




mainpower

2018

A year
in review







MainPower New Zealand Limited is your electricity distributor

On behalf of the communities of North Canterbury, MainPower owns, maintains and operates the poles, wires, substations and other network equipment that deliver electricity safely to your homes, schools and businesses.

MainPower has been a part of North Canterbury for almost 90 years. Our staff of 149 dedicated field and office-based workers are proud of the contribution they make to the region every day.

We are not only a key service provider but also play an important role in making North Canterbury a great place to live and work. In the past year, MainPower has sponsored around 40 community-led initiatives through our community support programme.

Looking ahead, MainPower is committed to contributing towards a bright future for the region by delivering an electricity network that is ready for the future.

The energy sector is facing significant change; from the uptake of solar photovoltaic (PV) technology, to the electrification of the nation's vehicle fleet and moves towards a low carbon economy, our customers' energy needs are changing.

While our core business focus remains providing a safe, secure and reliable power supply to our customers, MainPower is also taking steps to ensure our network is ready to meet the demands of the future.



Financial Highlights

2018
PROFIT
BEFORE TAX

\$8.3
million 

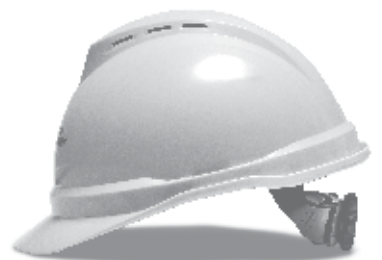
2018
NETWORK CAPITAL
INVESTMENT

\$9.9
million 



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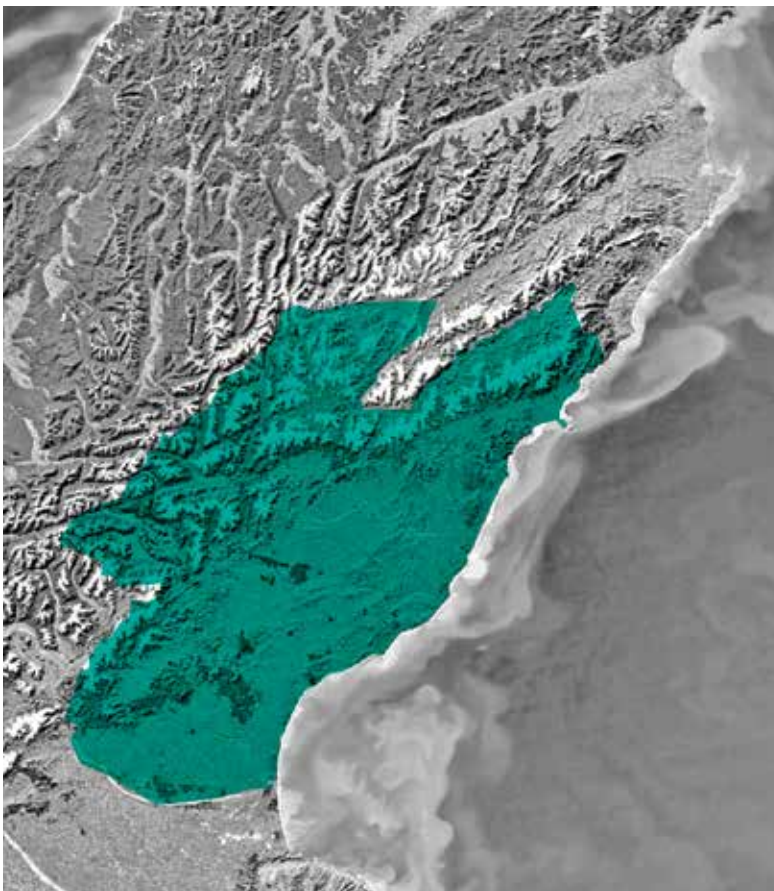
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Welcome

From North of Christchurch, through the Waimakariri, Hurunui and Kaikōura districts, MainPower New Zealand Limited delivers electricity to North Canterbury.

MainPower's purpose is simple. It is our job to provide and maintain a safe and reliable electricity distribution network, capable of powering the homes and businesses in our region.



Who owns MainPower?

MainPower's ownership structure is designed to benefit the people of North Canterbury. The MainPower Trust holds the ownership of MainPower New Zealand Limited on behalf of the qualifying customers*. The seven Trustees appoint MainPower's Board of Directors, monitor the company's performance through its Statement of Corporate Intent and regularly meet with the Directors.

Consumer ownership of MainPower entitles qualifying customers to a rebate. Once a customer is connected to the MainPower network, that customer is issued with a redeemable preference share (also called a rebate share) in MainPower through which they receive a rebate and this has the effect of reducing their monthly lines charge.

* Customers previously connected to the Kaiapoi Electricity Network and builders temporary supply are not deemed qualifying customers under the Trust Deed.

GENERATION

Generators produce electricity. Around 30% of your electricity bill goes towards the cost of generating the electricity you use.

TRANSMISSION

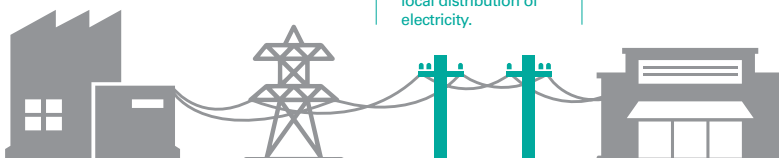
Transpower is the state-owned enterprise responsible for transmitting electricity produced by generators. Around 10% of your electricity bill goes to paying costs involved in the national grid.

DISTRIBUTION

MainPower is one of 29 electricity distributors or lines companies in New Zealand, responsible for the power lines and distribution networks in local areas. Around 26% of your electricity bill goes to paying costs involved in the local distribution of electricity.

RETAIL

Retailers sell electricity to residential and business customers. Around 30% of your electricity bill goes to paying costs involved in the retail sector (including GST).




MAINPOWER, BY THE NUMBERS


Total number
of employees  **149**

Number of
Depots  **3**

Kilometers of lines
and cables  **5,030**

Volume of
electricity distributed  **604 GWh***

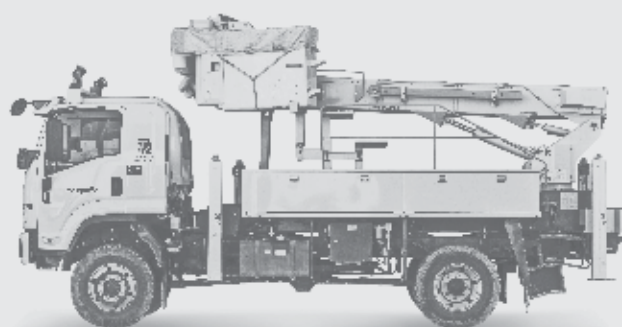
Average supply interruptions per
customer during the 2017-18 year  **1.60**

Annual expenditure on
vegetation management  **640k**

Number of connected
customers  **40,624**

Qualifying customer
rebates  **\$9.8 million**

Total
assets  **\$305 million**



*Gigawatt hours is a unit of energy equivalent
to one million kilowatt hours (kWh)



Chair's Review

In last year's Annual Report and at the Annual Meeting, we commented on changes that were taking place within MainPower arising from orderly succession, people deciding to move on, and industry challenges. It is worth recapping what has occurred during the 2017/18 year involving our people.

The MainPower Trust has a new Chair, Kevin Brookfield, who has replaced Catherine McMillan. The Board appreciated the always constructive way we interacted with Catherine and look forward to maintaining a similar relationship with the Trust under Kevin's leadership.

Three Board retirements flagged last year (Gill Cox, Peter Cox and Trevor Burt) occurred, leaving the Company with its five current Directors. Judith Hoban is retiring at the 2018 Annual Meeting after over 12 years as a Director. Throughout

this time, she has been a strong advocate for the community and the Company. Her contribution has been greatly appreciated by her Board colleagues. Two new Director appointments are scheduled for approval at the Annual Meeting.

Bruce Emson resigned as Chief Executive, leaving the Company at the end of November 2017. The extended notice period allowed for a smooth transition to our new Chief Executive Andy Lester.

The earthquake and climatic effects that marked the 2016/17 period have been largely absent and, with that, increased profits have been reported on the back of higher lines revenues. This was partially offset by lower contracting revenue. Expenditure on maintenance was lower than budgeted as crews worked in Central Otago assisting with urgent maintenance.



Back in North Canterbury, we undertook a redesign of the way we test poles and schedule work arising from that testing. As of the start of the 2018/19 year, we have all staff back working in our network area, with a modest and predictable pole replacement workload as part of normal asset maintenance activities.

The Parent Company had strong operating cashflows of \$20.6M which, when combined with capital expenditure at a level of \$9.0M (which is the Parent total fixed asset additions for the year), meant we were able to reduce debt to \$23M at balance date. This puts the Company's finances in a very strong position as we look towards the longer term.

During the year we finished a strategic review process which was focused on the long-term viability of lines businesses

considering the technological and regulatory changes ahead. That process has given confidence in a continuing central role for MainPower in the North Canterbury area and we are now developing more detailed plans for investments and changes to position us for the future. It is the Board's expectation that these moves should start to become evident during the next year.

The Board is looking forward to a period where, along with management, we can focus on strategy implementation and investment for network fitness and business growth.

Tony King
Chairman
MainPower New Zealand Limited

MainPower Board of Directors

Tony King Chair



Judith Hoban



Janice Fredric



Graeme Abbot



Stephen Lewis







Chief Executive's Message

Andy Lester joined MainPower in November 2017, taking over from outgoing Chief Executive Bruce Emson.

Welcome to MainPower's Annual Report for 2018. This is our opportunity to share a summary of our performance over the 2017/18 financial year and our goals for the year ahead.

MainPower is a community-owned enterprise, which means that our customers are our owners. It also means that MainPower's success is our customer's success.

In the 2017/18 financial year, MainPower has had a positive financial performance. We have been able to provide \$9.8M worth of rebates to our customers. We've also been able to distribute \$469,000 to community groups and initiatives

through our community sponsorship programme. Ranging from youth sports scholarships to learn to swim programmes, supporting the arts and sponsoring business excellence awards, MainPower is proud to support North Canterbury and the people within it.

These pleasing results were achieved by a team of extremely dedicated, skilled and valuable employees who approach their task of "keeping the power on" very seriously and professionally.

When I joined the team at MainPower last year, I found a company in transition. An organisational restructure was underway and the wider electricity industry was starting to seriously consider the impact that new technologies will have on future operations.



As we continue this journey, our company values provide guidance for how we will approach and achieve our goals.

Do what's right – we want to behave with integrity and deliver on our responsibility to provide a safe, secure electricity distribution network to the people of North Canterbury.

Make it better – we want to find even more efficient ways of operating, have a positive impact on our community and be leaders in innovation and technology, while delivering true value to our shareholders.

Work together – we want to partner in our customers' energy futures and work collaboratively across the New Zealand energy sector to achieve great results for the people of North Canterbury.

Make it happen – we want to take action and provide tangible results, building towards a positive future.

As I look to the year ahead, I am confident that MainPower will continue to deliver value to our customers and will plan for and rise to the challenges that the future will bring.

Andy Lester
Chief Executive
MainPower New Zealand Limited

Work continues within MainPower to realign the business to be in a position of strength to meet the challenges that the future will hold. Our goal is to partner in our customers' energy futures. This means improving our internal processes and getting to know who our customers are and what they want. It also means having a keen understanding of emerging technologies and the impact they will have on the network 10, 20, or another 90 years down the line.

It is our responsibility to plan for the future and develop an electricity distribution network that is ready for our customers' future needs. Over the last year, we've embarked on a number of business initiatives including undertaking a full review of our asset management practices and processes, implementing new customer relationship management software and upskilling our staff.

The Network

MainPower owns and operates the electricity distribution network of North Canterbury. Serving a population of over 65,000, the network is made up of 5,030 kilometers of overhead lines and underground cables. Our core focus is on providing a safe, secure and reliable supply of electricity to our customers today and into the future.

