2019
Annual Report

Contents

MainPower

Your electricity lines company

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 162 dedicated field and office-based workers are proud of the contribution they make to the region every day.

From the Waimakariri river, through the Hurunui, all the way to north of Kaikōura you'll find our teams working 24/7 to keep the lights on for our shareholders and our customers.

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.

MainPower is contributing towards a bright future for the region by delivering an electricity network that not only meets our current customer needs, but is also ready to take on the challenges of 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 movement towards a low carbon economy, our customers' energy needs are changing.

Looking ahead, MainPower's core business will remain the same: providing a safe, secure and reliable power supply for North Canterbury. We are also taking steps to ensure our network is ready to meet the demands of what tomorrow will bring.

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 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. This has the effect of reducing their monthly lines charge.

Rebates are credited monthly to qualifying shareholders on the MainPower network. Rebates are credited to your power account through your electricity retailer. Some retailers choose to show the rebate as a separate item on the electricity invoice that they send to customers, for others, the rebate is included, but not shown on the invoice. Customers connected to the former Kaiapoi Electricity network do not receive rebate.

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

The New Zealand electricity sector

Generation

Generators produce electricity. Around 32% of your electricity bill goes towards the cost of generating the electricity you use.

Transmission

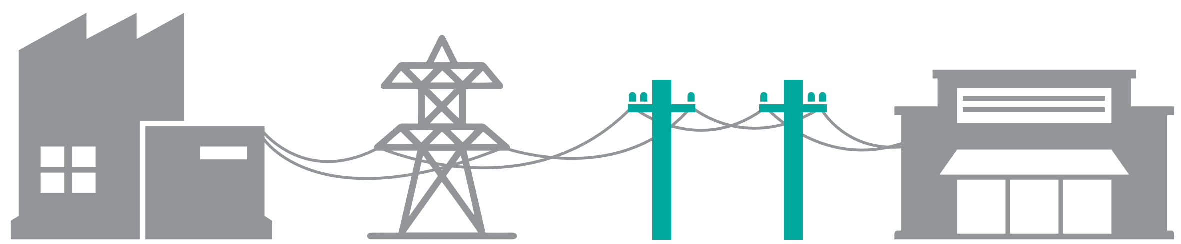
Transpower is the state-owned enterprise responsible for transmitting electricity produced by generators. Around 10.5% of your electricity bill goes to paying costs involved in the national grid.

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 27% 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 30.5% of your electricity bill goes to paying costs involved in the retail sector.



Financial Highlights

2019
QUALIFYING CUSTOMER REBATE*

$9.7 million

2019
COMMUNITY SPONSORSHIPS

$460,000

2019
PROFIT BEFORE TAX

$2.4 million

2019
TOTAL ASSETS

$304 million

*Rebates are credited monthly to qualifying shareholders on the MainPower network. Rebates are credited to your power account through your electricity retailer. Some retailers choose to show the rebate as a separate item on the electricity invoice that they send to customers, for others, the rebate is included, but not shown on the invoice. *Customers connected to the former Kaiapoi Electricity network do not receive rebates.

MainPower Board of Directors

Tony King (Chair)

Tony has been a Director of MainPower since August 2017. He was previously a Director of MainPower from 2005 to 2013.

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.

Graeme Abbot

Graeme joined as a Director of MainPower in August 2016 and is Chair of the Board's Renumeration Commitee. 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.

Janice Fredric

Janice 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 executive experience and is a Chartered Accountant.

Fraser Jonker

Fraser is the current CEO of Pioneer Energy, a position held since 2010. He had more than 25 years' experience in the energy sector as an energy consultant in South Africa before moving to New Zealand and being involved in the distribution, generation and retail environment in both New Zealand and Australia.

Stephen Lewis

Stephen was appointed to the Board of MainPower in September 2008 and is a member of the Asset Management Steering Group and Remuneration Committee.

Stephen is a company director and business consultant with over 45 years' experience in the electricity supply industry and has held governance positions in the commercial and not–for –profit sectors. He has previously held executive and senior operational roles in the UK, US, South America and Australia and he undertakes consultancy for electricity companies and industry regulators in Australia, Singapore, New Zealand and the UK.

Brian Wood

Brian is an experienced professional director with a wealth of experience from a range of private and public sector roles. He has extensive consulting experience including a period with the International Monetary Fund in Russia, Poland, and Kazakhstan.

Brian is also a Chartered Fellow of the Institute of Directors and holds a Master of Business Administration (Otago).

Chair’s Review

During the year ending March 2019, changes to board, management, strategy and activities were bedded down and the Board’s focus turned to operating performance and the future.

Financial Results

The financial results in this annual report require more explanation than usual as a result of several factors.

A strategic decision was made to sell Vircom Energy Management Services. The sale followed a review of options for developing new unregulated business opportunities. The business was sold to its largest customer, Vector, in September 2018.

As a result of this sale, accounting standards have required that in this 2018/19 report we only include Vircom results as a ‘discontinued operation’ and that we restate our comparative 2017/2018 results on the same basis. In addition, there have been changes to the International Financial Reporting Standards (IFRS) accounting rules relating to revenue recognition and financial assets (although these IFRS changes are minor in effect).

The Statement of Comprehensive Performance shows profit is well down ($1M vs $6M) on last year’s restated result with several contributing factors. Revenue was down by $5M attributable mainly to $1M for line charges (due to low irrigation), $2M on external contracting (with the return of crews who were assisting Aurora Energy’s network), and $1.3M on capital contributions from developers (reflecting a slowdown in local building developments). On the cost side, expenditure increased as more maintenance work was done on our own network and the Company again became more fully staffed.

The Vircom sale further reduced profit by $0.9M as its trading loss and goodwill write–off were crystallised. On the other hand, the sale proceeds have helped the reduction in net debt that has strengthened the balance sheet. Term debt has been recategorised to current debt as one of our bank loan facilities is due to expire this year. The Company has another undrawn longer–term facility that could cover this borrowing, pending renewal of the current facility.

