Mar 07 $000	Charged to Income $000	Charged to Equity $000	Closing Balance 31 Mar 08 $000
Deferred Tax Liabilities				
Property, Plant and Equipment	16,696	198	745	17,639
Derivatives	32		(6)	26
Available for Sale Assets	24			24
Change in Income Tax Rate		(1,091)	(494)	(1,585)
	16,752	**(893)**	**245**	**16,104**
Deferred Tax Assets				
Employee Provisions	247	49		296
Provision for Doubtful Debts	2	1		3
	249	**50**		**299**
Net Deferred Tax Liability	**16,503**	**(943)**	**245**	**15,805**
Attributable to:				
Parent	16,561	(971)	245	15,835
Subsidiaries	(58)	28		(30)
	16,503	**(943)**	**245**	**15,805**

9. Income Tax (Continued)

Recognised Deferred Tax Assets and Liabilities

Deferred Tax Assets and Liabilities are Attributable to the following:

Parent	Opening Balance 31 Mar 08 $000	Charged to Income $000	Charged to Equity $000	Closing Balance 31 Mar 09 $000
Deferred Tax Liabilities				
Property, Plant and Equipment	15,790	739		16,529
Derivatives	24		(246)	(222)
Available for Sale Assets	22			22
Provisions for Doubtful Debts	(1)	(10)		(11)
Tax Losses		(138)		(138)
Net Deferred Tax Liability	**15,835**	**591**	**(246)**	**16,180**

	Opening Balance 31 Mar 07 $000	Charged to Income $000	Charged to Equity $000	Closing Balance 31 Mar 08 $000
Deferred Tax Liabilities				
Property, Plant and Equipment	16,505	121	745	17,371
Derivatives	32		(6)	26
Available for Sale Assets	24			24
Provision for Doubtful Debts		(1)		(1)
Change in Income Tax Rate		(1,091)	(494)	(1,585)
Net Deferred Tax Liability	**16,561**	**(971)**	**245**	**15,835**

Imputation Credits	Group		Parent	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Imputation Credits at 1 April	**13,124**	**11,688**	**9,909**	**9,352**
NZ Tax Payments, Net of Refunds	680	1,510		262
Imputation Credits Attached to Dividends Received	134	3	9	372
Imputation Credits Attached to Dividends Paid	(77)	(77)	(77)	(77)
Imputation Credits at 31 March	**13,861**	**13,124**	**9,841**	**9,909**
Imputation Credits are Available to Shareholders of the Company:				
Through the Parent	9,841	9,909	9,841	9,909
Through Subsidiaries	4,020	3,215		
	13,861	**13,124**	**9,841**	**9,909**

10. Property, Plant and Equipment

Group	Electricity Distribution System $000	Land and Buildings $000	Other $000	Total $000
Cost or Deemed Cost				
Balance at 31 March, 2007	92,201	4,845	5,622	102,668
Revaluations	3,336	1,322		4,658
Devaluations		(91)		(91)
Additions	6,255	240	1,546	8,041
Disposals	(366)	0	(188)	(554)
Balance at 31 March, 2008	**101,426**	**6,316**	**6,980**	**114,722**
Revaluations				
Devaluations				
Additions	8,596	140	1,507	10,243
Disposals	(292)	(41)	(231)	(564)
Balance at 31 March, 2009	**109,730**	**6,415**	**8,256**	**124,401**
Accumulated Depreciation, Amortisation and Impairment				
Balance at 31 March, 2007		128	2,373	2,501
Depreciation for the Year	3,084	124	548	3,756
Impairment Losses	0	0	0	0
Revaluations		(128)		(128)
Disposals	0	0	(116)	(116)
Balance at 31 March, 2008	**3,084**	**124**	**2,806**	**6,014**
Depreciation for the Year	3,263	127	650	4,040
Impairment Losses				0
Revaluations				0
Disposals	(21)	(4)	(166)	(191)
Balance at 31 March, 2009	**6,326**	**247**	**3,290**	**9,863**
Net Book Value 31 March, 2008	**98,343**	**6,191**	**4,174**	**108,708**
Net Book Value 31 March, 2009	**103,404**	**6,168**	**4,966**	**114,538**