Asset management

In the past year, MainPower has taken a fresh look at our asset management practices and network development planning, carrying out reviews internally and through independent auditors. A complete analysis of the results, along with an implementation plan for future improvements is presented in MainPower 2018-2028 Asset Management Plan, available on our website.

The review process has resulted in a decrease in the amount of both operational and capital expenditure over the financial year ending March 2018. While the work on our wider asset management and network development planning takes place, our core focus remains unchanged; providing a network that is safe, reliable and serves the needs of our customers in the present.

Network projects

Along with network maintenance work, MainPower has undertaken several large projects this past year.

Ravenswood Commercial Development

The Ravenswood Commercial Development involved connecting 40 lots of commercial land to the network. The work took place over a six month period from September 2017 to February 2018. Work was also undertaken to future-proof the network for the upcoming Ravenswood Residential Development and to ensure security of supply for the Pegasus Township and surrounding areas.

Amuri Irrigation Scheme

The Amuri Irrigation Scheme irrigates over 28,000ha in the Amuri Basin, taking water from the Waiau and Hurunui Rivers. In 2017, the Amuri Irrigation Company (AIC) undertook a project to upgrade 131km of its open race irrigation scheme in Culverden to a pipe network. The project included several power supply upgrades and pole relocations.

MainPower completed multiple jobs connected with the upgrades including, installing transformers, building new overhead lines, running underground cables and relocating poles.






The AIC nominated MainPower Project Manager Steven Benney for the PMINZ Emerging Project Manager Award for his outstanding work coordinating this large-scale project, which was ultimately delivered on time and to a high standard. Steven is a finalist for the award.

Hurunui Water Project

The Hurunui Water Project is a farmer-conceived and owned irrigation scheme focused on providing farming and community resilience against drought, to ensure the sustainability and future wellbeing of the Hurunui district. MainPower is a founding shareholder in the Hurunui Water Project.

Our customers

Large users are typically big commercial and industrial enterprises like manufacturers or large retail establishments. Non-residential includes commercial and business customers who are not big enough to be categorised as 'large users'. The 'other' category contains the likes of council pumping and street lighting.

Residential	32,476	
Large Users	46	
Irrigation	1,427	
Non-residential	5,952	
Other	768	

New connections



2014	1,396
2015	1,241
2016	984
2017	1,030
2018	964



CUSTOMERS AT THE CENTRE

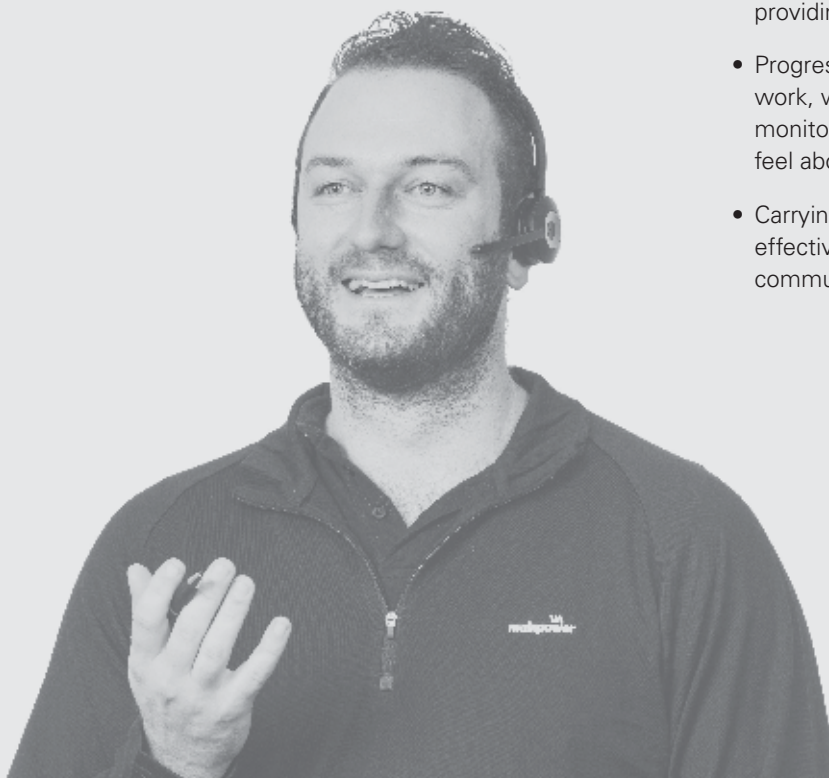
Over the last few years we have been rethinking our approach at MainPower. Work is underway to realign the business to a more customer-centric model. We've begun a number of projects aimed at increasing our understanding of our customers and providing an overall better level of customer service. Our focus is on empowering our customers and community to make a difference in their local lines company.

Hearing the voice of the customer

Our goal is to partner in our customers' energy futures. By considering our customers' needs and expectations alongside technological advances and industry trends, we are not only able to improve our services and products for today, but also make the best decisions around asset management and network development into the future.

We've taken significant steps in this direction over the past year through our customer research programme. Key activities have included:

- Benchmarking our current service levels through an online service monitoring survey which was completed in July 2017. We are now working on completing another survey a year on to understand how we are tracking in providing great customer service.
- Progressing our 'Voice of the Customer' work, which will allow us to continually monitor and understand how our customers feel about their interactions with MainPower.
- Carrying out research to understand how effective MainPower is at engaging with the community.



What we're learning

The Voice of the Customer research told us that our customers want MainPower to prioritise getting the basics right; being consistent with our service delivery and keeping costs down.

Scorecard

Friendliness of MainPower staff	4.43 out of 5
Quality of work completed	3.86 out of 5
Timeliness of service	3.57 out of 5
Communication received throughout	3.57 out of 5
Reliability of MainPower staff	3.29 out of 5
The final price	3.23 out of 5

Service Monitoring Survey, July 2017

MainPower's place in the community

MainPower is extremely proud of the role we play within the local community. Continuing to understand how effective we are with community engagement is an important part of our research programme.

Of the survey respondents:

48% had seen advertising from MainPower

70% could recall at least one safety message

74% had seen at least one form of community sponsorship from MainPower

Community Engagement Survey, December 2017

What's next?

We're continuing to build our customer research programme by developing new ways of capturing customer insights. If you would like to register your interest in participating in MainPower's future research, please email your details to: customerengagement@mainpower.co.nz



Have your say

Visit our website to see what community consultation projects are currently on the go.

www.mainpower.co.nz

MACK

This year we have also introduced customer relationship management (CRM) software into the business. The CRM, known as MainPower's Accessible Customer Knowledge (or 'MACK'), is essentially a database where customer enquiries are tracked and managed. Though this project is still in its early stages, over time, the data captured in MACK will help MainPower better understand our customers and improve end-to-end service.



Health and Safety at work

The safety of our people and community is our highest priority. We continue to look for ways to make improvements to our systems and to adopt even better practices for keeping our staff and community safe.

At MainPower, we all have a part to play in bringing about safe outcomes. Ongoing investment in training, equipment and work procedures are part of our continued commitment to ensuring the safety of our people.

Review

The Health and Safety at Work Act has been in place since 2016. The new legislation has been a catalyst for MainPower to review our approach to managing risk and harm to our people, community and public property.

We have built on our past successes, continuing to carry out timely and effective engagement with our people to ensure their wealth of knowledge and experience influences the decisions that the company makes to control risks.

Vault

With the implementation of a new event management system (Vault) in 2017, all employees now have the capacity to report incidents, inspections, audits and observations in real time. Senior managers and other relevant employees are informed of events as they are reported, allowing for a more efficient response if required.





Supporting the health and wellbeing of our people

The Health and Safety at Work Act 2015 has a strong focus on improving workplace health in New Zealand. MainPower has a comprehensive Wellbeing Programme that aims to achieve just that. The programme includes a number of health checks for employees, from hearing and vision tests through to free on-site flu vaccinations. The programme also aims to support employees' overall health and wellbeing by making healthy habits more accessible. Subsidised health insurance, discounted gym membership and entry into local sporting events are a few examples of how healthy lifestyles are encouraged both at work and at home for MainPower employees.

Health and Safety Committee

Over the last year, our Health and Safety Committee, made up of representatives from across the organisation, has worked on a number of projects including:

- job packs
- pole safety
- a review of our hazard register to improve risk management
- the development of safe work practices and safe operating procedures

Kirk's Coast to Coast challenge

After many months of training, MainPower Cable Joints Kirk McDonald lined up with hundreds of other competitors at the start line of New Zealand's most iconic multi-sport event, the Coast to Coast. Starting at Kumara Beach on the West Coast and traversing the width of the South Island, Kirk completed the 243 kilometer challenge over two gruelling days. MainPower was proud to support Kirk through funding the entry fees for the event.



KEEPING THE COMMUNITY SAFE

MainPower run a number of public safety awareness campaigns each year with a focus on staying safe around overhead lines and underground cables, general electrical safety around the home or farm, and the importance of trimming trees and vegetation around the network.



70%

of customers can recall one MainPower safety message clearly



28%

reported changing or considering their behaviour due to a MainPower safety message



Tree safety

– the safety message recalled by most survey respondents

MainPower Community Engagement Survey, December 2017

Down the Back Paddock

This year we continued our involvement with Injury Prevention Waimakariri's 'Down the Back Paddock' in-schools education programme. MainPower staff visit schools and share electrical safety information to the region's children.



Thank you cards from Loburn School students who enjoyed their 'Down the Back Paddock' electrical safety lesson'



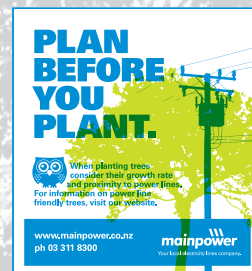
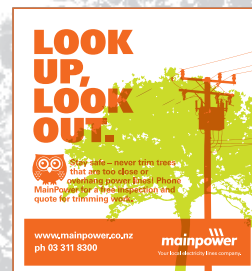
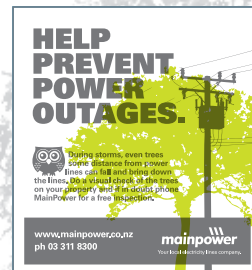
Thank you for telling Loburn School about electricity. I learnt that electricity can flow through water.
From Alex S

Thanks for coming to help me learn about electricity. I learnt how electricity can go through me and I did not know it can go through water.
From Ned

Thank you for telling Loburn School about keeping safe around power lines and electric fences and for telling us how electricity is made.
From Josh

Awareness campaigns

This year we updated our tree safety ads, which run in local papers and cinemas.





Tree safety

Trees and other vegetation coming into contact with power lines is one of the biggest causes of faults on the MainPower network. Our team of highly trained arborists work year-round to maintain vegetation around the network to keep the community safe.

New technology

The electricity distribution sector is entering an exciting period of change. New technologies present opportunities to change the way things have always been done and to find better, more efficient and environmentally friendly ways of powering the region.

Charging up

MainPower has partnered with ChargeNet to install electric vehicle (EV) charging stations in Culverden and Amberley. The rapid chargers are capable of refilling an empty EV battery in around 20 minutes.

A strong recharging infrastructure is an essential element in the widespread adoption of EVs. MainPower plans to continue working with recharging infrastructure vendors to support the uptake of electric vehicles in the region. Next on the agenda is a second charging station for Kaikōura.

This year MainPower has also added two Mitsubishi plug-in hybrid electric vehicles (PHEVs) to our fleet. The vehicles have a range of around 880km and have been used as pool vehicles for staff needing to travel across our distribution area.