There were also changes in late 2018 when the Amuri Irrigation Company made a takeover offer to the Hurunui Water Project (HWP) shareholders which was subsequently accepted. In support of this transaction, MainPower sold its full shareholding in HWP and had its loan to HWP repaid.

Asset Management

In 2019/20 a key priority is delivering the network maintenance programme as part of the Asset Management Plan.

Particular attention is being paid to checking all older poles and replacing these where necessary. It is gratifying to see the relatively low number that are being identified as defective during these checks.

We are also reviewing policies relating to lines that connect customers to our network as well as vegetation control, to ensure the responsibilities of all parties in maintaining a safe and reliable network are well understood.

Strategic Developments

It has been recognised for a few years now that the electricity distribution sector has no choice but to transform to meet the significant forces facing the sector. These forces include the changing needs of customers alongside rapid technological evolution and a focus on decarbonisation of the economy.

MainPower has been investigating options for distributed renewable generation in and around the North Canterbury region since 2004. In that time, we have built a mini-hydro station at Cleardale and gained resource consent for a wind farm at Mt Cass. The Mt Cass wind farm project is progressing well and we believe this could bring a large economic benefit to North Canterbury, MainPower and its owners. We expect to make a final decision on this project later in 2019.

Commercial scale solar generation moves ever closer to wider adoption and the Company has taken its first concrete steps to invest in this technology. We will release more details on this as soon as we are able.

We have continued to build a collaborative approach with other similar networks, particularly in IT, and will carry on doing this.

Network Pricing

Over the last year, the business has undertaken a network pricing review including work to identify the cost of providing lines services to each customer ICP. The main regulatory agencies are requiring more transparency and more cost reflective pricing structures from April 2020. This change to our charging regime enables MainPower to respond to the way emerging technologies influence how customers will use our network.

It is likely that any pricing option will include a greater proportion of fixed charges to reflect the largely fixed cost nature of network costs. The level of fixed charges will be assessed as part of the review of options. A greater fixed price component would also reduce MainPower’s (and customers’) exposure to line charge volatility from climatic conditions.

Board and Management

We farewelled MainPower’s Finance Manager, Warren Wright, after his 32 years of service. Warren has played a large role in the Company during his tenure which is appreciated by the Board. In November 2018 Sarah Barnes was welcomed as MainPower’s new GM Finance.

We welcomed two new directors, Fraser Jonker and Brian Wood, and with no other changes to the Board our focus is now clearly on building the best possible future for MainPower, its owners and customers.

Tony King
Chair
MainPower New Zealand Limited

Chief Executive's Message

Welcome to MainPower's Annual Report for 2019. This is our opportunity to share a summary of our performance over the 2018/19 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 2018/19 financial year, we have provided $9.7M worth of rebates to our customers. We've also been able to distribute $460,000 to community groups and initiatives through our sponsorship programme.

I have been at MainPower since November 2017 and during this time there has been a lot of effort put into resetting the Company across a range of areas. This reset has been required to strengthen the business to better enable us to deliver our Asset Management Plan and position us for growth in the future.

We are working hard to maintain a safe, reliable network that is ready to take on the challenges of our customers' future energy needs which could include a range of new technologies, charging electric vehicles or exporting solar energy.

We have invested in a number of important areas to ready ourselves to deliver a comprehensive network maintenance programme as part of our Asset Management Plan. Some of these investment areas include an enterprise resource planning system and a customer relationship management system, as well as ensuring we have people with the right skills, in the right teams to deliver the work required.

This more intensive network maintenance programme is required to future–proof our network. Network maintenance is a key part of keeping electricity flowing to the homes and businesses of North Canterbury.

As part of this programme we will also be upgrading some of our network equipment. These upgrades form part of a multiyear plan to increase network capacity and capability, to provide an electricity distribution network that is ready for the future.

Our team has grown from strength to strength as they take on more responsibility than ever before to deliver a safe and secure network for our customers and our shareholders. There has certainly been a wave of change throughout the business as we focus and allow our people to create a better company for the next generation.

As I look forward to the year ahead, I am confident we will be able to continue making improvements across the business to continue partnering in our customers' energy futures.

Over the last year we have made great progress on strengthening the core business for the future ready for us to deliver on our objectives this year and beyond.

Andy Lester
Chief Executive
MainPower New Zealand Limited

MainPower Executive Leadership Team

Andy Lester

Chief Executive

Andy was appointed Chief Executive of MainPower in late 2017. Andy's focus has been on resetting the business to strengthen MainPower to better enable the team to deliver the Asset Management Plan and position MainPower for growth in the future.

Mark Appleman

General Manager Network

Mark joined MainPower in 2016. The focus for Mark's team is on maintaining public safety, delivering on the projects detailed in the Asset Management Plan and preparing the network for the future.

Sarah Barnes

General Manager Finance

Sarah joined MainPower at the end of 2018. Sarah's team is responsible for organising the financial and accounting affairs of the Company and the provision of strategic advice to managers to assist with ongoing decision making.

Penny Kibblewhite

General Manager Customer and Corporate Relations

Penny joined MainPower in 2018. Leading the newly formed Customer and Corporate Relations team, her focus is on improving the customer experience and continuing to support North Canterbury through our community and sponsorship activities

Sandra O'Donohue

General Manager People and Culture

Sandra has been leading MainPower's People and Culture team since 2011. Her team's focus is on providing a fair and supportive work environment where the highest levels of competency are maintained and personal development is encouraged for all employees.

Karen Cameron

Safety and Business Risk Manager

Karen joined MainPower in 2018. Her team's mission is to 'empower safety' at MainPower. They are improving the links between critical risk, incidents and work as done. The team is also focussed on increasing environmental awareness and lessening MainPower's impact on the environment.

Geoff Gale

Chief Information Officer

Geoff joined MainPower in 2016. Geoff's team is focussed on empowering the company for success. They do this through delivering a range of technological solutions while driving best practice.

