

# Chairman's Review:



GILL COX  
Chairman

The Board of MainPower is pleased to report on a very successful six-month period of operation.

All customers have been advised by letter that the Board has recently completed a Strategic Review of MainPower's operation and future direction. MainPower will strive to become

**“the leading regional energy company in New Zealand”.**

The safety and development of our work force, the provision of a safe, secure and reliable electricity network and superior customer service will continue to be the major drivers for the Company. Priority will also be given to developing an electricity generation business principally within the region with the goal of achieving self sufficiency. The Board will also take the opportunity to expand existing and develop other energy-related businesses where these will enhance the value of the Company. The Board will identify opportunities to partner, collaborate and/or aggregate with other organisations where these are consistent with being the leading regional energy company in New Zealand.

The strategic direction developed by the Board has received the full endorsement of the Trustees of the MainPower Trust. The ownership of MainPower will remain with the MainPower Trust for the foreseeable future.

## Electricity Network Development and Security of Supply:

Customer requests for electricity supply, and demand for line services across the established network continue at record levels. All major upgrades are progressing in accordance with the Company's approved Asset Management Plan. Major projects, including the 33/66kV upgrade of the Waipara/Kaikoura distribution line and the establishment of a major substation at Swannanoa, are progressing and will be completed on time and within budget.



## Line Service Charges :

The Board continues to support the Company's Rebate Scheme. Surplus revenues not required to be retained by the Company are returned to customers in the form of Rebates. These are credited to Qualifying Customer power accounts on a monthly basis.

Transpower, the owner of New Zealand's transmission grid, has recently given notice of its intention to increase MainPower's transmission charges by approximately \$1.5 million p.a. effective 1 April 2008.

The Board is left with no alternative but to recover part of this increase, and therefore line charges will increase from 1 April 2008.

Residential customers who use 8,000 units per annum (the average customer) will note an increase in their power bill of approximately 9 cents per day or \$2.69 per month. MainPower's line charges will remain in the lower quartile when compared to other line company charges.

## Customer Communications:

Customer communications have recently been the subject of a Customer Survey. This survey was undertaken by an independent research company and while most people recognised MainPower as a local company, there was some confusion over MainPower's role in the electricity industry and the relationship between MainPower and other industry participants, including customers. There was also uncertainty and some misunderstanding regarding MainPower's ownership.

We are grateful to those customers who responded to the survey. Removing the uncertainty identified will be given high priority during the coming year.

## Looking Forward:

The remaining six months of the year will continue to be challenging for the Board and Staff. The quality of our services to customers, the safety of our staff, our regard for the environment and leadership in our community, in addition to achieving financial targets related to Rebates and profitability, continue to be a major focus for the Board and Management.



W G Cox  
Chairman



## Financial Overview :

This year, MainPower has changed its accounting policies and procedures to align to New Zealand International Financial Reporting Standards, "NZ IFRS", and as such, a number of changes have impacted on the Company's financial position. Implications of NZ IFRS are provided in the detailed Interim Report.

In summary, the un-audited Consolidated Net Surplus for the six months ended 30 September 2007, after providing for tax of \$1.267 million and after Qualifying Customer Rebates of \$3.434 million, is \$2.424 million; \$100,000 ahead of the budget for the year and some \$261,000 greater than the surplus achieved for the corresponding period in 2006.

It is expected that the Net Tax Paid Surplus after Rebates for the full year through to 31 March 2008 will be approximately \$4.123 million and is in line with the budgeted financial performance detailed in the Company's Statement of Corporate Intent.

The MainPower Group of Companies' Total Equity at 30 September 2007 is \$136.232 million.

## Summary of Financial Results :

Following is a summary of the MainPower Group's financial performance for the six-months ended September 2007.

	6 Months 30.09.07 \$,000	6 Months 30.09.06 \$,000	Yr Ended 31.03.07 \$,000
Operating Revenue	32,236	30,902	61,488
Tax expense	1,267	1,655	(910)
Profit for the period	2,424	2,163	6,004
Equity	136,232	129,967	133,808
Liabilities	33,859	34,511	34,837
Assets	170,091	164,478	168,645

	6 Months 30.09.07 \$,000	6 Months 30.09.06 \$,000	Yr Ended 31.03.07 \$,000
Net Cash Flows			
From operating activities	2,356	3,618	7,252
From investing activities	(6,076)	(4,265)	(8,236)
From financing activities	40	-	56
Net (decrease) in cash held	(3,680)	(647)	(928)
Closing cash balance	6,549	10,510	10,229

A detailed copy of MainPower's Interim Report and Financial Statements for the period ended 30 September 2007 can be obtained by contacting MainPower on (03) 313 8300, or via the Company's website: [www.mainpower.co.nz](http://www.mainpower.co.nz)

## Customer Service Statistics :

	Actual 1 <sup>st</sup> 6 Mths	Target 12 Mths
No. of Minutes a customer has been without power (on average)	48	85
No. of Interruptions to power supply experienced by a customer (on average)	0.39	1.15
Total Units Conveyed (millions)	256	519
Units Lost (percentage)	6.77	6.18

## Directors and Executive Management Team (as at 30 Sept 07) :

**Gill Cox** (Chairman)  
**Peter Cox** (Deputy Chairman)  
**Tony King** (Director)  
**Rex Williams** (Director)  
**Judith Hoban** (Director)  
**Allan Berge** (Group Managing Director)  
**Warren Wright** (Group Finance Manager)  
**Peter Hurford** (Network Manager)  
**Todd Mead** (Commercial Manager)  
**Wayne Lapslie** (GM, MainPower Contracting Limited)  
**Craig Shepherd** (CEO, VirCom Energy Management Services Limited)

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**MainPower**  
 The Power to Make it Happen