Parent	Electricity Distribution System $000	Land and Buildings $000	Other $000	Total $000
Cost or Deemed Cost				
Balance at 31 March, 2007	93,681	4,845	325	98,851
Revaluations	1,855	1,322		3,177
Devaluations		(91)		(91)
Additions	6,695	240		6,935
Disposals	(366)	0	0	(366)
Balance at 31 March, 2008	**101,865**	**6,316**	**325**	**108,506**
Revaluations				
Devaluations				
Additions	9,091	140		9,231
Disposals	(292)	(41)		(333)
Balance at 31 March, 2009	**110,664**	**6,415**	**325**	**117,404**
Depreciation and Impairment Losses				
Balance at 31 March, 2007		128	134	262
Depreciation for the Year	3,084	124	15	3,223
Impairment Losses				0
Revaluations		(128)		(128)
Disposals				0
Balance at 31 March, 2008	**3,084**	**124**	**149**	**3,357**
Depreciation for the Year	3,263	127	12	3,402
Impairment Losses				
Revaluations				
Disposals	(21)	(4)		(25)
Balance at 31 March, 2009	**6,326**	**247**	**161**	**6,734**
Net Book Value 31 March, 2008	**98,781**	**6,191**	**176**	**105,149**
Net Book Value 31 March, 2009	**104,338**	**6,168**	**164**	**110,670**

Capital work in progress is contained in the following categories:

	Group		Parent	
	31 Mar 09 $000	**31 Mar 08 $000**	**31 Mar 09 $000**	**31 Mar 08 $000**
Electricity Distribution System	2,817	885	2,817	885
Land and Buildings	-	-	-	-
Other	1,210	980	-	-
	4,027	**1,865**	**2,817**	**885**

Security

At 31 March 2009, the assets of the group are subject to a guarantee to secure bank loans.

11. Goodwill and Other Intangibles

Group	Goodwill $000	Software $000	Total $000
Cost or Deemed Cost			
Balance at 31 March, 2007		1,049	1,049
Acquisitions Through Business Combinations	6,793	21	6,814
Additions		53	53
Disposals		(3)	(3)
Balance at 31 March, 2008	**6,793**	**1,120**	**7,913**
Additions		81	81
Disposals			
Balance at 31 March, 2009	**6,793**	**1,201**	**7,994**
Depreciation and Impairment Losses			
Balance at 31 March, 2007		314	314
Amortisation for the Year		158	158
Impairment Losses			
Disposals		(2)	(2)
Balance at 31 March, 2008		**470**	**470**
Amortisation for the Year		150	150
Impairment Losses			
Disposals			
Balance at 31 March, 2009		**620**	**620**
Net Book Value 31 March, 2008	**6,793**	**650**	**7,443**
Net Book Value 31 March, 2009	**6,793**	**581**	**7,374**

Goodwill has been assessed based on profitability forecasts for these entities and no impairment has occurred.

Parent	Goodwill $000	Software $000	Total $000
Cost or Deemed Cost			
Balance at 31 March, 2007	0	673	673
Acquistions Through Business Combinations	0	0	0
Additions	0	48	48
Disposals	0	0	0
Balance at 31 March, 2008	**0**	**721**	**721**
Additions	0	0	0
Disposals	0	0	0
Balance at 31 March, 2009	**0**	**721**	**721**
Depreciation and Impairment Losses			
Balance at 31 March, 2007	0	135	135
Amortisation for the Year	0	112	112
Impairment Losses	0	0	0
Disposals	0	0	0
Balance at 31 March, 2008	**0**	**247**	**247**
Amortisation for the Year	0	95	95
Impairment Losses	0	0	0
Disposals	0	0	0
Balance at 31 March, 2009	**0**	**342**	**342**
Net Book Value 31 March, 2008	**0**	**474**	**474**
Net Book Value 31 March, 2009	**0**	**379**	**379**

12. Investment in Subsidiaries

	Group		Parent	
	31 Mar 09 $000	31 Mar 08 $000	31 Mar 09 $000	31 Mar 08 $000
Shares in ElectroNet Services Ltd			800	800
Shares in Amethyst Hydro Limited			3,200	3,200
Loan to Mittion ElectroNet Ltd			4,275	4,275
Loan to ElectroNet Transmission Ltd			1,500	1,470
			9,775	**9,745**

13. Other Investments

	Group		Parent	
	31 Mar 09 $000	31 Mar 08 $000	31 Mar 09 $000	31 Mar 08 $000
Non Current Investments				
Available for Sale Financial Assets				
• International Panel and Lumber (West Coast) Limited	103	103	103	103
• Other Investments	7	7	0	0
Other Loans	2,582	3,135	2,582	3,135
Sinking Funds	42	232	42	232
	2,734	**3,477**	**2,727**	**3,470**