Robert (Bob) Taylor

General Manager Operations (Acting)

Bob took on the GM Operations (Acting) role in 2019, though he has previously held leadership roles within the business and has extensive industry experience. The Operations team is responsible for delivering work cost effectively, while meeting customer and business requirements.

Todd Voice

General Manager Commercial

Todd joined MainPower in 2018. The Commercial team's goal is to deliver shareholder value through continual business improvement and new growth opportunities and maintaining positive relationships with industry regulators.

Network Highlights

KILOMETERS OF LINES AND CABLES

5,071 km

NETWORK MADE UP OF APPROXIMATELY

65,000 poles

VOLUME OF ELECTRICITY DELIVERED TO CUSTOMERS

594 GWh

NUMBER OF CONNECTED CUSTOMERS

40,224

Our Customers

Non–residential includes commercial and business customers. Large users are those industrial and commercial enterprises that consume more than 500,000 kWh per annum.

Residential – **32,506**

Large Users – **48**

Irrigation – **1,432**

Non–residential – **5,922**

Other – **316**

New Connections

Number of new power supplies connected to the network

2019 – **989**

2018 – **964**

2017 – **1,030**

2016 – **984**

2015 – **1,241**

Asset Management

MainPower's Asset Management Plan (AMP) provides our customers and stakeholders with insight into how we intend to provide electricity distribution services to our customers over the next ten years.

MainPower's goal is to provide safe, secure and reliable electricity services to North Canterbury. The AMP focusses specifically on service level targets for customers and the investment, maintenance, replacement, funding and organisational development required to deliver what are customers are requesting.

Much has been said in the past few years about readying the network for the "New Energy Future" in response to changing customer behaviours. A prime example of the considerations MainPower has to factor in when planning for the next ten years is the uptake of electric vehicles (EVs). The number of EVs on New Zealand roads has roughly doubled each year since 2013, with a total of 13,186* registered as of the end of March 2019. Work is being done to ensure that our network is ready to meet this challenge and others brought about by the emergence of new technologies.

*Source: New Zealand Transport Authority

MainPower's asset management activities align with our core business values. We will:

- Ensure we comply with laws, regulations, standards and industry codes of practice.
- Make sure customer engagement effectively informs asset management.
- Provide resources that ensure asset management objectives can be delivered.

- Apply quality management systems and strive for continuous improvement and innovation.
- Apply industry best practices, systems and techniques.
- Apply performance monitoring and benchmark against industry.
- Apply a risk–based approach to managing our assets balancing cost, performance and risk.
- Ensure network growth delivers customer requirements while facilitating regional development.

- Utilise effective systems and business processes, roles and responsibilities.
- Enhance industry collaboration creating partnerships that enable and support innovation.

- Manage competence and training.
- Plan our activities effectively.
- Optimise operations and do it right, first time.

Generation

Cleardale

MainPower owns and operates a 1 megawatt (MW) hydro power station at Cleardale in the Rakaia Gorge, which generates around 3,500 MWh of electricity each year. Cleardale provided around 123% greater revenue over the 2018 year due to the higher electricity prices in the market and the increased volume from reliability of the system.

Mt Cass

MainPower also holds the resource consent for a wind farm at Mt Cass. Mt Cass is a fully consented wind farm site located on the Mt Cass ridge near Waipara in North Canterbury. In 2019, MainPower lodged an application with the Hurunui District Council to vary some of the conditions of this resource consent. Given the rapid advancement in technology in recent years, MainPower requested a change to the original consent to allow for a new type of turbine to be used. The new wind turbines will allow for a reduction in the number of turbines required (from 26 down to 22). With a total installed capacity of 93MW, the new turbines are capable of generating more electricity than earlier models.

Kākāriki Power

MainPower established Kākāriki Power in 2018 so that the electricity generated at Cleardale could be used to power our head office, depots and substations. Our staff are also able to sign up for our Kākāriki Power retail offering.

The work we are doing to develop Kākāriki Power is providing us with valuable insights into peer–to–peer trading of electricity and the challenges of the market we work within.

Managing our Risk

MainPower remains focussed on ensuring the safety of our people, customers and community as our highest priority.

From tailgate talks at work sites, to our far–reaching safety advertising campaigns, safety is a deeply embedded part of our culture.

Risk Management

Our Risk Management Plan aims to anticipate and provide a proactive plan for managing risk.

It includes:
- Risk management planning
- Risk identification
- Risk assessment and analysis
- Controls to prevent and treat risks
- A review process to measure the effectiveness of risk control

The Risk Management Journey

Risk management at MainPower is not done in isolation. We take a collaborative approach, involving our people at every stage, and seeking input from those who understand the processes and tasks in question.

"Critical risk" is defined as:
- The actual or potential to cause death to employees, contractors or members of the public;
- Cause significant property damage; or
- Cause MainPower to be severely impacted as a business

Our risk journey has brought our teams together to identify our critical risks. We held a series of workshops over a five–month period in 2018/19, which resulted in ten safety critical risks and four business critical risks being identified and risk control plans developed.

A stringent monitoring programme has also been set up to test the effectiveness of the critical controls. Monitoring is both planned (monthly and annually) and based on trigger events like near misses, industry learnings, audit and observations, new or emerging risks as well as changing circumstances.

Environmental Responsibility

Over the summer, we carried out a study to gather baseline data on our waste levels and identify opportunities to reduce waste and emissions.

From this work, three key actions were established and have been incorporated into MainPower's Strategic Business Plan.

Key action points:

1. Review our procurement policy from an environmental perspective. Considerations include transitioning to a more efficient vehicle fleet and making environmentally conscious choices around the purchasing and disposal of goods and services.
2. Minimise our SF6 emissions. SF6 gas is used by the industry as an insulator in circuit breakers. MainPower's objective is to engage an expert to audit our management of SF6, to identify business risks and establish best practice.
3. Educate and empower all MainPower employees in correct waste disposal practices.