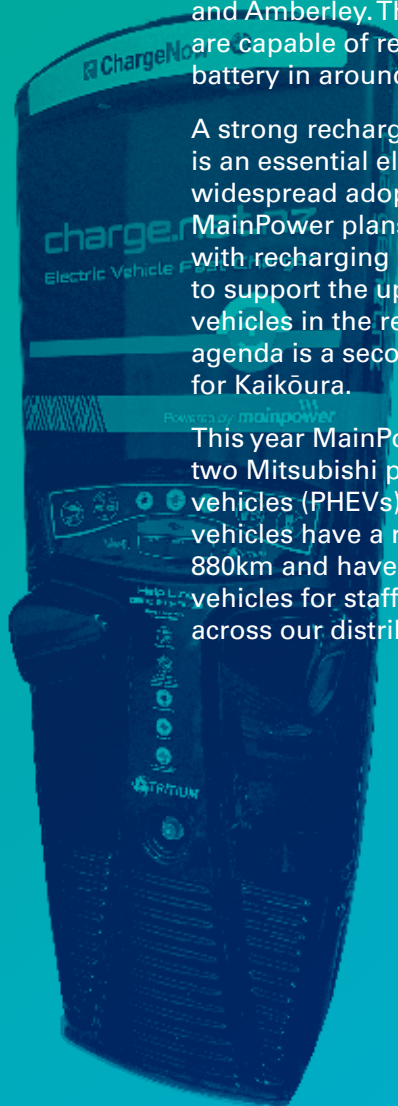
EV designers of the future

EVelocity is an organisation dedicated to promoting electric vehicles and encouraging young people to consider pursuing careers in science and technology.

To achieve this, EVelocity run EV racing events throughout the country. Teams of high school students sign up and receive an electric componentry kit (motor, charger, controller, batteries and cables), which they use to design and build their own vehicles to compete in the events.

MainPower sponsor the schools of North Canterbury to participate in the programme. Last year, the teams involved came together at Rangiora High School to showcase their vehicles and compare notes ahead of the national championships.

Local EV enthusiasts were also in attendance, with everything on display from a converted van to the top of the line Tesla Model S.





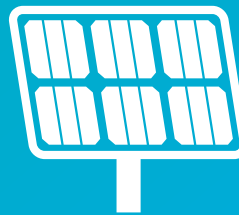
Solar

Solar technology continues to become more accessible to the public. The number of solar connections on the MainPower network has risen again this past year.

Total connections
2016 **411**

Total connections
2017 **623**

Total connections
2018 **737**



EVs in NZ

The number of electric vehicles on New Zealand roads has roughly doubled each year since 2013. The New Zealand government has set a target of having 64,000 registered EVs by 2021.

January
2013 **192**

January
2014 **232**

January
2015 **592**

January
2016 **1114**

January
2017 **2752**

January
2018 **6620**



Source: Ministry of Transport. Figures include plug-in hybrid and pure electric vehicles.

Team MainPower

The MainPower team is made up of 149 dedicated field and office-based staff, spread between three depots in Rangiora, Culverden and Kaikōura. MainPower is one of the largest employers in North Canterbury.

Our strength as a company and our ability to deliver for our customers depends on our employees. We continue to offer an excellent working environment for our people, with opportunities for training and development available.

Circuit training

In the last year, MainPower introduced a new e-learning platform to the business, called Circuit. This online portal supports training at MainPower by providing a centralised library of interactive lessons, videos and educational games. Employees use Circuit during classroom training sessions and can also use it for self-directed professional development courses. Circuit represents one way that MainPower support our employees.

**Number of
apprentices
in 2017/18**

13



Length of service

Service <= 5 Years	67
Service 6-10 Years	27
Service 11-15 Years	25
Service 16-20 Years	7
Service 21-25 Years	5
Service 26-30 Years	3
Service 31-35 Years	5
Service 36-40 Years	9
Service >=41 Years	1



Age of employees

Age 21-30	22
Age 31-40	27
Age 41-50	49
Age 51-60	39
Age 61+	12



Work experience students

MainPower is also keen to support young people entering fields related to electricity distribution. Over the summer, we had two work experience students from the University of Canterbury's College of Engineering on board. The pair rotated between departments in the Assets and Capital works team and gained some valuable hands on experience across a range of electrical engineering projects.



Staff who gained qualifications in 2017/18

11

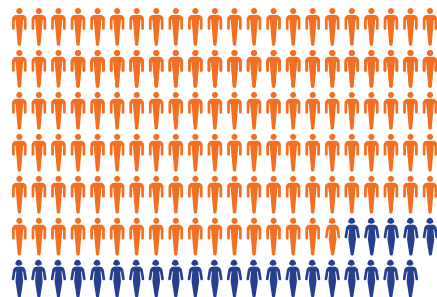
Gender diversity



Board of Directors



Leadership Team



All Employees



Community Sponsorship



MainPower is a proud member of the North Canterbury community. Not only do we provide an essential service in the form of a safe and reliable electricity distribution network, but we are keen supporters of local community initiatives.

With a focus on youth, environmental sustainability, energy efficiency and economic development, our community sponsorship programme supports dozens of causes each year.



Youth

MainPower North Canterbury Sports Awards

MainPower Youth Sports Scholarships

MainPower Primary School Coaching Programme

WaiSwim Programme

Primary & Secondary School Prizes

MainPower Scholarship for electrical engineering

Māia Health Foundation

Canterbury Country Cricket Association – MainPower Oval

Big Brothers Big Sisters of North Canterbury

Energy Efficiency

Insulation in Network Area – Community Energy Action

Energy Advice Service – Community Energy Action

Evolocity - Electric Vehicle Competition

Economic Development

Enterprise North Canterbury

North Canterbury Business Awards

North Canterbury Radio Trust (Compass FM)

Rangiora Festival of Colour

Rangiora Winter Festival

Environmental Sustainability

MainPower Hurunui Natural Environment Fund

Green Corps



Community Support

A&P Associations

Omihi School Farm Race

Rural Recharge event

Summer garden concert – Vivacity Consort

Sefton Tug-of-War – Sefton School PTA

Relocation of Ohoka Homestead Gatekeepers Lodge – Ohoka Domain Advisory Group

Rangiora Christmas Night Celebration – Rangiora Promotions

Kaiapoi Christmas Carnival and Santa Parade – Kaiapoi Promotions Association

Run! Don't be dead last fun run fundraiser

Lions Ashley River Ramble

Christmas on the Lake – Pegasus Residents' Group

Rangiora Golf Club

Reflections Community trust

Our people supporting their community

Our employees have also held their own fundraisers and participated in community activities that have made a real difference in the past year.

Movember – raise funds and awareness for men's health

RSA Poppy Day – raise funds for the Returned Services' Association

Light it Orange for Shine – raise funds and awareness for domestic violence prevention

Big Brothers Big Sisters North Canterbury – youth mentoring programme

Community Fund

The 2018 MainPower Community Fund is open until 31 August. Visit www.mainpower.co.nz/community-fund to let us know which causes you think deserve a boost.

2017 recipients – as voted for by the people of North Canterbury

Leithfield School - \$5,000

Completed the school's fundraising efforts for a new playground.

Rotherham School - \$3,800

Contributed towards the year 4-6 camp to Wainui.

Southbrook School - \$2,400

Contributed to projects to enhance and modernise teaching spaces.

Waiau School - \$2,000

Contributed towards a project to install a skate park and bike track at the school.

Miss Lilly's Angel Trust - \$2,000

Contributed towards an earthquake anniversary event to support the residents of Kaikōura.

Waiau School and Community Pool - \$1,800

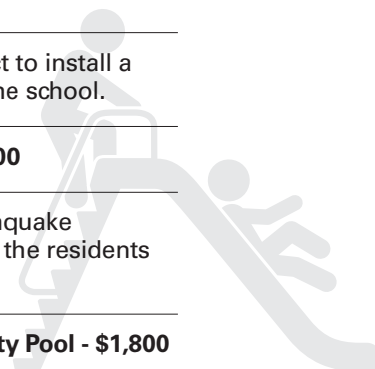
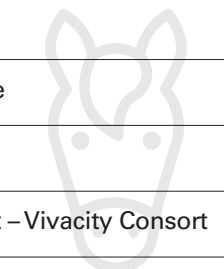
Contributed towards the cost of rebuilding a community pool for the people of Waiau.

Fernside School - \$1,600

Contributed towards the costs of landscaping around a new classroom block.

Broomfield School - \$1,400

The funds went towards various projects within the school.



A photograph of a person holding a large, octagonal sign that says "GO" in white letters on a dark background. The person is wearing a dark jacket with a reflective white stripe on the sleeve. The background shows a road construction site with a traffic cone and a blurred background of trees and buildings. The entire image has a teal color overlay.

Mainpower
New Zealand
Limited

Financial Report 2018



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Directory

Directors

Tony King	Chair
Judith Hoban	Director
Janice Fredric	Director
Graeme Abbot	Director
Stephen Lewis	Director

Senior Management

Andrew Lester	Chief Executive
Sandra O'Donohue	Human Resources Manager
Mark Appleman	Assets & Capital Works Manager
Geoff Gale	Chief Information Officer
Rob Wilson	Operations Manager
Warren Wright	Finance Manager
Scott Taylor	Chief Executive, VirCom Energy Management Services Limited

Registered Office

172 Fernside Road, P O Box 346
Rangiora 7440

Banker

Westpac New Zealand Limited, Rangiora

Principal Solicitors

Duncan Cotterill, Christchurch
Brandts-Giesen McCormick, Rangiora

Auditor

Deloitte Limited, Christchurch

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www.mainpower.co.nz

Directors' Report

The Directors of MainPower New Zealand Limited ("MainPower") have pleasure in presenting the Annual Report for MainPower and its subsidiaries: VirCom Energy Management Services Limited, Electro Services NZ Limited and Tasman Electrical Limited for the financial year ended 31 March 2018.

The Annual Report has been prepared as two separate documents; firstly an Annual Review; and secondly the Directors' Report and Financial Statements. Both documents have been forwarded to the Ordinary Shareholders.

The Annual Review has been forwarded to all Preference Shareholders. Preference Shareholders have also been provided with the opportunity of receiving the Directors' Report and Financial Statements.

Financial Reporting

The Companies Act 1993 requires Directors to prepare financial statements for the Group for each financial year so as to present fairly, in all material respects the financial performance and the state of affairs of the Group for that financial year.

The Directors consider that in preparing the Group financial statements, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used and all relevant financial reporting standards have been followed.

The Directors have responsibility for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable them to ensure that the financial statements comply with the Financial Reporting Act 2013.

The Directors have general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group, to ensure compliance with all statutory and regulatory requirements and to prevent and detect fraud and other irregularities.

Principal Activities of the Group

MainPower was established in accordance with the requirements of the Energy Companies Act 1992 and the Companies Act 1993. The Group owns and manages the electricity distribution network throughout the North Canterbury region.

VirCom Energy Management Services Limited provides NZ qualified and registered field services capability with nationwide coverage. The business focuses on core metering, solar, battery, and electrical installation and maintenance services. VirCom uses a combination of permanent technicians and subcontractors, which are supported by in-house developed training, systems, and auditing programs.

Electro Services NZ Limited was a power system and electrical contractor based in Richmond, Nelson providing power system reticulation, industrial electrical service installations, workshop services and generator sales and hire. At 31 March 2010 the business and assets of Electro Services NZ Limited were sold to Buller Electricity Limited and the company's operations have been wound up.

Directors holding office during the year

Anthony Charles King	Chair
Judith Anne Hoban	Director
Janice Evelyn Fredric	Director
Graeme David Abbot	Director
Stephen Paul Lewis	Director
Wynton Gill Cox	Resigned August 2017
Peter Antony Cox	Resigned August 2017
Trevor Burt	Resigned July 2017

Dividends

The Directors of MainPower New Zealand Limited have resolved that no dividend will be payable.

Rebates

The holding of a Rebate Share entitles Preference Shareholders (Qualifying Customers) to a rebate of part of their variable distribution line charges. The rebate totalled \$9.833M for the 2017-2018 financial year. The Directors of the Group have approved rebates for the 2018-2019 financial year of \$9.719M.

Financial Results

Results for the Year Ended 31 March

	Group 2018 \$000	Group 2017 \$000
Profit Before Tax and After Rebates	8,304	5,910
Taxation	2,274	1,788
Profit for the year	6,030	4,122
Equity		
Share Capital	56,774	56,774
Reserves	170,656	164,626
Total Equity	227,430	221,400

Auditor

Deloitte Limited is the auditor of MainPower and has signified its willingness to continue in office. A resolution to appoint Deloitte Limited as auditor in accordance with Section 196(1) of the Companies Act 1993 will be proposed at the Group's Annual Meeting.