14. Finance Leave Receivable (Parent)

	Minimum Future Lease Payments		Present Value of Future Lease Payments	
	31 Mar 09 $000	**31 Mar 08 $000**	**31 Mar 09 $000**	**31 Mar 08 $000**
No Longer Than One Year	144	144	116	100
Later Than One Year and Not Later Than Five Years	118	262	94	211
Minimum Lease Payments	262	406	210	311
Less Future Finance Charges	(52)	(95)		
Present Value of Minimum Lease Payments	**210**	**311**	**210**	**311**
Comprising:				
Current			116	100
Non Current			94	211
			210	**311**

15. Cash and Cash Equivalents

	Group		Parent	
	31 Mar 09 $000	**31 Mar 08 $000**	**31 Mar 09 $000**	**31 Mar 08 $000**
Bank Balances	973	951	398	162
Call Deposits	889	2,053	6	5
Cash and Cash Equivalents in Statement of Cashflows	1,862	3,004	404	167

16. Trade and Other Receivables

	Group		Parent	
	31 Mar 09 $000	**31 Mar 08 $000**	**31 Mar 09 $000**	**31 Mar 08 $000**
Trade and Other Receivables	6,355	5,016	2,471	1,984
Trade Receivables Due From Related Parties			43	40
Other Loans Receivable - Current Portion	602	603	602	603
Construction Work in Progress	1,973	600	736	0
	8,930	6,220	3,852	2,627
Less Provision for Impairment	(62)	(10)	(36)	(4)
	8,868	**6,210**	**3,816**	**2,623**

17. Construction Contracts

	Group		Parent	
	31 Mar 09 $000	**31 Mar 08 $000**	**31 Mar 09 $000**	**31 Mar 08 $000**
Construction Costs Incurred	2,951	8,265	736	
Recognised Profits (Less Recognised Losses to Date)	686	1,436		
	3,637	9,701	736	
Progress Billings	(2,858)	(9,540)		
Due from Customers	779	161	736	

The balance due from customers is included in Construction Work In Progress (Note 16). No advances have been received and no retentions have been included in Progress Billings.

18. Capital and Reserves

Share Capital
The Company has 25,000,000 (2008 25,000,000) ordinary shares on issue, 300,000 (2008 300,000) 7.25% redeemable preference shares on issue and 5,000,000 (2008 5,000,000) preference shares on issue. There have been no movements in share capital in the current and comparative years.

All issued shares are fully paid and have no par value. The holders of ordinary shares are entitles to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Parent.

The redeemable preference shares are classified as liabilities. The shares have a fixed dividend payment and can be redeemed to cash at the option of the Company.

Holders of preference shares receive a dividend of per share at the Parent's discretion determined by the Company in a general meeting. They do not have the right to participate in any additional dividends declared for ordinary shareholders.

Preference shares and redeemable preference shares do not carry the right to vote. All shares rank equally with regard to the Parent's residual assets, except that preference shareholders participate only to the extent of the face value of the shares.

Hedging Reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Fair Value Reserve
The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised.
Revaluation Reserve
The revaluation reserve relates to the revaluation of property, plant and equipment.

19. Loans and Borrowings

	Group		Parent	
	31 Mar 09 $000	31 Mar 08 $000	31 Mar 09 $000	31 Mar 08 $000
Non Current Liabilities				
Secured Bank Loans		18,529		18,529
Redeemable Preference Sheets	300	300	300	300
	300	**18,829**	**300**	**18,829**
Current Liabilities				
Current Portion of Secured Bank Loans	19,779	121	19,779	121
Loans From Subsidiaries			3,400	3,000
	19,779	**121**	**23,179**	**3,121**
	20,079	**18,950**	**23,479**	**21,950**

	Weighted Average Interest Rate	Face Value 2009 $000	Carrying Value 2009 $000	Face Value 2008 $000
Less Than One Year				
Secured Bank Loans	6.02%	19,750	19,750	
Reserve Bank Loans	10.50%	29	29	121
Longer Than One Year				
Secured Bank Loans				18,529
Redeemable Preference Shares	7.25%	300	300	300
Total Interest Bearing Liabilities - Group		**20,079**	**20,079**	**18,950**
Loans From Subsidiaries - Current	7.75%	3,400	3,400	3,000
Total Interest Bearing Liabilities - Parent		**23,479**	**23,479**	**21,950**

The Westpac loan facility is due to roll over in September 2009. The roll over of this facility is at the discretion of the Bank and therefore is required to be disclosed as current. However the Company expects that this facility will be rolled over for at least another year and is currently in negotiation with Westpac for the renewal of the facility.