Our staff have been involved in this process and have already identified a range of actions we can make in order to reduce our waste. One example is to establish a process for recycling our used cable ducting.

At MainPower we're passionate about protecting our environment. After all, this astoundingly beautiful country is what helps to make us, us. So we're delighted to say we've teamed up with Christchurch Helicopters and DOC as part of the Flight Path Programme to help conserve our unique local landscapes and wildlife – and one little bird in particular, the orange–fronted kākāriki.

We are trying to raise the profile of this special bird and we are providing support to DOC through various initiatives like installing a mini–hydro generator at the hut located in the area where the orange–fronted kākāriki live.

FLIGHT PATH NZ

Orange-fronted kākāriki

Department of Conservation Te Papa Atawhai

People and Culture

The MainPower team is made up of 162 dedicated field and office-based staff, spread between three depots in Rangiora, Culverden and Kaikōura.

We want to be an employer of choice, capable of attracting the best recruits to our industry and retaining them through training and development opportunities and a range of sought–after employee benefits.

We also recognise the benefits of a diverse workforce and support equal opportunity employment practices.

Four-day Work Week trial

Offering positive and sought–after employee benefits is one element in retaining talented staff and maintaining an enthusiastic and engaged workforce. Over the summer, MainPower offered all employees the opportunity to participate in a Four–Day Work Week trial. Around 30% of staff opted in to the trial, working for ten hours a day either Monday – Thursday or Tuesday – Friday.

The trial concluded at the end of March 2019, with feedback from employees being largely positive. Based on this feedback a winter trial has been put in place allowing employees to opt into a nine–day fortnight (working nine hours a day) with the intention of gathering feedback at the end of winter to determine the best long–term flexible working options.

Wellness Programme

MainPower continues to deliver a Wellness Programme aimed at supporting our employees' overall health and wellbeing. Our programme includes access to health monitoring (including MoleMapping and melanoma skin checks), vaccinations, first aid training, subsidised gym memberships and health insurance.

Age of employees

Age <20	1	Age 31–40	35	Age 51–60	37
Age 21–30	22	Age 41–50	50	Age >61	17

Length of service

Service <5 years	77	Service 11–15 years	29	Service 21–25 years	5
Service 6–10 years	26	Service 16–20 years	10	Service >26 years	15

Trainees and interns

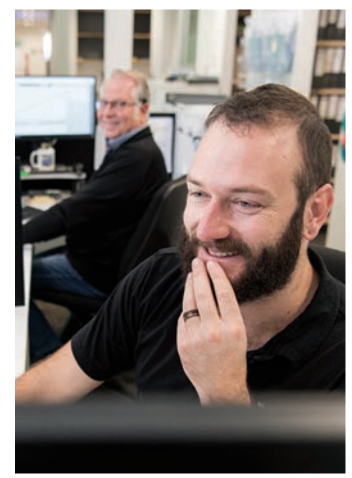
Through training and mentoring, we are producing qualified tradespeople ready to take on the challenges of the future.

This year we have welcomed five trainees, who are working towards qualifications as electricians, cable jointers and line mechanics.

We also had six interns join us over the summer months who were recruited from universities across the country. They worked on a variety of projects in the Network, Safety and Business Risk, and IT teams.

Staff who gained qualifications in 2018/19 **6**

Number of apprentices/ trainees **15**



Empowering our Community

In the last year, MainPower has developed a new customer engagement brand, demonstrating our continued focus on engaging our community.

MPower Us

Have your say, make a difference

The MPower Us brand demonstrates our ongoing commitment to listening to our customers, with the key goal of taking these insights and allowing them to drive positive change within MainPower. Our programme of engagement allows for consistent monitoring of satisfaction levels and continuous reviews of the services we provide.

Our standard research program includes our:

- **Service Monitoring survey,** which is focussed on new power supplies and new ICP connections. Initial benchmarking was completed in late 2017 and is now completed annually.
- **Customer Pulse survey,** which is focussed on community perception of MainPower. It is facilitated by an external research provider, the initial benchmarking for this survey was completed in 2017, with the survey now being completed annually in December each year.
- **Voice of the Customer research,** this is a monthly survey sent out to customers who have interacted with MainPower in the previous month.

Additional community engagement in the Waimakariri, Hurunui and Kaikōura districts is planned for the 2020 financial year, with a key focus on engaging our customers to help inform future network planning.

Customer strategy

The customer strategy for 2020 is to continue to engage with our customers. This allows customer insights to drive business improvement and ensure that the services we provide are meeting our customer's needs.

Already, the research and engagement we have completed in 2018 is feeding into significant improvements for the 2019/20 year. One key message from our customers was the need for us to communicate with them more effectively, especially when MainPower's work impacted them.

The 2019/20 year sees us investing in our communication channels, making it easier for us to update our customers on planned work, outages and general MainPower information.

A website redevelopment is also scheduled as part of our digital improvement initiative, which will focus on getting the right information online to help drive customer engagement through digital channels. Our customers will be involved in the development of this project, with user testing being a key component.

Community Support

Each year MainPower's sponsorship activity supports dozens of community initiatives and organisations. The Board has previously agreed that priority should be given to activities that promote energy efficiency and conservation, facilitate economic growth in North Canterbury, support environmental sustainability, and youth activities.

Activities we are supporting:

Our Customer Pulse survey, completed in December 2018, found that 74% of respondents could recall at least one example of MainPower's community sponsorship.