The MainPower Group has adopted a policy to ensure that audit independence and integrity is maintained. The provision of non-audit services by the auditor of the Group requires the prior approval of the Audit Committee to ensure that the auditor's independence is not compromised.

On behalf of the Board



A C King

Chairman of Directors
MainPower New Zealand Limited

MainPower Board



TONY KING joined as a Director of MainPower in August 2016. Tony has extensive experience in senior operational and corporate management roles, as an independent consultant and over 10 years as a company director. Tony is a chartered member of the Institute of Directors.

Other directorships: Option One Limited.



JUDITH HOBAN was appointed to the Board of MainPower in December 2005 and is a member of the Board's Remuneration Committee. Judith farms in partnership with her husband at Parham Hill, Culverden and for many years has held governing positions in a wide range of community organisations. Judith also has the distinction of being a Dame Grand Cross of the Order of St John.

Other directorships: The Order of St John.



JANICE FREDRIC joined as a Director of MainPower in August 2016 and is Chair of the Board's Audit and Risk Committee. Janice is a professional director with a broad portfolio of current and past directorships, extensive experience and a chartered accountant.

Other directorships: Maritime New Zealand, Credit Union South, Moore Stephens Markham's Christchurch Limited, Lincoln University Council, Hurunui Tourism Board, NZ Shipwreck Welfare Trust (Trustee), Taxcheck.co.nz Limited, LUAGRJF GP Limited.



GRAEME ABBOT joined as a Director of MainPower in August 2016 and is Chair of the Board's Remuneration Committee. Graeme is currently General Manager of Hanmer Springs Thermal Pools and Spa, working closely with the complex owner Hurunui District Council, to promote the local region as a significant tourism destination.

Other directorships: Hurunui Water Project Limited, Hanmer Springs Thermal Pools & Spa (General Manager).



STEPHEN LEWIS was appointed to the Board of MainPower in September 2008 and is a member of the Board's Audit and Risk Committee. Stephen is a company director and business consultant based in Christchurch.

Other directorships: Dance and Physical Theatre Trust.

Financial Statements

**The Directors are pleased to present
the Audited Financial Statements of
MainPower New Zealand Limited and its
Subsidiaries for the Year Ended
31 March 2018.**

Authorised for issue on 25 July 2018
for and on behalf of the board of directors:



A C King
Chairman of Directors
MainPower New Zealand Limited

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Statement of Comprehensive Income

For the year ended 31 March 2018

	Notes	Group 2018 \$000	Group 2017 \$000
Operating Revenue	2	78,196	76,316
Operating Expenses	3, 4	54,747	55,917
Depreciation and Amortisation	5	13,220	13,201
Finance Expenses	6	1,925	1,288
		69,892	70,406
Profit Before Income Tax Expense		8,304	5,910
Income Tax Expense/(Credit)	7	2,274	1,788
Profit and Other Comprehensive Income for the Year		6,030	4,122
Profit for the Year is attributable to:			
Shareholders of the Parent		6,030	3,969
Minority interests		-	153
		6,030	4,122
Comprehensive Income is attributable to:			
Shareholders of the Parent		6,030	3,969
Minority Interests		-	153
		6,030	4,122

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

Statement of Financial Position

As at 31 March 2018

	Notes	Group 2018 \$000	Group 2017 \$000
ASSETS			
Current Assets			
Cash and Cash Equivalents		1,153	662
Current Tax Asset	7	-	80
Trade and Other Receivables	8	8,922	10,694
Inventories	9	2,367	2,319
Other Assets	10	852	285
Other Financial Assets	13	300	2,050
Total Current Assets		<u>13,594</u>	<u>16,090</u>
Non-Current Assets			
Other Financial Assets	13	3,000	-
Property, Plant and Equipment	14	283,839	290,139
Capital Works Under Construction	14A	3,230	3,278
Goodwill	15	713	713
Computer Software	16	1,073	699
Total Non-Current assets		<u>291,855</u>	<u>294,829</u>
Total Assets		<u>305,449</u>	<u>310,919</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Trade and Other Payables	17	7,661	8,236
Current Tax Liability	7	328	-
Interest Rate Swaps	17A	-	170
Total Current Liabilities		<u>7,989</u>	<u>8,406</u>
Non-Current Liabilities			
Net Deferred Tax Liabilities	7	44,428	43,961
Borrowings	18	22,900	34,700
Interest Rate Swaps	17A	2,055	1,681
Other Financial Liabilities	19	4	5
Non Current Provisions	20	643	766
Total Non-Current Liabilities		<u>70,030</u>	<u>81,113</u>
Equity			
Share Capital	21	56,774	56,774
Reserves	22	38,002	38,002
Retained Earnings	23	132,654	126,624
Total Equity Attributable to Parent Equity Holders		<u>227,430</u>	<u>221,400</u>
Minority Interest	24	-	-
Total Equity		<u>227,430</u>	<u>221,400</u>
Total Liabilities and Equity		<u>305,449</u>	<u>310,919</u>

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

Statement of Changes in Equity

For the year ended 31 March 2018

	Notes	Share Capital \$000	Retained Earnings \$000	Asset Revaluation Reserve \$000	Total Parent Company \$000	Minority Interest \$000	Total Equity \$000
Consolidated Entity							
Balance at 31 March 2016		56,774	122,349	38,002	217,125	1,153	218,278
Profit for the Year	23, 24	-	3,969	-	3,969	153	4,122
Total Comprehensive Income		-	3,969	-	3,969	153	4,122
Minority Shareholder Buyout	11		306		306	(1,306)	(1,000)
Balance at 31 March 2017		56,774	126,624	38,002	221,400	-	221,400
Profit for the Year	23, 24	-	6,030	-	6,030	-	6,030
Total Comprehensive Income		-	6,030	-	6,030	-	6,030
Balance at 31 March 2018		56,774	132,654	38,002	227,430	-	227,430

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

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

Cash Flow Statement

For the year ended 31 March 2018

Notes	Group 2018 \$000	Group 2017 \$000
Cash Flows from Operating Activities		
Receipts from Customers	79,587	75,264
Interest received	84	181
Payments to Suppliers and Employees	(55,394)	(55,600)
Interest and Other Finance Costs paid	(1,697)	(1,987)
Income Tax paid	(1,400)	(1,587)
Net Cash Provided by Operating Activities	21,180	16,271
Cash Flows from Investing Activities		
Payments to Associate Company	(250)	(50)
(Payments) / Proceeds from Investment Securities	(1,000)	1,000
Payment for Property, Plant and Equipment	(9,045)	(14,562)
Proceeds from sale of Property, Plant and Equipment	2,273	125
Payment for Intangible Assets	(867)	(169)
Net Cash Used in Investing Activities	(8,889)	(13,656)
Cash Flows from Financing Activities		
Buy Out Minority Shareholder	-	(1,000)
Repayment of Borrowings	(11,800)	(2,700)
Net Cash Provided by Financing Activities	(11,800)	(3,700)
Net Increase / (Decrease) in Cash and Cash Equivalents	491	(1,085)
Summary		
Cash and Cash Equivalents at Beginning of Year	662	1,747
Net Increase / (Decrease) in Cash and Cash Equivalents	491	(1,085)
Cash and Cash Equivalents at End of Year	1,153	662

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

Notes to the Financial Statements

For the year ended 31 March 2018

1. Statement of Accounting Policies

Statement of Compliance

MainPower New Zealand Limited (the Company) is a profit-oriented company incorporated in New Zealand under the Companies Act 1993. The Group consists of MainPower New Zealand Limited and its subsidiaries (refer also to note 11).

MainPower New Zealand's parent and ultimate controlling party is the MainPower Trust.

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR') and other applicable financial reporting standards as appropriate for profit-oriented entities.

The Group has adopted External Reporting Board Standard A1 'Accounting Standards Framework (For-profit Entities Update)' ('XRB A1'). For the purposes of complying with GAAP, the Group is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime ('NZ IFRS RDR')) on the basis that it does not have public accountability and it is not a large for profit public sector entity. The Group has elected to report in accordance with NZ IFRS.

Basis of Financial Statement Preparation

These financial statements are presented in New Zealand dollars, rounded to the nearest thousand.

These financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments as outlined in note 1(e) and property, plant and equipment as outlined in note 1(j) below. Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies have been selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing these financial statements for the year ended 31 March 2018 and the comparative information presented in these financial statements for the year ended 31 March 2017.

There has been a reclassification of rebates in the current year from an operating expense to a reduction in income. This reclassification has no impact on the profit before tax and has been made to more accurately reflect the nature of the rebate. Prior year numbers have been reclassified to ensure consistency.

Critical Judgements, Estimates and Assumptions in Applying the Entity's Accounting Policies

Preparing financial statements to conform with NZ IFRS RDR requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

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

The Group operates an extensive integrated electricity distribution network comprising large numbers of relatively minor individual network asset components. These components are replaced over time as part of an ongoing maintenance/refurbishment programme, consistent with the Group's approved network asset management plan. Any errors in the estimates of such removals are corrected at the next asset revaluation, and are not considered to be material on either an annual or a cumulative basis with respect to either reported net profits or carrying values of the network. Refer also note 1(j) property, plant and equipment regarding revaluations.

The Group invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of an estimation of usage, adjusted for the latest washed-up data available from the electricity wholesale market and certain metering data from electricity retailers. When determining line revenue, management recognises actual amounts billed during the financial period and, if material, makes an adjustment to recognise the estimated value of unread meters where applicable.

Other areas where judgement has been exercised in preparing these financial statements are in relation to assessing the level of any unrecoverable work in progress and calculating provisions for employee benefits and the carrying value of generation assets.

Notes to the Financial Statements *continued*

For the year ended 31 March 2018

1. Statement of Accounting Policies *continued*

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of these financial statements:

(a) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company.

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being MainPower New Zealand Limited and its subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired, exceeds the cost of acquisition, the difference is credited to profit or loss in the period of acquisition. The consolidated financial statements include the information and results of each subsidiary from the date on which the Group obtains control and until such time as the Group ceases to control the subsidiary. In preparing the consolidated financial statements, all intergroup balances and transactions, and unrealised profits arising within the Group are eliminated in full.

In dealing with acquisitions from entities under common control the assets and liabilities of the entity acquired is included at their pre- acquisition carrying amount. Equity of subsidiaries are shown separately in the consolidated Statement of financial position.

Associate Companies - equity accounting

Associates are those entities in which MainPower New Zealand Limited holds an interest in the equity and over which MainPower New Zealand Limited exercises significant influence, generally a shareholding of between 20% and 50% of the voting rights.

Equity accounting involves recognising the Group's share of net surpluses or deficits as part of operating revenue in profit or loss. In the Statement of financial position, the Group's interest in the associate company is carried at an amount that reflects the Group's share of the net assets of that company unless the Group has determined that the Associate Company has little or any value.

(b) Goods and Services Tax

Revenues, expenses, cash flows and assets are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense. Cash flows in respect of payments to and receipts from Inland Revenue are shown net in the statement of cash flows.

(c) Foreign Currency

The functional and presentation currency is New Zealand dollars. Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate ruling at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, investments in money market instruments and bank overdrafts.

Notes to the Financial Statements *continued*

For the year ended 31 March 2018

1. Statement of Accounting Policies *continued*

(e) Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

The classification into the following categories depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss

The Group has certain derivatives which are stated at fair value and the movements are recognised in profit or loss (refer to note 1(q)).

Held to maturity investments

Certain deposits, notes and bonds held by the Group classified as being held to maturity are measured at amortised cost using the effective interest method.

Loans and receivables

Accounts receivable are stated at amortised cost less impairment losses. All known bad debts are written off during the financial year. Inter-group balances due from subsidiaries and associates are stated at cost less impairment losses.