The bank loans are secured over all the assets of the Group.

20. Finance Lease Payable (Group)

	Minimum Future Lease Payments		Present Value of Future Lease Payments	
	31 Mar 09 $000	**31 Mar 08 $000**	**31 Mar 09 $000**	**31 Mar 08 $000**
No Longer Than One Year	94		90	
Later Than One Year and Not Later Than Five Years	240		200	
Minimum Lease Payments	334		290	
Less Future Finance Charges	(44)			
Present Value of Minimum Lease Payments	**290**		**290**	
Comprising:				
Current			90	
Non Current			200	
			290	

21. Trade and Other Payables

	Group		Parent	
	31 Mar 09 $000	**31 Mar 08 $000**	**31 Mar 09 $000**	**31 Mar 08 $000**
Trade Payables Due to Related Parties			2,845	1,272
Other Trade Payables	3,989	3,791	576	480
Accrued Interest	139	157	139	157
Employee Entitlements	1,284	918	0	0
	5,412	**4,866**	**3,560**	**1,909**

22. Financial Instruments

Exposure to credit, interest rate, foreign currency, and liquidity risks arises in the normal course of the Group's business.

Credit Risk
Financial instruments which potentially subject the Group to credit risk are cash and cash equivalents, trade receivables and investments. The Group places its cash with high quality financial institutions and limits the amount of exposure to any one financial institution. The Group has a high concentration of credit risk to Trustpower in relation to distribution line charges to the electricity retailer and other contract works.

Management has a credit policy in place under which each new customer is individually analysed for credit worthiness and assigned a purchase limit before the standard payment and delivery terms and conditions are offered. The parent company has debtors who have damaged network assets. Many of these debtors are unable to settle their accounts immediately and payment arrangements have been entered into through the Courts.

The carrying amount of financial assets represents the Group's maximum credit exposure.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status.

The Group's exposure to geographical credit risk is almost entirely within New Zealand, with some transactions to Australia.

The status of trade and finance lease receivables at the reporting date is as follows:

	Group		Parent	
	2009 $000	**2008 $000**	**2009 $000**	**2008 $000**
Not Past Due	8,510	5,266	3,889	2,698
Past Due 0 - 30 Days	237	720	34	0
Past Due 31 - 60 Days	72	114	4	0
Past Due More Than 60 Days	226	221	41	28
	9,047	6,320	3,969	2,727
Allowance for Impairment	(62)	(10)	(36)	(4)
	8,984	**6,310**	**3,932**	**2,723**

An allowance for impairment of receivables relates to debts past due by more than 60 days and is based on an analysis of individual balances.

Loans receivable are secured by way of bond or other commercial arrangement. The value of security is at least equal to the value of the outstanding loan balance.

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 obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

Foreign Currency Risk
The Group has minimal currency risk given that financial instruments are principally transacted in New Zealand dollars. Foreign exchange contracts are employed by the Group to manage its exposure to currency fluctuations for major transactions denominated in currencies other than New Zealand dollars.

Interest Rate Risk
The Group manages its exposure to changes in interest rates on borrowings in line with policy parameters set in its Treasury Policy. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating interest rate exposures.

Interest rate swap contracts outstanding at balance date:

	Contracted Fixed Interest Rate 2009 $000	2008 $000	Notional Principal Amount 2009 $000	2008 $000	Fair Value 2009 $000	2008 $000
Outstanding Floating to Fixed Contracts:						
Less Than One Year						
1 to 3 Years	6.95%	6.95%	4,000	4,000	(268)	111
3 to 5 Years	7.51%	8.33%	5,000	5,000	(474)	(32)
			9,000	**9,000**	**(742)**	**79**

These swap contracts have been designated as cashflow hedges.

Other Market Price Risk
The entity is not exposed to substantial other market price risk arising from financial instruments.

Capital Management
The Group's capital includes share capital, reserves, retained earnings and minority interests. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and shareholder confidence and to sustain future development of the business. The impact of the level of capital on shareholders' returns is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group is not subject to any externally imposed capital requirements.