Youth

MainPower North Canterbury Sports Awards

MainPower Youth Sports Scholarships

MainPower Primary School Coaching Programme

WaiSwim Programme

Primary & Secondary School Prizes

MainPower Scholarship – University Scholarship

NZRT12 Cadet Scholarship

EPECentre – University of Canterbury

MainPower Musical Theatre Taster Day

Big Brothers Big Sisters North Canterbury

Energy Efficiency

Community Energy Action – Insulation in North Canterbury

Community Energy Action – Energy Advice Service

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

Flight Path – Orange–fronted kākāriki conservation project

General Community Support

Māia Health Foundation

Pegaus Lions – Charity Mud Run event

Cheviot Lions – Kaiwara Classic

Rangiora Lions – Ashley River Ramble

Canterbury Country Cricket Association – MainPower Oval

MainPower Hockey Turf

Omihi School – Farm Race

Sefton School PTA – Sefton Tug of War

Swannanoa School – Swannanoa Country Fair

Miss Lilly's Angel Trust – ThriveME app development

Hurunui Remembers – war commemoration event

A&P Associations

Vivacity Consort – Summer garden concert

Rangiora Promotions – Rangiora Christmas Night Celebration

Hurunui Garden Festival

Kaiapoi Promotions Association – Kaiapoi Christmas Carnival and Santa Parade

Pegasus Residents' Group – Christmas on the Lake

Rangiora Golf Club

Reflections Community Trust – Community Christmas lunch

Community Fund

Introduced in 2015, the MainPower Community Fund has been a great success, with over 20,000 votes received and $70,000 distributed amongst 23 different recipients.

The annual contestable fund is open to public voting, with a share on the proceeds being awarded to groups that receive the most votes.

$30,000 available now for North Canterbury

In 2019, $30,000 will be made available to charities, cultural organisations, schools and community groups serving North Canterbury through the MainPower Community Fund. Nominations close Friday 30 August. To submit a nomination, visit mainpower.co.nz.

Once the initial round of applications has been received, a group of finalists will be announced. We will then be calling on members of the community to cast votes for who they think should receive a share of the $30,000 Community Fund. $20,000 will be allocated to community groups, with the remaining $10,000 being allocated to North Canterbury schools.

Recipients 2015-2018

Amberley Community Pool Society (awarded twice)

Big Brothers Big Sisters North Canterbury

Coast Guard North Canterbury

Community Wellbeing Trust

Mini Ha Ha Horse Haven

Miss Lilly's Angel Trust

North Canterbury Academy of Music

North Canterbury BMX Club

North Canterbury Riding for the Disabled (awarded three times)

Rachel's House Trust

Rangiora Community Choir
Rangiora Toy Library

Waiau Community Pool

You, Me, We, Us Kaiapoi

Broomfield School

Fernside School

Leithfield School (awarded twice)

Omihi School

Rangiora High School

Rotherham School

Sefton School

Southbrook School

Waiau School

MainPower New Zealand Limited

Financial Report 2019

Contents

Directory

Directors

Tony King	Chair
Graeme Abbot	Director
Janice Fredric	Director
Stephen Lewis	Director
Fraser Jonker	Director
Brian Wood	Director

Executive Leadership Team

Andy Lester	Chief Executive
Mark Appleman	General Manager Network
Sarah Barnes	General Manager Finance
Karen Cameron	Safety & Business Risk Manager
Geoff Gale	Chief Information Officer
Penny Kibblewhite	General Manager Customer & Corporate Relations
Sandra O'Donohue	General Manager People & Culture
Robert (Bob) Taylor	General Manager Operations (Acting)
Todd Voice	General Manager Commercial

Registered Office

172 Fernside Road, PO Box 346, Rangiora 7440

Banker

Westpac New Zealand Limited, Rangiora

Principal Solicitors

Duncan Cotterill, Christchurch

Auditor

Deloitte Limited, Christchurch

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Directors' Report

The Directors of MainPower New Zealand Limited ("MainPower") have pleasure in presenting the Annual Report for MainPower and its subsidiary, MPNZ Investments Limited ("the Group"), for the financial year ended 31 March 2019.

The Annual Report has been prepared as two separate documents; firstly an Annual Review; and secondly the Directors' Report and Consolidated 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 Consolidated 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 consolidated financial position of the Group and which enable them to ensure that the Consolidated 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.

The Directors have considered whether it is appropriate to prepare the 2019 Consolidated Financial Statements on the basis that MainPower is a going concern. As part of its normal business practices, the Company prepares annual budgets and longer term financial and business plans. In reviewing this information, the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

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 (Vircom) provides New Zealand qualified and registered field services capability with nationwide coverage. The business focusses 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. On 28 September 2018, MainPower sold the net assets of the Vircom business (including the company name) and as such has been treated as a discontinued operation and the Statement of Comprehensive Income has been restated to reflect this.

Directors holding office during the year

Anthony Charles King	Chair	
Graeme David Abbot	Director	
Janice Evelyn Fredric	Director	
Jan Fraser Jonker	Director	Appointed August 2018
Stephen Paul Lewis	Director	
Brian John Wood	Director	Appointed August 2018
Judith Anne Hoban	Director	Resigned August 2018

Directors' Report (continued)

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 $9.68m for the 2018-2019 financial year. The Directors of the Group have approved rebates for the 2019–2020 financial year of $9.76m.

Financial Results

Results for the Year Ended 31 March	**Group 2019 $000**	**Group 2018 $000 Restated**
Profit Before Tax and After Rebates	2,370	8,884
Taxation	(809)	(2,455)
Profit for the Year	648	6,030
Equity		
Share Capital	56,774	56,774
Reserves	171,684	170,656
Total Equity	228,458	227,430

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 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 and Risk Committee to ensure that the auditor's independence is not compromised.

On behalf of the Board

A C King
Chair of Directors
MainPower New Zealand Limited

J Fredric
Director Chair Audit & Risk Committee
MainPower New Zealand Limited

Consolidated Financial Statements

The Directors are pleased to present the Audited Consolidated Financial Statements of MainPower New Zealand Limited and its Subsidiaries for the Year Ended 31 March 2019.