Contract work in progress is stated at cost plus attributable profit to date (based on percentage of completion of each contract) less progress billings. Cost includes all costs directly related to specific contracts and an allocation of general overhead expenses incurred by the contracting subsidiaries. Losses on contracts are taken to profit or loss in the period in which they are identified. Details of the impairment tests performed are disclosed in note 1(i).

(f) Inventories

Inventories are valued at the lower of cost, determined on a weighted average basis, and net realisable value.

(g) Income Tax

Income tax expense in relation to the surplus for the year comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries, except where the Company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

(h) Leased Assets

MainPower leases certain motor vehicles, plant and equipment and land and buildings. All leases are classified as operating leases. Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are recognised as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements continued

For the year ended 31 March 2018

1. Statement of Accounting Policies continued

(i) Impairment of Assets

The carrying amounts of the Group's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists for an asset, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amounts are the higher of fair value (less costs to sell) and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

A cash generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is tested for impairment annually and whenever there is an indication that it may be impaired; any impairment is recognised immediately in the Statement of comprehensive income and is not subsequently reversed.

If a revalued asset is determined to be impaired, then the impairment is firstly applied against the related component of the revaluation reserve, with any remaining impairment loss expensed in profit or loss. If the impairment loss is subsequently reversed, the reversal is firstly applied to profit or loss to the extent of previously expensed impairment losses relating to that asset, with any further increase taken to the revaluation reserve.

For assets which are not revalued, an impairment loss is expensed immediately in profit or loss. 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, if no impairment loss had been recognised.

Equity instruments, being shares in subsidiaries, are deemed to be impaired whenever there is a significant or prolonged decline in fair value below the original purchase price. 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 and loss.

Notes to the Financial Statements *continued*

For the year ended 31 March 2018

1. Statement of Accounting Policies *continued*

(j) Property, Plant and Equipment

Land and buildings are valued at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers, based on discounted cash flows or capitalisation of net income (as appropriate). The fair values are recognised in these financial statements of the Group, 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 electricity distribution network is valued at fair value. Fair value is determined on the basis of a periodic independent valuation prepared by external valuers, based on a discounted cash flow methodology. The fair values are recognised in these financial statements of the Group 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 1(i).

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 profit or loss 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 is provided on property, plant and equipment, including freehold buildings and landscaping.

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. Plant and equipment are valued at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. The cost of self-constructed assets includes the cost of materials and direct labour and an allowance for overheads.

Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The main bases for the calculation of depreciation are as follows:

	Years
Electricity distribution network	7 to 70
Buildings	6 to 100
Office furniture and equipment	3 to 20
Plant and equipment	2 to 25
Vehicles	4 to 10
Generation Assets	10 to 20

The carrying amount for an item of property, plant and equipment is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains and losses are included in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve in respect of those assets are transferred to retained earnings.

(k) Intangible Assets

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Usually this period does not exceed 5 years.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised if future benefits are expected to exceed these costs. Otherwise development expenditure is recognised as an expense in the period in which it is incurred.

Notes to the Financial Statements continued

For the year ended 31 March 2018

1. Statement of Accounting Policies continued

(l) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and is not amortised, but it is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Refer also to note 1(i).

(m) Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are recognised at fair value (being cost), and subsequently at amortised cost.

(n) Borrowings

Borrowings are recorded initially at fair value, plus transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate method.

(o) Employee Benefits

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

Provisions made in respect of employee benefits which are not expected to be settled within 12 months, such as long service, sickness and retiring leave, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement, determined annually by independent actuarial valuation.

(p) Financial Instruments Issued by the Group

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. Interest and dividends are classified as expenses or as distributions of profit consistent with the Statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

(q) Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and currency swaps. Further details of derivative financial instruments are disclosed in note 30.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

Notes to the Financial Statements continued

For the year ended 31 March 2018

1. Statement of Accounting Policies continued

(r) Revenue Recognition

Revenue from lines revenue, capital contributions and the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance date as measured by progress invoices raised to customers in conjunction with an assessment of costs incurred to date.

Interest revenue is recognised in profit or loss as it accrues, using the effective interest rate method.

(s) Capital Contributions

Capital contributions from customers, relating to assets, are credited directly to income when the asset is connected to the network.

(t) Distinction Between Capital and Revenue Expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the Group.

(u) Borrowing Costs

Borrowing costs are expensed using the effective interest rate method.

Adoption of New and Revised Standards and Interpretations

In the current year, the company has adopted all new mandatory and amended standards and interpretations as issued by the External Reporting Board.

Adoption of New and Revised Standards and Interpretations – Standards and Interpretations in Issue not yet Effective

No new accounting, standards or interpretations have been adopted during the year that have had a material impact on these financial statements.

The Group is currently reviewing but has not yet fully assessed the impact of NZ IFRS 9 Financial Instruments (31 March 2019), NZ IFRS 15 Revenue from Contracts with Customer (31 March 2019) and NZ IFRS 16 Leases and Equipment (31 March 2020).

The Group will not early adopt any of these standards.

Notes to the Financial Statements continued

For the year ended 31 March 2018

	Group 2018 \$000	Group 2017 \$000
2. Operating Revenue		
Line revenue	58,792	53,426
Rebates to customers	(9,833)	(9,206)
Net Lines revenue	48,959	44,220
Contracting revenue	22,417	25,825
Generation revenue	377	153
Capital Contributions	4,998	4,515
Interest revenue	98	121
Gain on sale	587	-
Other	760	1,482
Operating Revenue	78,196	76,316

Rebates to customers are now treated as a reduction of income rather than as an operating expense.

3. Operating Expenses

Bad Debts Written Off	74	34
Directors' Fees and Expenses	459	451
Employee Remuneration and Benefits	11,284	10,758
Loss on Disposal of Property, Plant and Equipment	907	744
Operating Lease costs	781	316
Network Maintenance	4,316	6,582
Generation Cost of Production	119	67
Generation Operations	18	66
Community Relationships	1,136	1,160
Transmission Expenses	15,452	14,424
Cost of Goods Sold, excluding employee remuneration	13,575	16,741
Other	6,523	4,442
Operating Expenses	54,644	55,785

4. Remuneration of Auditor

Audit of the Financial Statements	80	77
Auditor's Other Services	23	55
Remuneration of Auditor	103	132

The audit committee monitors the independence of the auditor and approves and reviews those services provided by the auditor other than in its statutory audit role. Other services comprise the audit of regulatory submissions to the Commerce Commission for financial and non-financial information together with the provision of advisory services.

5. Depreciation and Amortisation

Depreciation of Non-Current Assets	12,810	12,908
Amortisation of Non-Current Assets	410	293
Depreciation and Amortisation	13,220	13,201

Notes to the Financial Statements continued

For the year ended 31 March 2018

	Group 2018 \$000	Group 2017 \$000
6. Finance Expenses		
Interest Expense on Loans	1,697	1,987
Other Finance expense	25	23
Interest Rate Swaps and Foreign Exchange Contracts Fair Value Movement	203	(722)
Finance Expenses	<u>1,925</u>	<u>1,288</u>

7. Income Taxes

Income Tax Expense Recognised in Profit.

Tax Expense Comprises:

Current Tax expense	1,952	1,257
Adjustments recognised in current year in relation to the Current tax of Prior Years	(145)	187
Deferred Tax expense relating to the origination and reversal of Temporary Differences	467	344
Total Income Tax Expense Recognised in Profit	<u>2,274</u>	<u>1,788</u>

The Prima Facie Income Tax Expense on pre tax accounting profit reconciles to the income tax expense in the financial statements as follows:

Profit before tax	8,304	5,910
Prima Facie Income Tax expense calculated at 28%	2,325	1,655
Non Assessable Income	52	-
Non-Deductible Expenses	42	(54)
	<u>2,419</u>	<u>1,601</u>
Under/(Over) Provision of Income Tax in Previous Year	(145)	187
Total Income Tax Expense/(Credit) Recognised in Profit	<u>2,274</u>	<u>1,788</u>

Current Tax Assets and Liabilities

Current Tax Liability:

(Receivable) / Tax Payable	<u>328</u>	<u>(80)</u>
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Notes to the Financial Statements *continued*

For the year ended 31 March 2018

	Opening Balance \$000	Charged to Profit and Loss \$000	Charged to Comprehensive Income \$000	Closing Balance \$000
7. Income Taxes continued				
Consolidated Group for the Year Ended 31 March 2018				
Taxable and Deductible Temporary Differences arise from:				
<i>Deferred Tax Liabilities</i>				
Property, Plant & Equipment	44,935	259	-	45,194
<i>Deferred Tax Assets</i>				
Intangible Assets	(16)	(10)	-	(26)
Provisions	(958)	218	-	(740)
Net Deferred Tax Liability	43,961	467	-	44,428
Consolidated group for the year ended 31 March 2017				
Taxable and Deductible Temporary Differences arise from:				
<i>Deferred Tax Liabilities</i>				
Property, Plant & Equipment	44,713	222	-	44,935
<i>Deferred Tax Assets</i>				
Intangible Assets	(6)	(10)	-	(16)
Provisions	(1,090)	132	-	(958)
Net Deferred Tax Liability	43,617	344	-	43,961
	Group 2018 \$000	Group 2017 \$000		
Imputation Credit Account Balances				
Opening Balance	14,222	12,778		
Less Prior Period Taxation (Payable)	80	(63)		
Imputation Credits / Taxation relating to Previous Periods	-	13		
Taxation paid	1,399	1,574		
Imputation Credits Attached to Dividends Received/(Paid)	-	-		
Taxation Payable/(Receivable)	328	(80)		
Closing Balance	16,029	14,222		

The MainPower consolidated tax group for income tax purposes in 2017 includes MainPower New Zealand Limited, with Tasman Electrical Limited and Electro Services NZ Limited who are non trading entities. In May 2018 Tasman Electrical Limited and Electro Services NZ Limited were removed from the Companies Office register.

Notes to the Financial Statements continued

For the year ended 31 March 2018

	Group 2018 \$000	Group 2017 \$000
8. Trade and Other Receivables		
Trade Receivables and Other Accruals	8,317	9,742
Work Under Construction	557	918
Interest Receivable	48	34
	<u>8,922</u>	<u>10,694</u>

Electricity retailers are invoiced on the 12th day of the month of usage with payment due on 20th of that month. This means that by month's end there should be no delivery revenue outstanding. Invoiced amounts are subject to a subsequent wash-up process as outlined under critical judgements, estimates and assumptions in note 1.

Interest is charged on overdue trade receivables where applicable.

9. Inventories

Distribution System and Metering items	<u>2,367</u>	<u>2,319</u>
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Certain inventories are subject to security interests created by retention of title clauses.

10. Other assets

Prepayments	<u>852</u>	<u>285</u>
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Notes to the Financial Statements continued

For the year ended 31 March 2018

11. Subsidiaries

11.1 Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of Subsidiary	Principal Activity	Place of Incorporation and Operation	Proportion of Ownership Interest and Voting Power Held by the Group	
			31/3/18	31/3/17
VirCom Energy Management Services Limited	Provision of Metering Services	New Zealand	100%	100%

11.2 Details of Non-Wholly-Owned Subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of Incorporation and Principal Place of Business	Proportion of Ownership Interests and Voting Rights Held by Non-Controlling Interests		Profit/(loss) allocated to Non-Controlling Interests (\$,000)		Accumulated Non-Controlling Interests(\$,000)	
		31/3/18	31/3/17	31/3/18	31/3/17	31/3/18	31/3/17
VirCom Energy Management Services Limited	New Zealand	Nil	Nil	Nil	Nil	Nil	Nil

(i) On the 16 November 2016 the Group acquired the remaining interest in Vircom from Energy Management Services Limited.

11.3 Financial Support

MainPower New Zealand Limited will from time to time provide overnight liquidity to VirCom Energy Management Services Limited if required. Any monies advanced are settled on the 20th of the month, when VirCom Energy Management Services Limited's debtors pay their accounts. Refer Note 26 Related Party Transactions.

During the current financial year no financial support was provided to VirCom Energy Management Services Limited (2017: Nil).