The allocation of capital between its specific business segments operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific business segment operations and activities is undertaken independently of those responsible for the operations and activities.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in the Group's management of capital during the period.

Sensitivity Analysis
In managing interest rate and currency risks, the Group aims to reduce the impact of short term fluctuations on the Group's earnings. Over the longer term however, permanent changes in foreign exchange and interest rates will have an impact on profit.

At 31 March 2009, it is estimated that a general increase of one percentage point in interest rates could decrease the Group's profit by $107,500 (2008 $95,000) and equity (excluding retained earnings) by $243,000 (2008 $204,000).

It is estimated that a general increase of one percentage point in the value of the New Zealand dollar against other foreign currencies would have decreased the Group's profit before tax by less than $10,000 for the year ended 31 March 2009 (2008 less than $10,000).

A decrease in both interest rates and exchange rates would have the opposite impact on profit than that described above.

Classification of Financial Instruments

Group 2009	Note	Designated at Fair Value $000	Loans and Receivables $000	Held to Maturity $000	Available for Sale $000	Other Amortised Cost $000	Total Carrying Value $000
Current Assets							
Cash and Cash Equivalents	15		1,862				1,862
Trade and Other Receivables	16		8,868				8,868
Finance Lease Receivable	14		116				116
			10,846				10,846
Non Current Assets							
Other Investments	13		1,858	42	110	724	2,734
Finance Lease Receivables	14		94				94
			1,952	42	110	724	2,828
Total Financial Assets			**12,798**	**42**	**110**	**724**	**13,674**
Current Liabilities							
Trade and Other Payables	21					5,412	5,412
Finance Lease Payables	20					90	90
Loans and Borrowings	19					19,779	19,779
						25,281	25,281
Non Current Liabilities							
Loans and Borrowings	19					300	300
Financial Derivatives		742					742
Finance Lease Payable	20					200	200
Employee Benefits						350	350
		742				850	1,592
Total Financial Liabilities		**742**				**26,131**	**26,873**

Group 2008	Note	Designated at Fair Value $000	Loans and Receivables $000	Held to Maturity $000	Available for Sale $000	Other Amortised Cost $000	Total Carrying Value $000
Current Assets							
Cash and Cash Equivalents	15		3,004				3,004
Trade and Other Receivables	16		6,210				6,210
Finance Lease Receivable			100				100
			9,314				9,314
Non Current Assets							
Other Investments	13		2,460	232	110	675	3,477
Finance Lease Receivables	14		211				211
			2,671	232	110	675	3,688
Total Financial Assets			**11,985**	**232**	**110**	**675**	**13,002**
Current Liabilities							
Trade and Other Payables	21					4,866	4,866
Loans and Borrowings	19					121	121
						4,987	4,987
Non Current Liabilities							
Loans and Borrowings	19					18,829	18,829
Financial Derivatives		(79)					(79)
Employee Benefits						330	330
		(79)				19,159	19,080
Total Financial Liabilities		**(79)**				**24,146**	**24,067**

Parent 2009	Note	Designated at Fair Value $000	Loans and Receivables $000	Held to Maturity $000	Available for Sale $000	Other Amortised Cost $000	Total Carrying Value $000
Current Assets							
Cash and Cash Equivalents	15		404				404
Trade and Other Receivables	16		3,816				3,816
Finance Lease Receivable	14		116				116
			4,336				4,336
Non Current Assets							
Other Investments	13		1,858	42	103	724	2,727
Finance Lease Receivables	14		94				94
			1,952	42	103	724	2,821
Total Financial Assets			**6,288**	**42**	**103**	**724**	**7,157**
Current Liabilities							
Trade and Other Payables	21					3,560	3,560
Loans and Borrowings	19					23,179	23,179
						26,739	26,739
Non Current Liabilities							
Loans and Borrowings	19					300	300
Financial Derivatives		742					742
		742				300	1,042
Total Financial Liabilities		**742**				**27,039**	**27,781**