Authorised for issue on 20 June 2019 for and on behalf of the Board of Directors:

A C King
Chair of Directors
20 June 2019

Table of Contents

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	Notes	Group 2019 $000	Group 2018 $000 Restated
Operating Revenue	2	56,214	61,091
Operating Expenses	3, 4	(38,786)	(37,294)
Depreciation and Amortisation	5	(12,968)	(13,013)
Finance Expenses	6	(2,090)	(1,900)
		(53,844)	(52,207)
Profit Before Income Tax Expense		**2,370**	**8,884**
Income Tax Expense	7	(809)	(2,455)
Profit and Other Comprehensive Income from Continuing Operations		**1,561**	**6,429**
Loss from Discontinued Operations, Net of Tax	8	(913)	(399)
Profit After Income Tax Expense		**648**	**6,030**
Gain on Revaluation, Net of Deferred Tax		380	–
Total Comprehensive Income		**1,028**	**6,030**

The 2018 comparatives have been restated for the discontinued operation, refer to Note 8.

The accompanying notes form part of and are to be read in conjunction with these Consolidated Financial Statements.

Consolidated Statement of Financial Position

As at 31 March 2019

	Notes	Group 2019 $000	Group 2018 $000
ASSETS			
Current Assets			
Cash and Cash Equivalents		8,793	1,153
Current Tax Asset	7	408	–
Trade and Other Receivables	9	6,960	8,922
Inventories	10	2,319	2,367
Prepayments		752	852
Other Financial Assets	13	3,020	300
Total Current Assets		22,252	13,594
Non–Current Assets			
Other Financial Assets	13	–	3,000
Property, Plant and Equipment	14	276,587	283,839
Capital Works Under Construction	14A	3,114	3,230
Goodwill	15	–	713
Intangible Assets	16	2,028	1,073
Total Non–Current Assets		281,729	291,855
Total Assets		**303,981**	**305,449**
EQUITY AND LIABILITIES			
Current Liabilities			
Trade and Other Payables	17	6,196	7,661
Current Tax Liability	7	–	328
Current Borrowings	18	22,000	–
Total Current Liabilities		28,196	7,989
Non–Current Liabilities			
Net Deferred Tax Liabilities	7	44,032	44,428
Borrowings	18	–	22,900
Interest Rate Swaps Non–Current	17A	2,689	2,055
Other Financial Liabilities	19	6	4
Non–Current Provisions	20	600	643
Total Non–Current Liabilities		47,327	70,030
Equity			
Share Capital	21	56,774	56,774
Reserves		33,969	38,002
Retained Earnings		137,715	132,654
Total Equity		228,458	227,430
Total Liabilities and Equity		**303,981**	**305,449**

The accompanying notes form part of and are to be read in conjunction with these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Share Capital $000	Retained Earnings $000	Asset Revaluation $000	Total Equity $000
Consolidated Entity				
Balance at 31 March 2017	56,774	126,624	38,002	221,400
Profit for the Year	–	6,030	–	6,030
Total Comprehensive Income	–	6,030	–	6,030
Balance at 31 March 2018	**56,774**	**132,654**	**38,002**	**227,430**
Profit for the Year from Continuing Operations	–	1,561	–	1,561
Loss for the Year from Discontinued Operations	–	(913)	–	(913)
Gain on Revaluation, Net of Deferred Tax	–	–	380	380
Total Comprehensive Income	–	648	380	1,028
Adjustment Arising from Loss of Control of Subsidiary	–	4,413	(4,413)	–
Balance at 31 March 2019	**56,774**	**137,715**	**33,969**	**228,458**

The accompanying notes form part of and are to be read in conjunction with these Consolidated Financial Statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2019

	Group 2019 $000	Group 2018 $000 Restated
Cash Flows from Operating Activities		
Receipts from Customers	56,297	61,359
Interest Received	158	79
Payments to Suppliers and Employees	(40,312)	(37,635)
Interest and Other Finance Costs Paid	(2,137)	(1,697)
Income Tax Paid	(1,689)	(1,313)
Cash Flows from Discontinued Operations	(255)	387
Net Cash Provided by Operating Activities	12,062	21,180
Cash Flows from Investing Activities		
Payments to Associate Company	–	(250)
Proceeds from Investment Securities	–	(1,016)
Payment for Property, Plant and Equipment	(5,366)	(8,961)
Proceeds from Sale of Property, Plant and Equipment	86	2,273
Payment for Intangible Assets	(1,742)	(778)
Cash Flows from Discontinued Operations	3,500	(157)
Net Cash Used in Investing Activities	(3,522)	(8,889)
Cash Flows from Financing Activities		
Repayment of Borrowings	(900)	(11,800)
Cash Flows from Discontinued Operations	–	–
Net Cash Used in Financing Activities	(900)	(11,800)
Net Increase in Cash and Cash Equivalents	7,640	491
Summary		
Cash and Cash Equivalents at Beginning of Year	1,153	662
Net Increase in Cash and Cash Equivalents	7,640	491
Cash and Cash Equivalents at End of Year	8,793	1,153

The 2018 comparatives have been restated for the discontinued operation, refer to Note 8.

The accompanying notes form part of and are to be read in conjunction with these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

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 Limited's parent and ultimate controlling party is the MainPower Trust. These Consolidated 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 RDR.

Basis of Financial Statement Preparation

These Consolidated Financial Statements are presented in New Zealand Dollars, rounded to the nearest thousand.

These Consolidated 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). 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 2019 and the comparative information presented in these financial statements for the year ended 31 March 2018 except for adoption of new accounting standards.

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 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 to Note 1(j) Property, Plant and Equipment regarding revaluations.

1. Statement of Accounting Policies (continued)

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

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.

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of these Consolidated 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 Consolidated 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 Consolidated 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.

1. Statement of Accounting Policies (continued)

d. Cash and Cash Equivalents

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

e. Financial Assets

The Group classifies its financial assets into one of the categories below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Financial assets at amortised cost
The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments.

Accounts receivable are stated at amortised cost less impairment losses. Impairment provisions for trade receivables are based on the simplified approach within NZ IFRS 9 whereby the probability of the non–payment of the trade receivables is assessed based on an expected credit loss (ECL) approach. Trade receivables are reported net of impairment, provisions for impairment are recorded in a seperate provision account with the loss being recognised within cost of sales in the Consolidated Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value is written off against this provision. Intergroup balances due from subsidiaries and associates are stated at cost less impairment losses.