Notes to the Financial Statements continued

For the year ended 31 March 2018

12. Associates

12.1 Details of Material Associates

Details of each of the Group's material associates at the end of the reporting period are as follows:

Name of Subsidiary	Principal Activity	Place of Incorporation and Operation	Proportion of Ownership Interest and Voting Power Held by the Group	
Hurunui Water Project Limited	Irrigation	New Zealand	31/3/18	31/3/17
			17.18%	13.18%

No public price quotation exists for this investment.

The carrying value of this investment is \$Nil (2016: Nil). The Group has not recognised its 17.18% share of accumulated profits or losses relating to the associate as Hurunui Water Project Limited are still in the set-up stage of its life cycle (2017: 13.18%).

13. Other financial assets

At amortised cost

	Group 2018 \$000	Group 2017 \$000
Self Insurance Fund Investment - Current	-	2,000
Self Insurance Fund Investment - Term	3,000	-
Loan to Associate Company - Current	300	50
	<u>3,300</u>	<u>2,050</u>

Notes to the Financial Statements continued

For the year ended 31 March 2018

14. Property, Plant and Equipment

	Freehold Land at Fair Value \$000	Buildings at Fair Value \$000	Electricity Distribution Network Fair Value \$000	Plant, Equipment, Vehicles, Furniture & Fittings \$000	Total \$000
Consolidated group					
<i>Gross Carrying Amount</i>					
Balance at 31 March 2016	3,879	17,205	246,037	37,675	304,796
Additions	-	153	16,735	580	17,468
Disposals/Adjustments	-	-	(755)	(456)	(1,211)
Balance at 31 March 2017	3,879	17,358	262,017	37,799	321,053
Additions	-	387	8,391	315	9,093
Disposals/Adjustments	-	-	(692)	(6,051)	(6,743)
Balance at 31 March 2018	3,879	17,745	269,716	32,063	323,403
<i>Accumulated Depreciation, Amortisation and Impairment</i>					
Balance at 31 March 2016	-	1,149	-	17,170	18,319
Disposals/Adjustments	-	-	-	(313)	(313)
Depreciation expense	-	440	10,486	1,982	12,908
Balance at 31 March 2017	-	1,589	10,486	18,839	30,914
Disposals/Adjustments	-	-	(32)	(4,128)	(4,160)
Depreciation expense	-	429	11,060	1,321	12,810
Balance at 31 March 2018	-	2,018	21,514	16,032	39,564
Net book value at 31 March 2017	3,879	15,769	251,531	18,960	290,139
Net book value at 31 March 2018	3,879	15,727	248,202	16,031	283,839

Notes to the Financial Statements continued

For the year ended 31 March 2018

14. Property, Plant and Equipment continued

Revaluations and Impairment Review

Ernst & Young Transaction Advisory Services Limited were commissioned to undertake an independent valuation of the electricity network as at 31 March 2016 in accordance with NZ IAS 16 – Property, Plant and Equipment and NZ IFRS 13 – Fair Value Measurement. Ernst & Young’s valuation was undertaken on a discounted cashflow (DCF) basis and a number of external assumptions were assumed in the calculation of the DCF. The valuation determined that the carrying value of the network assets as at 31 March 2016 approximated fair value. The major assumptions included:

- Weighted average cost of capital 5.2% to 5.8%;
- Forecast cashflow, including network pricing, operating costs and capital expenditure;
- Leverage 26% to 55%; and
- Regulatory Asset Base multiples and Regulatory cost of capital

Therefore MainPower elected to assume the Ernst & Young valuation which did not have an impact on the carrying value of the Network Assets.

In reviewing the current financial year the Group have recognised additional capital expenditure on the electricity distribution network of \$8.391 million.

Ernst Young have in March 2018 reviewed the assumptions used for the March 2016 valuation and have concluded that they have not identified any reason to believe that the current value of MainPower’s electricity distribution network is materially different to its valuation at March 2016.

The Group’s Regulatory Asset base which is inclusive of the electricity distribution network and substation land and buildings but exclusive of assets funded from customers’ contributions was valued at March 2017 at \$225.559 million. The book value of electricity distribution network assets funded from customer contributions at March 2017 amounted to \$39.2 million.

Within the asset class Plant, Equipment, Vehicles, Furniture & Fittings is \$12.354 million (2017: \$12.593 million) of generation assets. Peter Seed Limited at March 2018 has undertaken an impairment review of the MT Cass and Cleardale generation assets and has concluded that neither asset is impaired. The major assumptions within the impairment review included:

- Weighted average cost of capital 5.96% to 7.96%;
- Risk Free rate based on the 10 year Government Stock yield of 2.92%
- Forecast cashflow, including operating costs and capital expenditure;
- Leverage 45%.

The Group’s land and buildings were revalued to fair value of \$26,794,304 as at 31 March 2014 by independent registered valuer Williams and Associates Limited. Williams and Associates Limited has extensive experience in the property valuation field.

The Group’s plant, equipment, vehicles, furniture and fittings are carried at cost less accumulated depreciation.

	Group 2018 \$000	Group 2017 \$000
14A. Capital Works Under Construction		
Capital Works Under Construction	3,230	3,278

Notes to the Financial Statements continued

For the year ended 31 March 2018

**Total
\$000**

15. Goodwill

Consolidated Group

Net Book Value at 31 March 2017	713
Net Book Value at 31 March 2018	713

**Group
\$000**

16. Computer Software

Gross Carrying Amount

Balance at 1 April 2016	3,473
Additions	169
Disposals/Adjustments	-
Balance at 31 March 2017	3,642
Additions	867
Disposals/Adjustments	(980)
Balance at 31 March 2018	3,529

Accumulated Amortisation and Impairment

Balance at 1 April 2016	2,686
Amortisation expense	293
Disposals/Adjustments	(36)
Balance at 31 March 2017	2,943
Amortisation expense	410
Disposals/Adjustments	(897)
Balance at 31 March 2018	2,456

Net book value at 31 March 2017	699
Net book value at 31 March 2018	1,073

Notes to the Financial Statements continued

For the year ended 31 March 2018

	Group 2018 \$000	Group 2017 \$000
17. Trade and Other Payables		
Trade Payables	4,162	4,165
Accruals	1,788	1,805
Employee Entitlements	1,201	1,556
GST Payable	510	710
	<u>7,661</u>	<u>8,236</u>

17A. Interest Rate Swaps

Current Liabilities	-	170
Non- Current Liabilities	2,055	1,681
Interest Rate Swaps	<u>2,055</u>	<u>1,851</u>

18. Borrowings

Current	-	-
Term	22,900	34,700
	<u>22,900</u>	<u>34,700</u>

MainPower has a multi option credit facility with Westpac New Zealand Limited of \$45,000,000 of which \$27,000,000 will expire on 31 December 2019

and \$18,000,000 on 31 December 2020. At 31 March 2018 MainPower had drawn down \$22,900,000 which is unsecured, but subject to a negative pledge arrangement (2017: \$34,700,000).

During the year Nil interest was capitalised to MainPower's generation and network assets (2017: Nil).

19. Other Financial Liabilities

At cost:

Redeemable Preference (Rebate) Shares	<u>4</u>	<u>5</u>
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Redeemable preference (rebate) shares confer special rights to participate in a customer rebate scheme, receive notices, attend and speak, but not vote at any general meetings of the Company.

5,744 redeemable preference shares at 10 cents each were redeemed during the year (2017: 7,038).

20. Non-Current Provisions

Employee Benefits	<u>643</u>	<u>766</u>
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The provision for long service, sick and retiring leave is an actuarial assessment of entitlements that may become due to employees in the future. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken.

Key assumptions in the calculation of the provision include:

- Salary inflation 3.00% (2017: 3.00%)
- Discount rate 1.79%-3.91% (2017: 1.92% - 4.75%)

Notes to the Financial Statements continued

For the year ended 31 March 2018

	Group 2018 \$000	Group 2017 \$000
21. Share capital		
Balance at Beginning of Financial Year	56,774	56,774
56,774,000 Fully Paid Ordinary Shares	<u>56,774</u>	<u>56,774</u>

The ordinary shares rank equally in respect of voting rights, entitlements to dividends and distribution on winding up.

22. Reserves

Asset Revaluation Reserve:

Balance at Beginning of Financial Year	38,002	38,002
Total reserves	<u>38,002</u>	<u>38,002</u>

23. Retained Earnings

Balance at Beginning of Financial Year	126,624	122,349
Comprehensive Income Attributable to Parent entity	6,030	3,969
Minority Shareholder buyout	-	306
Dividends paid	-	-
	<u>132,654</u>	<u>126,624</u>

24. Minority interest

Balance at Beginning of Financial Year	-	1,153
Comprehensive income attributable to minority interest	-	153
Transferred to Retained Earnings	-	(306)
Transferred to Equity	-	(1,000)
	<u>-</u>	<u>-</u>

Refer Note 11 in regards to the minority interest buy out.

25. Commitments and Contingent Liabilities

There are no significant contracted capital commitments or contingent liabilities as at 31 March 2018 (2017: Nil).

Operating lease commitments

The Minimum Value of Lease Commitments are:

Within One Year	858	253
1 – 2 Years	829	230
2 – 5 Years	1,964	569

Prudential Commitments

At 31 March 2018 the Company and Group had guarantees (performance bonds) to third parties amounting to \$200,000 (2017: \$200,000).

Notes to the Financial Statements continued

For the year ended 31 March 2018

26. Related-Party Transactions

Group Structure

The Parent entity in the consolidated Group is MainPower New Zealand Limited, which is 100% owned by the MainPower Trust. There were no related party transactions with the MainPower Trust during the year (2017: Nil).

During the period, no transactions were entered into with any of the Company's directors other than the payment of directors' fees, the reimbursement of valid company related expenses such as travel costs to board meetings, and transactions referred to in the following note. From time to time transactions may be entered into with companies in which some directors hold directorships. These transactions are carried out on a commercial and arms length basis.

The Group amounts shown below represent the related party transactions that have been eliminated on consolidation.

	Group 2018 \$000	Group 2017 \$000
Transactions During the Year		
Purchases from Subsidiaries	38	118
Revenues from Subsidiaries	39	107
Dividends from Subsidiaries	Nil	1,000
Outstanding Balances as at 31 March		
Accounts Payable to Subsidiaries	5	84
Accounts Receivable from Subsidiaries	21	8
Taxation Owing to Subsidiaries	Nil	323

No provisions were made for doubtful debts relating to the amount of outstanding balances and no bad or doubtful debts expense was recognised in relation to related parties during the period.

Other transactions involving related parties

The group may transact on an arms length basis with companies in which directors have a disclosed interest. During the year MainPower undertook work for the Hamner Springs Thermal Reserve. Mr. G Abbot is the General Manager of Hamner Springs Thermal Reserve.

The Group paid directors' fees totaling \$337,633 (2016: \$366,916)

Key management personnel of the Group purchased sundry goods and services from group companies during the period which in total did not exceed \$1,000 for any individual (2017: all less than \$1,000). There were no significant outstanding balances with key management personnel at the end of the period (2017: Nil). All transactions were conducted on standard commercial terms.

27. Key Management Personnel

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

	Group 2018 \$000	Group 2017 \$000
Employee Remuneration and Benefits	2,925	2,737
Post Employment Benefits	-	-

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

28. Significant Events After Balance Date

MainPower is not aware of any significant events subsequent to balance date that would have or may have a material effect on the operation of MainPower, the results of MainPower's operations or the state of affairs of MainPower.

Notes to the Financial Statements continued

For the year ended 31 March 2018

29. Financial Instruments

Exposure to interest rate risk arises in the normal course of the Group's business.

Borrowings

MainPower has a multi option credit facility with Westpac New Zealand Limited of \$45,000,000 of which \$27,000,000 will expire on 31 December 2019 and \$18,000,000 on 31 December 2020. At 31 March 2018, MainPower had drawn down \$22,900,000 which is unsecured, but subject to a negative pledge arrangement (2017: \$34,700,000).