Parent 2008	Note	Designated at Fair Value $000	Loans and Receivables $000	Held to Maturity $000	Available for Sale $000	Other Amortised Cost $000	Total Carrying Value $000
Current Assets							
Cash and Cash Equivalents	15		167				167
Trade and Other Receivables	16		2,623				2,623
Finance Lease Receivables	14		100				100
			2,890				2,890
Non Current Assets							
Other Investments	13		2,460	232	103	675	3,470
Finance Lease Receivables	14		211				211
			2,671	232	103	675	3,681
Total Financial Assets			**5,561**	**232**	**103**	**675**	**6,571**
Current Liabilities							
Trade and Other Payables	21					1,909	1,909
Loans and Borrowings	19					3,121	3,121
						5,030	5,030
Non Current Liabilities							
Loans and Borrowings	19					18,829	18,829
Financial Derivatives		(79)					(79)
		(79)				18,829	18,750
Total Financial Liabilities		**(79)**				**23,859**	**23,780**

Maturity Analysis of Financial Liabilities

Group 2009	Balance Sheet $000	Contractual Cashflows $000	Less Than 1 Year $000	1 - 2 Years $000	2 - 5 Years $000
Secured Bank Loans	19,750	19,957	19,957		
Reserve Bank Loans	29	31	31		
Redeemable Preference Shares	300	109	22	22	65
Trade and Other Liabilities	3,989	3,989	3,989		
Total Non Derivative Liabilities	**24,068**	**24,086**	**23,999**	**22**	**65**
Interest Rate Swaps:					
Net Interest Settled Outflow (Inflow)	742	832	366	284	182
	24,810	**24,918**	**24,365**	**306**	**247**

Group 2008	Balance Sheet $000	Contractual Cashflows $000	Less Than 1 Year $000	1 - 2 Years $000	2 - 5 Years $000
Secured Bank Loans	18,500	18,873	18,873		
Reserve Bank Loans	150	164	133	31	
Redeemable Preference Shares	300	109	22	22	65
Trade and Other Liabilities	1,752	1,752	1,752		
Total Non Derivative Liabilities	**20,702**	**20,898**	**20,780**	**53**	**65**
Interest Rate Swaps:					
Net Interest Settled Outflow (Inflow)	(79)	(79)	(77)	4	(6)
	20,623	**20,819**	**20,703**	**57**	**59**

Parent 2009	Balance Sheet $000	Contractual Cashflows $000	Less Than 1 Year $000	1 - 2 Years $000	2 - 5 Years $000
Secured Bank Loans	19,750	19,957	19,957		
Reserve Bank Loans	29	31	31		
Redeemable Preference Shares	300	109	22	22	65
Trade and Other Liabilities	3,421	3,421	3,421		
Loans From Subsidaries	3,400	3,664	3,664		
Total Non Derivative Liabilities	**26,900**	**27,182**	**27,095**	**22**	**65**
Interest Rate Swaps:					
Net Interest Settled Outflow (Inflow)	742	832	366	284	182
	27,642	**28,014**	**27,461**	**306**	**247**

Parent 2008	Balance Sheet $000	Contractual Cashflows $000	Less Than 1 Year $000	1 - 2 Years $000	2 - 5 Years $000
Secured Bank Loans	18,500	18,873	18,873		
Reserve Bank Loans	150	164	133	31	
Redeemable Preference Shares	300	109	22	22	65
Trade and Other Liabilities	1,752	1,752	1,752		
Loans From Subsidaries	3,000	3,233	3,233		
Total Non Derivative Liabilities	**23,702**	**24,131**	**24,013**	**53**	**65**
Interest Rate Swaps:					
Net Interest Settled Outflow (Inflow)	(79)	(79)	(77)	4	(6)
	23,623	**24,052**	**23,936**	**57**	**59**

23 Commitments

	Group		Parent	
	31 Mar 09 $000	31 Mar 08 $000	31 Mar 09 $000	31 Mar 08 $000
Capital Commitments				
No Longer Than 1 Year	172	356	100	356
Operating Lease Commitments				
No Longer Than 1 Year	466	204	-	-
1 to 2 Years	431	204	-	-
2 to 5 Years	770	581	-	-
Longer Than 5 Years	49	59	-	-

24 Contingencies

Electronet Services Limited, Mitton Electronet Limited and ElectroNet Transmission Ltd have provided guarantees secured over the assets of the companies, to the Westpac Bank in relation to debts owed by Westpower Limited.

ElectroNet Services Limited has contractor bonds of $45,898 held by Westpac. (2008 $345,898)

Electronet Services Limited has provided a guarantee in relation to the property leased by Mitton Electronet Limited.

The Group has no other contingent liabilities or contingent assets.