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)).

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

1. Statement of Accounting Policies (continued)

i. Impairment of Non–Financial 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 Consolidated 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.

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 significantly 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 the Consolidated 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.

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.

1. Statement of Accounting Policies (continued)

j. Property, Plant and Equipment (continued)

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 either a straight–line or a diminishing value 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 five (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.

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

1. Statement of Accounting Policies (continued)

o. Employee Benefits (continued)

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 Consolidated 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 26. 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.

r. Revenue Recognition

The Group is in the business of providing electricity distribution and generation services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Electricity line revenue
Electricity line revenue is recognised at the fair value of services provided. These revenue streams relate to the provision of electricity distribution services, revenue is recognised over time based on an output method as the service is delivered to match the pattern of consumption.

Generation revenue
Generation revenue is at the fair value of electricity generation services provided.

Customer contribution revenue
Customer contribution revenue is recognised at the fair value of the works completed at a point in time.

Contracting revenue
Contracting revenue is recognised at the fair value of the works completed or goods provided. For contracts with multiple performance obligations, revenue is recognised at a point in time when the performance obligation is satisfied.

Revenue from sale of assets
Revenue from sale of an asset is recognised when control of the asset is transferred.

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

s. 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.

t. Borrowing Costs

Borrowing costs are expensed using the effective interest rate method.

1. Statement of Accounting Policies (continued)

u. 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.

IFRS 9 – Financial Instruments (effective on or after 1 January 2018)
NZ IFRS 9 Financial Instruments includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from NZ IAS 39. The Group's assessment of adopting NZ IFRS 9 is that it does not have a material impact on the Consolidated Financial Statements or any required restatement or accounting treatment to the Financial Instruments of the Group.

The impairment method used to determine the provision for doubtful debts now assesses collectability per customer, taking into account the type of debt (e.g. car v pole are less likely to be collected), historic payment patterns and known indicators of future credit losses per customer (e.g. financial difficulties). The current year provision was not material, therefore based on the assessment the prior year was not restated.

IFRS 15 – Revenue from Contracts with Customers (effective on or after 1 January 2018)
In the current year, NZ IFRS 15 was adopted applying the cumulative retrospective approach. NZ IFRS 15 provides the principles an entity shall apply to report useful information to users of financial statements, about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Apart from providing more extensive disclosures the adoption of this standard has had no impact on the timing of recognition of all major revenue items and therefore on reported revenue in the current or prior year.

Electricity line revenue is recognised at the fair value of services provided. These revenue streams relate to the provision of electricity distribution services. Consistent with NZ IFRS 15 this revenue is recognised over time based on an output method as the service is delivered to match the pattern of consumption. Customer contribution revenue represents the fair value of the asset being constructed. These revenue streams relate to the revenues received from customers towards the costs of electricity supply to new subdivisions, constructing uneconomic lines and relocating existing lines. For contracts with multiple performance obligations, revenue is recognised at a point in time when the performance obligation is satisfied (milestones).

v. 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 16 Leases (effective 1 January 2019). The treatment of leases previously recognised as operating leases, will be similar to that of finance leases whereby the right–to–use asset and the liability to make lease payments are recognised in the Consolidated Statement of Financial Position, with the interest expense on the lease liability and the depreciation expense on the right–to–use asset reflected in the Consolidated Statement of Comprehensive Income.

The current operating lease position can be seen in Note 3 Operating Expenses and Note 22 Commitments and Contingent Liabilities. The Group will adopt NZ IFRS 16 for the year ending 31 March 2020.

2. Operating Revenue

	Group 2019 $000	Group 2018 $000 Restated
Line Revenue	57,664	58,792
Rebates to Customers	(9,677)	(9,833)
Net Lines Revenue	47,987	48,959
Contracting Revenue	3,354	5,394
Generation Revenue	445	377
Capital Contributions	3,719	4,998
Interest Revenue	201	93
Gain on Sale	85	587
Other	423	683
	56,214	61,091

3. Operating Expenses

	Group 2019 $000	Group 2018 $000 Restated
Bad Debts Written Off	77	74
Directors' Fees and Expenses	366	459
Employee Remuneration and Benefits	6,670	5,169
Loss on Disposal of Property, Plant and Equipment	–	667
Operating Lease Costs	770	417
Network Maintenance	5,526	4,316
Generation Cost of Production	146	119
Generation Operations	5	18
Community Relationships	1,002	1,136
Transmission Expenses	14,712	15,452
Cost of Goods Sold, Excluding Employee Remuneration	4,885	4,695
Impairment on Revaluation	557	–
Other	3,981	4,671
	38,697	37,193

4. Remuneration of Auditor

	Group 2019 $000	Group 2018 $000 Restated
Audit of the Consolidated Financial Statements	72	76
Auditor's Other Services	17	25
	89	101

The Audit and Risk 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

5. Depreciation and Amortisation

	Group 2019 $000	Group 2018 $000 Restated
Depreciation of Non–Current Assets	12,331	12,679
Amortisation of Non–Current Assets	637	334
	12,968	13,013

6. Finance Expenses

	Group 2019 $000	Group 2018 $000 Restated
Interest Expense on Loans	1,258	1,500
Other Finance Expenses	198	197
Interest Rate Swaps and Foreign Exchange Contracts Fair Value Movement	634	203
	2,090	1,900

7. Income Taxes

	Group 2019 $000	Group 2018 $000
Tax Expense Recognised in Profit Comprises:		
Current Tax Expense	1,125	1,952
Adjustments Recognised in Current Year in Relation to the Current Tax of Prior Years	(6)	(145)
Deferred Tax Expense Relating to the Origination and Reversal of Temporary Differences	(421)	467
Total Income Tax Expense Recognised in Profit, Prior to Restatement	698	2,274
Add Tax Impact of Discontinued Operations	111	181
Total Income Tax Expense Recognised in Profit	809	2,455