Interest rate risk

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group has interest bearing debt which is subject to interest rate variations in the market.

Derivative financial instruments

Interest rate swaps are used to manage the Group's interest rate exposure on long term floating rate borrowings. The Group has entered into interest rate swaps with the Westpac Bank and annually undertakes a valuation to establish the fair value of those swaps. Any fair value gain or loss is recognised through the Statement of comprehensive income (2018: Loss \$0.203 million; 2017: Gain \$0.722 million).

	Notes	Loans and receivables \$000	Other amortised cost \$000	Fair value through profit & loss \$000	Total carrying amount \$000
Categories of Financial Instruments					
Consolidated Group as at 31 March 2018					
Current Assets					
Cash and Cash Equivalents		1,153	-	-	1,153
Trade and Other Receivables	8	8,365	-	-	8,365
Other Financial Assets	13	-	300	-	300
		<u>9,518</u>	<u>300</u>	<u>-</u>	<u>9,818</u>
Non Current Assets					
Total Financial Assets		<u>9,518</u>	<u>3,300</u>	<u>-</u>	<u>12,818</u>
Current Liabilities					
Trade and Other Payables	17	-	5,950	-	5,950
Interest Rate Swaps	17A	-	-	-	-
Other Financial Liabilities		-	-	-	-
		<u>-</u>	<u>5,950</u>	<u>-</u>	<u>5,950</u>
Non-Current Liabilities					
Other Financial Liabilities	18	22,900	-	-	22,900
Interest Rate Swaps	17A	-	-	2,055	2,055
Total Financial Liabilities		<u>22,900</u>	<u>5,950</u>	<u>2,055</u>	<u>30,905</u>
Consolidated Group as at 31 March 2017					
Current Assets					
Cash and Cash Equivalents		662	-	-	662
Trade and Other Receivables	8	9,776	-	-	9,776
Other Financial Assets	13	-	2,050	-	2,050
		<u>10,438</u>	<u>2,050</u>	<u>-</u>	<u>12,488</u>
Total Financial Assets		<u>10,438</u>	<u>2,050</u>	<u>-</u>	<u>12,488</u>
Current Liabilities					
Trade and Other Payables	17	-	5,970	-	5,970
Interest Rate Swaps	17A	-	-	170	170
Other Financial Liabilities		-	-	-	-
		<u>-</u>	<u>5,970</u>	<u>170</u>	<u>6,140</u>
Non-Current Liabilities					
Other Financial Liabilities	18	34,700	-	-	34,700
Interest Rate Swaps	17A	-	-	1,681	1,681
Total Financial Liabilities		<u>34,700</u>	<u>5,970</u>	<u>1,851</u>	<u>42,521</u>

**TO THE SHAREHOLDERS OF
MAINPOWER NEW ZEALAND LIMITED**

Opinion

We have audited the consolidated financial statements of MainPower New Zealand Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 23 – 54, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, and the other assurance engagement in relation to the Commerce Commission disclosure audit and the review of VirCom EMS Limited's half-year financial statements, we have no relationship with or interests in the Group. These services have not impaired our independence as auditor of the Group.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors’ responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on at the External Reporting Board’s website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8>

This description forms part of our auditor’s report.

Restriction on use

This report is made solely to the Group’s shareholders, as a body, in accordance with Section 207B of the Companies Act 1993. Our audit has been undertaken so that we might state to the Group’s shareholders those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group’s shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

**Christchurch, New Zealand
25 July 2018**

This audit report relates to the consolidated financial statements of MainPower New Zealand Limited and its subsidiaries (the ‘Group’) for the year ended 31 March 2018 included on the Group’s website. The Directors are responsible for the maintenance and integrity of the Group’s website. We have not been engaged to report on the integrity of the Group’s website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 25 July 2018 to confirm the information included in the audited consolidated financial statements presented on this website.

Statutory Information

Directors' Remuneration

The Company's remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Executive Directors and senior executives may receive bonuses based on the achievement of specific goals related to the performance of the consolidated entity. Non-executive Directors do not receive any performance related remuneration.

Details of the nature and the amount of each major element of the emoluments of each Director of the Company and the subsidiaries are:

Name	Position	Fees \$	Salary \$	Total \$
MAINPOWER NEW ZEALAND LIMITED				
Tony King	Chairman	70,000	-	70,000
J A Hoban	Director	47,000	-	47,000
Janice Fredric	Director	51,167	-	51,167
Graeme Abbot	Director	49,333	-	49,333
S P Lewis	Director	54,500	-	54,500
W G Cox	Resigned August 2017	28,667	-	28,667
P A Cox	Resigned August 2017	20,133	-	20,133
T Burt	Resigned July 2017	16,833	-	16,833
		<u>337,633</u>	<u>-</u>	<u>337,633</u>

(Refer Note 3)

SUBSIDIARIES

VirCom Energy Management Services Limited

A Lester	Chairman	-	-	-
WWright	Executive Director	-	-	-

Tasman Electrical Limited (Deregistered May 2018)

A Lester	Chairman	-	-	-
WWright	Executive Director	-	-	-

Electro Services NZ Limited (Deregistered May 2018)

A Lester	Chairman	-	-	-
WWright	Executive Director	-	-	-

MainPower executives appointed to the boards of related companies do not receive directors' fees personally.

DIRECTORS' INSURANCE

During the year MainPower paid insurance premiums for all Directors of the MainPower Group in respect of liability and costs permitted to be insured under Clause 31 of the Company's Constitution and in accordance with section 162 of the Companies Act 1993.

In accordance with Clause 31, MainPower has agreed to indemnify the Directors against all costs and expenses incurred in defending any action falling within the scope of the indemnity.

LOANS TO DIRECTORS

There were no loans made to Directors.

DIRECTORS' USE OF COMPANY INFORMATION

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

INTERESTS REGISTER

The Company maintains an interests' register in which particulars of certain transactions and matters involving the directors are recorded. These are requirements under the Companies Act 1993. The following entries were recorded in the interests register.

Statutory Information continued

Directors' Interests

Director	Company	Position	Appointments/Resignations
A C King	Option One Limited	Director	
JA Hoban	The Order of St John Mt Cass	Director	
J E Fredric	Maritime New Zealand	Director	
	Credit Union South	Chair	
	Moore Stephens Markham's Christchurch Limited	Chair, Advisory Board	
	Hurunui Tourism Board	Chair	
	NZ Shipwreck Welfare Trust	Trustee	
	Lincoln University Council	Member	
	Taxcheck.co.nz Limited	Director	
	LUAGRJF GP Limited	Director	
S P Lewis	Dance and Physical Theatre Trust	Chair	
G A Abbot	Hurunui Water Project Limited	Director	
	Hanmer Springs Thermal Pools & Spa	General Manager	
W G Cox	Elastomer Products Limited	Director	
(Resigned August 2017)	Transwaste Canterbury Limited	Director	
	Talbot Technologies Limited	Director	
	Barlow Bros Limited	Director	
	Independent Fisheries Limited	Director	
	New Zealand Transport Agency Limited	Director	Resignation notified 2 May 2017
	Ngāi Tahu Farming Limited	Director	
	Committee for Canterbury	Chair	
	Motus Health Network	Director	
	Anderson Lloyd	Director	
P A Cox	J J Angerstein and Associates Limited	Director	
(Resigned August 2017)	House of Travel Holdings Limited	Director	
	J Ballantyne and Company Limited	Director	
	Duncan Cotterill	Board Member	
T Burt	Lyttelton Port Company Limited	Chair	
(Resigned July 2017)	Land Power Holdings Limited	Director	
	Silver Fern Farms Limited	Director	
	Ngāi Tahu Holdings Corporation Limited	Chair	
	Ngāi Tahu Capital Limited	Chair	
	New Zealand Lamb Company (North America) Limited	Chair	
	Agria Asia Investments Limited	Director	
	Agria Singapore Pty Limited	Director	
	PGG Wrightson Limited	Director	
	Māia Health Foundation	Trustee	

Group Employee Remuneration

The number of employees and former employees (not being Directors) whose remuneration and other benefits were within the bands specified in section 211(1)(g) of the Companies Act 1993 is as follows:

Remuneration \$000s	No. of current and former employees	No. of current and former employees
	2018	2017
100 - 110	15	7
110 - 120	10	8
120 - 130	8	10
130 - 140	6	4
140 - 150	3	2
150 - 160	1	2
160 - 170	2	3
170 - 180	-	1
180 - 190	-	1
190 - 200	3	1
200 - 210	2	-
210 - 220	2	3
220 - 230	-	-
230 - 240	-	1
240 - 250	2	-
250 - 260	-	-
260 - 270	1	-
270 - 280	-	1
300 - 310	-	1
420 - 430		1
530 - 540	1	-

A number of Executive employees also receive the use of a Company motor vehicle.

Corporate Governance Statement

1. Role of the Board

The Board is responsible for the overall corporate governance of MainPower. The Board guides and monitors the business and affairs of MainPower on behalf of the Ordinary Shareholder, the MainPower Trust to whom it is primarily accountable, and the Preference Shareholders of the Company, i.e., the Qualifying Customers in the region. The Board's primary objective is to satisfy the shareholders' wish of enhancing shareholder value through a commitment to customer service and regional prosperity. Customer service is measured in terms of both financial return and MainPower's ability to deliver excellence in electricity distribution system security and reliability, responsiveness to customers, quality and price competitiveness. Regional prosperity is measured in terms of MainPower's role in leading and/or supporting regional initiatives for economic development. The Board also aims to ensure that MainPower is a good employer and corporate citizen.

2. Board Responsibilities

The Board acts on behalf of and is accountable to the shareholders. The Board seeks to identify the expectations of shareholders, as well as other legislative and ethical expectations and obligations. In addition, the Board ensures areas of significant business risk are identified by management and that arrangements are in place to adequately manage these risks. To this end the Board will:

- provide leadership in health and safety and will ensure that employee and public safety remains an integral part of MainPower's culture, its values and performance standards;
- continue to monitor all legislation and regulatory change impacting on Health and Safety requirements and compliance and will ensure that they are complied with;
- set the strategic direction of the Company in consultation with management, having particular regard to rate of return expectations, financial policy and the review of performance against strategic objectives;
- maintain an understanding of the electricity industry, and continue to monitor industry reform, security of supply, industry governance and Government regulations in order to identify the impact on MainPower's business;
- monitor and understand the expectations and needs of the growing North Canterbury community;
- remain informed about Company affairs in order to exercise judgment about management and its procedures;
- identify risks and manage those risks by ensuring that the Company has implemented comprehensive systems of internal control together with appropriate monitoring of compliance activities;
- approve and foster a corporate culture which requires all directors, executive and staff to demonstrate the highest level of ethical behaviour;
- appoint, review the performance of, and set the remuneration of the Chief Executive;
- approve transactions relating to acquisitions and divestment, and capital expenditure above delegated authorities;
- approve operating and development budgets, review performance against these budgets, and monitor corrective actions by management;
- ensure the preparation of the Statement of Corporate Intent, Interim and Annual Reports;
- enhance relationship with all stakeholders.

3. Delegation

The Board delegates the day-to-day responsibility for the operation and administration of MainPower to the Chief Executive. The Chief Executive is responsible for ensuring MainPower achieves its business objectives and values. The Board ensures that the Chief Executive, and through him, the senior management are appropriately qualified, experienced and remunerated to discharge their responsibilities.

4. Codes and Standards

All Directors, executives and staff of MainPower New Zealand Limited are expected to act with integrity and to promote and enhance the Company's reputation with its various stakeholders. Behavioural standards and accountabilities, the use of confidential information, trade practices, health, safety and environmental management are set out in a range of formal codes, policies and procedures. These are subject to regular independent review to ensure they remain current and appropriate.

Corporate Governance Statement continued

5. Conflicts of Interest

All Directors and executives are required to disclose any specific or general interests which could be in conflict with their obligations to MainPower New Zealand Limited and its subsidiaries.

6. Board Review

The Board will undertake a self-assessment of its performance and the performance of individual Directors on at least a biennial basis. A summary of this review will be made available to the MainPower Trust.