25 Reconciliation of Profit for the Period With Net Cash From Operating Activities

	Group		Parent	
	2009 $000	2008 $000	2009 $000	2008 $000
Profit for the Period	**3,767**	**8,482**	**1,221**	**7,270**
Adjustments for Non Cash Items				
Depreciation	4,035	3,756	3,402	3,223
Amortisation of Intangibles	150	158	95	112
Loss on Revaluation of Land and Buildings		91		91
Vested Assets	(1,314)	(1,441)	(1,314)	(1,441)
Unwinding of Discount	(49)	(46)	(49)	(475)
Loss (Gain) on Sale of Property, Plant and Equipment	299	6	308	0
	3,121	**2,524**	**2,442**	**1,510**
Movement in Working Capital Items				
Change in Trade and Other Receivables	(2,658)	(1,029)	(1,193)	51
Change in Finance Lease Receivable (Current)	(16)	(14)	(16)	(14)
Change in Finance Lease Receivable (Non Current)	117	100	117	100
Change in Inventories	(226)	(393)	(258)	(83)
Change in Trade and Other Payables	546	99	1,651	(1,448)
Change in Current Tax Asset	454	(278)	(37)	(182)
Change in Deferred Tax	608	(698)	591	(726)
Change in Employment Entitlements (Non Current)	20	19		
Adjustments for Items Classified as Investing Activities				
Change in Capital Creditors	(1,244)	389	(1,051)	494
Net Cash from Operating Acitvities	**4,491**	**9,201**	**3,467**	**6,971**

26 Related Parties

Parent and Ultimate Controlling Party
The immediate parent of the Group is Westpower Limited and the ultimate controlling party of the Group is West Coast Electric Power Trust. See summary of group entities Note 27.

Directors Interests
Directors or their related parties hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with directors and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Note	Transaction Value for the period ended		Balance Outstanding	
		31 Mar 09 $000	**31 Mar 08 $000**	**31 Mar 09 $000**	**31 Mar 08 $000**
Director:					
H Little	(i)	8	12	0	0
S Merriman	(ii)	13	32	0	7
R Cornelius	(iii)	13	17	2	0

(i) The Group provides services to Westland Milk Products Limited and the Station Restaurant. H Little is the deputy chief executive of Westland Milk Products Limited and owner/director of the Station Restaurant.

(ii) The Group provides services to Marshall and Heaphy Limited and the West Coast Historical and Mechanical Society. S Merriman is the managing director of this Marshall and Heaphy Limited and an officer of the West Coast Historical and Mechanical Society.

(iii) The Group provides services to CMP Kokiri Limited. R Cornelius is a director of this company.

Other Related Party Transactions

	Transaction Value for the Period Ended		Balance Outstanding	
	31 Mar 09 $000	**31 Mar 08 $000**	**31 Mar 09 $000**	**31 Mar 08 $000**
ElectroNet Services Limited and Westpower Limited				
Services Provided to Westpower	14,408	10,742	2,776	1,197
Services Received from Westpower	107	75	13	7
Loan from Westpower	(1,500)	1,500	0	1,500
Loan to Westpower	400	0	400	0
ElectroNet Services Limited and Amethyst Hydro Limited				
Services Provided to Amethyst Hydro	12	20	14	4
ElectroNet Services Limited and Mitton ElectroNet Limited				
Services Provided to Mitton ElectroNet	74	77	8	5
Services Received from Mitton ElectroNet	397	998	22	54
Purchase of Shares in Mitton ElectroNet	0	250	0	0
Dividend Paid by Mittion ElectroNet	325	0	0	0
Mitton ElectroNet Limited and Westpower Limited				
Services Provided to Westpower	389	151	59	52
Loan Advance from Westpower	0	4,275	4,275	4,275
Interest Paid to Westpower	336	368	15	33
Mitton ElectroNet Limited and Amethyst Hydro Limited				
Services Provided to Amethyst Hydro	219	90	90	4
Westpower Limited and Amethyst Hydro Limited				
Interest Paid to Amethyst Hydro	232	260	11	23
Advance to Westpower	0	0	3,000	3,000
ElectroNet Services Limited and ElectroNet Transmission Limited (ETL)				
Services Provided to ETL	143	0	14	0
Services Provided by ETL	50	0	48	0
Purchase of Shares in ETL	0	1,500	0	0
Loan Advance to ETL	670	100	30	100
Interest Paid to ETL	17	0	0	0
Westpower Limited and ElectroNet Transmission Limited				
Loan Advance to ETL	30	1,470	1,500	1,470
Interest Paid to Westpower	118	0	7	0

All transactions with related parties were conducted on an arms length basis at normal commercial terms.

Key Management Personnel Compensation

Key management personnel include the Board of Directors and senior management.

	31 Mar 09 $000	31 Mar 08 $000
Salaries and Other Short Term Benefits	1,320	972
Post Employment Benefits	0	0
Other Long Term Benefits	0	0
	1,320	**972**

27 Group Entities

Subsidiaries	Country of Ownership Incorporation	Interest (%) 2009	2008
ElectroNet Services Limited (ENS) (Subsidiary of Westpower)	New Zealand	100	100
Mitton ElectroNet Limited (Subsidiary of ENS)	New Zealand	100	100
ElectroNet Transmission Limited (Subsidiary of ENS)	New Zealand	100	100
Amethyst Hydro Limited (Subsidiary of Westpower)	New Zealand	80	80
West Coast Options Limited (Not Trading)	New Zealand	100	100

28 Statement of Performance

		Actual 2008/09	Target 2008/09	Actual 2007/08	Target 2009/10	Target 2010/11
Group Commercial Performance Targets						
Capital ratio		69%	Not <50%	70%	Not <50%	Not <50%
Net Surplus Before Interest and Tax (as a Percentage of Total Assets)		4.9%	6%	7.4%	6%	8%
Net Surplus, After Tax, to Equity		4.0%	5%	9.3%	5%	7%
Contracting External Revenue as Percentage of Total Subsidiary Revenue	2	56%	30%	61%	30%	30%
Asset Management Plan Expenditure to Budget	3	68%	95%	87%	95%	95%
Non-Commercial Performance Targets						
SAIDI (System Average Interruption Duration Index)	1, 4	382.47	< 110	150.52	< 110	< 110
CAIDI (Customer Average Interruption Duration Index)	1, 4	123.69	< 100	106.81	< 100	< 100
SAIFI (System Average Interruption Frequency Index)	1, 4	3.09	< 1.1	1.41	< 1.1	< 1.1

1. Excludes Transpower outages to ensure consistency with threshold compliance measures mentioned elsewhere in this report.
2. The increase was due to external revenue generated by Mitton Electronet Limited and Electronet Transmission Limited.
3. The Asset Management Plan included expenditure on the DOB-RFN 110kV Line. This project was delayed.
4. In 2009 Westpower's performance was significantly affected by a number of high impact and widespread weather events, in particular wind storms in July and November 2008.

29 Post Balance Date Events

No significant events have occurred in the period between balance date and the authorisation of the financial statements for issue by the Board of Directors.

Audit New Zealand
Mana Arotake Aotearoa

AUDIT REPORT

TO THE READERS OF WESTPOWER LIMITED AND GROUP'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2009

The Auditor-General is the auditor of Westpower Limited (the company) and group. The Auditor-General has appointed me, S M Tobin, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company and group, on his behalf, for the year ended 31 March 2009.

Unqualified Opinion

In our opinion:

- The financial statements of the company and group on pages 17 to 50:
  - 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 2009; and
    - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the company and group on page 50 gives a true and fair view of the achievements measured against the performance targets adopted for the year ended 31 March 2009.
- Based on our examination the company and group kept proper accounting records.

The audit was completed on 29 June 2009, 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 statement of service performance 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 statement of service performance. 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 statement of service performance. 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 financial statement and statement of service performance disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. 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 the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must give a true and fair view of the financial position of the company and group as at 31 March 2009. 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 the statement of service performance that gives a true and fair view of service performance achievements for the year ended 31 March 2009. 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 statement of service performance 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 of the annual financial statements we have carried out other audit assignments for the company and group. This involved issuing audit certificates pursuant to the Electricity Distribution (Information Disclosure) Requirements 2008 and the Commerce Act Electricity Distribution Threshold Notice 2004. These assignments are compatible with those independence requirements. Other than these assignments we have no relationship with or interests in the company or any of its subsidiaries.

S M Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements and statement of service performance of Westpower Limited (the company) and the group for the year ended 31 March 2009 included on the company's website. The company's Board of Directors is responsible for the maintenance and integrity of the company's website. We have not been engaged to report on the integrity of the company's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 29 June 2009 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

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

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