7. Company Constitution

The Company's Constitution sets out policies and procedures on the operations of the Board, including the appointment and removal of Directors. The Constitution specifies that the number of Directors will not at any time be more than eight nor less than four, and that one-third of the Directors will retire by rotation each year. Non-executive Directors of MainPower are elected by the Ordinary Shareholder. The Board currently comprises five non-executive Directors. The Directors of the Company currently in office are: Anthony Charles King Chairman, Graeme David Abbot Director, Janice Evelyn Fredric Director, Judith Anne Hoban Director and Stephen Paul Lewis Director.

8. Meetings

The Board generally meets monthly to review, monitor, and initiate action in respect of the health and safety, strategic direction, financial and operational performance, risk management and compliance of the Company and its subsidiaries. In addition to the scheduled meetings, the Board meets several times each year to consider specific opportunities and other matters of importance to the Company. Annually the Board takes the opportunity to debate and review its long term strategic direction.

9. Committees

The Board has two standing committees. They provide guidance and assistance to the Board with overseeing certain aspects of the Board's corporate governance. Each committee is empowered to seek any information it requires and to obtain independent legal or other professional advice if it is considered necessary.

9.1 Audit and Risk Committee (ARC)

The ARC operates under a comprehensive Charter, which outlines the ARC's authority, membership, responsibilities and activities and which is approved by the Board. The Charter is reviewed bi-annually against best practice and emerging trends.

Three Non-Executive Directors are appointed to the ARC on an annual basis. Current membership of the ARC is Janice Fredric, Chair, Stephen Lewis and Tony King. The ARC invites the Chief Executive, Finance Manager and the external auditor to be in attendance at meetings of the Committee from time to time in accordance with the Charter. Following meetings of the Committee, the Chair reports all findings and recommendations to the Board. The activities of the ARC are reported annually.

The ARC's primary role is to review MainPower's Financial Statements and related announcements and to liaise with the external auditor on behalf of the Board. The ARC also monitors the independence of the auditor, and approves and reviews those services provided by the auditor other than in its statutory audit role. In addition, the auditor provides a quarterly certificate to the ARC of any non-statutory audit service provided to the MainPower Group.

The Board puts considerable emphasis on risk management. Risk management (excluding health and safety) is a key role of the ARC. Given the critical nature of risk management to the Company's operations, the Company continually monitors the operational and financial aspects of the Company's activities and the Company's exposure to risk. "Risk Management and Compliance" is a permanent item on the Board Agenda. An annual review of the level and appropriateness of the Company's insurance cover and a six monthly report by management addressing all areas of statutory compliance supports the Board's risk management process. As part of its risk management role, the ARC also reviews the Business Continuity Plan. This Plan details the criteria and guidelines to apply to cope with a number of crisis scenarios. The Company actively participates with Civil Defence and other relevant agencies in order to test the Plan for effectiveness.

Corporate Governance Statement continued

9.2 Remuneration Committee

The Remuneration Committee's primary role is to advise the Board on performance reviews, remuneration policies and practices and to make recommendations on remuneration packages and other terms of employment for non-executive directors, the Chief Executive and senior executives which fairly reward individual performance in relation to their contribution to the Company's overall performance. Three Non-Executive Directors are appointed to the Remuneration Committee on an annual basis. In order to retain and attract Directors and Executives of sufficient calibre to facilitate the efficient and effective governance and management of the Company's operations, the Remuneration Committee seeks advice of external advisors on remuneration practices. Current membership of the Remuneration Committee is Graeme Abbot, Chair, Judith Hoban and Tony King. Following meetings of the Committee, the Chair reports all findings and recommendations to the Board.

10. Health and Safety Management

Health and Safety is the leading item on the Board's regular monthly meetings. In addition, each quarter, the Board addresses health and safety in a separate focused session. The board uses the Institute of Directors' guidelines for managing health and safety risk to assist it in this area.

11. Non-Executive Directors' Fees

Fees for non-executive directors are based on the nature of their work and responsibilities. Independent professional advice on the level and structure of non-executive directors' fees is made available to the Board on an annual basis. Any recommendation made to shareholders at the Annual Meeting on a change in directors' fees is in accordance with this independent advice.

12. The Role of Shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Each year, the Ordinary Shareholder (MainPower Trust) provides a letter of expectations to the Company and in response a Statement of Corporate Intent is developed between the Board and the MainPower Trust. This Statement details the Company's intent with respect to:

Strategic Objectives

Trust Statement of Expectations

Business Activities

Non-core Activities

Performance

Distributions to Shareholders

Rebates

Corporate Governance

Information is also communicated to shareholders in accordance with an agreed engagement plan and includes the Annual Report, Interim Report, the Company's website, and at regular formal and informal meetings with the MainPower Trust. The Board encourages full participation of all shareholders at the Annual Meeting. The Statement of Corporate Intent is subject to consultation between the Board and the Trust, prior to its adoption.

13. Subsidiary Companies

MainPower's subsidiary companies each have a formally constituted Board of Directors. The MainPower New Zealand Limited Board receives monthly updates on and monitors the performance of each of its subsidiary companies.

Performance Statement

Financial

MainPower Group

For the year ending March

	Actual 2017 \$000	Budget 2018 \$000	Actual 2018 \$000	Forecast 2019 \$000	Forecast 2020 \$000
Financial performance					
Gross Operating revenue	85,522	82,921	88,029	78,392	83,259
Rebates	(9,206)	(9,230)	(9,833)	(9,719)	(10,063)
Net Revenue	76,316	73,691	78,196	68,673	73,196
Operating expenditure	(70,406)	(66,996)	(69,892)	(63,546)	(66,930)
Profit before tax	5,910	6,695	8,304	5,127	6,266
Taxation	(1,788)	(1,993)	(2,274)	(1,531)	(1,860)
Profit after rebates, tax and dividends	4,122	4,702	6,030	3,596	4,406
Total maintenance expenditure	6,582	5,090	4,316	5,425	5,696
Total capital development expenditure	17,637	16,884	9,960	17,353	17,452
Financial position					
Net working capital	7,684	4,883	5,605	2,711	3,173
Non current assets	294,829	299,608	291,855	299,863	308,657
Total assets	302,513	304,491	297,460	302,574	311,830
Term liabilities	(81,113)	(78,389)	(70,030)	(72,742)	(77,592)
Net assets	221,400	226,102	227,430	229,832	234,238
Cash flows from Operations	16,271	17,257	21,180	17,749	19,027
Cash flows from Investing Activities	(13,656)	(16,884)	(8,889)	(21,853)	(20,726)
Cash flows from Financing Activities	(3,700)	189	(11,800)	3,841	2,161
Net Increase / (Decrease) in Cash flow	(1,085)	562	491	(263)	462
MainPower Group Financial Ratios					
	%	%	%	%	%
Profit before tax / Net assets	2.69	2.99	3.70	2.25	2.70
Profit after tax / Total assets	1.37	1.55	1.96	1.20	1.43
Profit after tax / Equity	1.88	2.10	2.69	1.58	1.90
Equity / Total assets	73.16	73.72	72.88	76.33	75.53
MainPower Group					
	Actual 2017	Budget 2018	Actual 2018	Forecast 2019	Forecast 2020
Number of employees	266	266	241	218	218
Number of major non-conformances from external certification audit	5	Nil	Nil	Nil	Nil
Number of enforceable regulatory notifications, e.g. notices, fines, prosecutions	Nil	Nil	Nil	Nil	Nil
Number of leadership interactions with employees	67	100	98	100	100
Number of work related accidents resulting in lost time	3	Nil	4	Nil	Nil

Performance Statement

Financial

MainPower New Zealand Limited (Parent)

For the year ending March

	Actual 2017 \$000	Budget 2018 \$000	Actual 2018 \$000	Forecast 2019 \$000	Forecast 2020 \$000
Financial performance					
Gross Operating revenue	62,531	63,855	71,187	65,104	66,653
Rebates	(9,206)	(9,230)	(9,833)	(9,719)	(10,063)
Net Revenue	53,325	54,625	61,354	55,385	56,590
Operating expenditure	(49,041)	(49,735)	(52,284)	(50,323)	(51,081)
Profit before tax	4,284	4,890	9,070	5,062	5,509
Taxation	(1,317)	(1,505)	(2,456)	(1,513)	(1,647)
Dividends received	1,000	500	0	0	0
Profit after rebates, tax and dividends	3,967	3,885	6,614	3,549	3,862
Total maintenance expenditure	6,582	5,089	4,316	5,425	5,696
Total capital development expenditure	17,498	16,300	9,786	17,303	17,162
Financial position					
Net working capital	2,104	1,005	1,793	1,180	1,181
Non current assets	299,619	304,188	295,046	302,727	311,433
Total assets	301,723	305,193	296,839	303,907	312,614
Term liabilities	(79,416)	(79,001)	(67,918)	(72,979)	(77,823)
Net assets	222,307	226,192	228,921	230,928	234,791
Cash flows from Operations	15,692	16,654	20,657	17,946	17,610
Cash flows from Investing Activities	(14,191)	(16,300)	(8,593)	(21,803)	(22,237)
Cash flows from Financing Activities	(1,700)	(354)	(11,800)	3,857	4,627
Net Increase / (Decrease) in Cash flow	(199)	0	264	0	0
MainPower Group Financial Ratios					
	%	%	%	%	%
Profit before tax / Net assets	1.93	2.18	3.99	2.20	2.37
Profit after tax / Total assets	1.31	1.28	2.20	1.18	1.25
Profit after tax / Equity	1.78	1.73	2.91	1.54	1.66
Equity / Total assets	73.68	74.11	77.12	75.99	75.11
MainPower New Zealand Limited (Parent)					
Number of employees	182	166	166	166	166
Number of major non-conformances from external certification audit	5	Nil	Nil	Nil	Nil
Number of enforceable regulatory notifications, e.g. notices, fines, prosecutions	Nil	Nil	Nil	Nil	Nil
Number of leadership interactions with employees	67	100	98	100	100
Number of work related accidents resulting in lost time	3	Nil	3	Nil	Nil

Performance Statement

Customer Service and Statistics

For the year ending March

	Actual 2017	Budget 2018	Actual 2018	Forecast 2019	Forecast 2020
Lines Business:					
Quality of Supply					
SAIDI- Average minutes customer is without power during the year	213.40	170.00	174.20	162.00	162.00
SAIFI- Average supply interruptions per customer during the year	1.44	1.74	1.60	1.59	1.32
Unplanned faults per 100 kms during the year	6.33	6.21	3.50	6.15	6.15
Statistics					
Lines business					
Total line service customers (number)	39,346	40,098	39,700	40,200	40,800
Gigawatthours entering the system (GWHs)	635.58	637.00	630.00	629.00	660.00
Gigawatthours delivered to customers (GWHs)	600.62	602.00	604.00	594.00	624.00
Losses	34.96	35.00	26.00	35.00	36.00
Electricity loss ratio (%)	5.50	5.50	4.13	5.50	5.50
Network maximum coincidental demand (MW)	112.40	109.00	113.70	114.00	117.00
Load factor (%)	64.50	67.00	64.20	62.00	65.00
Total Transformer capacity (MW)	539.67	566.00	556.60	560.00	586.00
Transformer capacity utilisation factor (%)	20.50	19.00	19.90	20.00	20.00
Circuit length lines (kms)	5,017	5,126	5,052	5,064	5,062
	Actual 2017	Budget 2018	Forecast 2018	Forecast 2019	Forecast 2020
	\$	\$	\$	\$	\$
Efficiency Performance					
Capital cost per km	2,984	3,063	1,761	3,061	2,562
Capital cost per ICP	397	392	225	388	322
Operating cost per km	3,248	2,835	3,034	3,172	3,153
Operating cost per ICP	433	362	388	402	396

Customer means a person named in the records of the Company as a person whose premises are connected to the Company's distribution network and who is liable to the Company for the payment of an amount in respect of the use of or connection to the Company's distribution network.


mainpower

2018

A year
in review