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

7. Income Taxes (continued)

The Prima Facie Income Tax Expense on pre–tax accounting profit reconciles to the Income Tax Expense in the Consolidated Statement of Comprehensive Income as follows:

	Group 2019 $000	Group 2018 $000
Profit Before Tax	2,370	8,884
Prima Facie Income Tax Expense Calculated at 28%	664	2,488
Non–Assessable Income	90	70
Non–Deductible Expenses	61	42
	815	2,600
(Over)/Under Provision of Income Tax in Previous Year	(6)	(145)
Total Income Tax Expense Recognised in Profit	809	2,455

Current Tax Assets and Liabilities

Tax (Receivable)/Payable	(408)	328

	Opening Balance $000	Charged to Profit and Loss $000	Charged to Comprehensive Income $000	Closing Balance $000
Consolidated Group For the Year Ended 31 March 2019				
Taxable and Deductible Temporary Differences Arise from:				
Deferred Tax Liabilities				
Property, Plant & Equipment	45,194	(341)	25	44,878
Deferred Tax Assets				
Intangible Assets	(26)	(9)	–	(35)
Provisions	(740)	(71)	–	(811)
Net Deferred Tax Liability	44,428	(421)	25	44,032
Consolidated Group For the Year Ended 31 March 2018				
Taxable and Deductible Temporary Differences Arise from:				
Deferred Tax Liabilities				
Property, Plant & Equipment	44,935	259	–	45,194
Deferred Tax Assets				
Intangible Assets	(16)	(10)	–	(26)
Provisions	(958)	218	–	(740)
Net Deferred Tax Liability	43,961	467	–	44,428

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

8. Discontinued Operations

Vircom Energy Management Services Limited was a field services business focussing on core metering, solar, battery, and electrical installation and maintenance services. On 28 September 2018, Vector Limited acquired the Business Assets including the company name of Vircom Energy Management Services Limited.

Vircom Energy Management Services Limited was renamed MPNZ Investments Limited and holds the proceeds from the sale of the business which closely approximates the investment recorded in the accounts of the parent MainPower New Zealand Limited.

The results of the discontinued operations which have been included in the profit for the year were as follows:

	2019 $000	2018 $000
Revenue	6,689	17,105
Expenses	(7,153)	(17,685)
(Loss) / Profit Before Income Tax Expense	(464)	(580)
Income Tax Benefit / (Expense)	264	181
(Loss) / Profit After Income Tax Expense	(200)	(399)
Goodwill Write Off on Sale of Business	(713)	–
(Loss) from Discontinued Operations	(913)	(399)

The post–tax gain on disposal of discontinued operations was determined as follows:	2019 $000
Cash Consideration Received	3,500
Net Assets Disposed (other than cash):	
Property, Plant and Equipment	472
Work in Progress	15
Inventories	34
Other Financial Assets	10
Intangibles	2,847
	3,378
Gain on Sale	122
Related Tax Expense	(34)
Gain on Sale of Discounted Operations	88

9. Trade and Other Receivables

	Group 2019 $000	Group 2018 $000
Trade Receivables and Other Accruals	6,297	8,317
Provision for Doubtful Debts	(78)	–
Work Under Construction	650	557
Interest Receivable	91	48
	6,960	8,922

Electricity retailers are invoiced on the 12th day of the month of usage with payment due on the 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.

10. Inventories

	Group 2019 $000	Group 2018 $000
Distribution System	2,319	2,367

11. Subsidiaries

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 31/03/2019	31/03/2018
MPNZ Investments Limited (formerly Vircom Energy Management Services Limited)	Provision of loan funding to parent company	New Zealand	100%	100%

On 28 September 2018, MainPower sold the net assets of the Vircom business (including the company name), the subsidiary company was renamed MPNZ Investments Limited.

For the year ended 31 March 2019

12. 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	
			31/03/2019	31/03/2018
Hurunui Water Project Limited	Irrigation	New Zealand	0.0%	17.18%

The deed of financing was repaid on 28 March 2019 and the share in the subsidiary was surrendered. The carrying value of this investment was $Nil (2018: Nil).

13. Other Financial Assets

	Group 2019 $000	Group 2018 $000
At amortised cost		
Self Insurance Fund Investment – Current	3,000	–
Funds Held in Escrow	20	–
Loan to Associate Company – Current	–	300
	3,020	300
Self Insurance Fund Investment Non – Current	–	3,000
	–	3,000

For the year ended 31 March 2019

14. Property, Plant and Equipment

	Freehold Land at Fair Value $000	Buildings at Fair Value $000	Electricity Distribution Network at Fair Value $000	Plant, Equipment, Vehicles, Furniture & Fittings $000	Total Property, Plant and Equipment at Fair Value $000
Gross Carrying Amount					
Balance at 31 March 2017	3,879	17,358	262,017	37,799	321,053
Additions	–	387	8,391	315	9,093
Disposals	–	–	(692)	(6,051)	(6,743)
Balance at 31 March 2018	3,879	17,745	269,716	32,063	323,403
Additions / Other Adjustments	–	–	4,708	658	5,366
Disposal	–	(349)	(183)	(2,512)	(3,044)
Balance at 31 March 2019	3,879	17,396	274,241	30,209	325,725
Accumulated Depreciation, Amortisation and Impairment					
Balance at 31 March 2017	–	1,589	10,486	18,839	30,914
Disposals	–	–	(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
Disposals	–	(265)	(299)	(2,346)	(2,910)
Depreciation Expense	–	389	11,166	776	12,331
Balance at 31 March 2019	–	2,142	32,381	14,462	48,985
Revaluation / (Impairment)	316	(469)	–	–	(153)
Net Book Value at 31 March 2018	3,879	15,727	248,202	16,031	283,839
Net Book Value at 31 March 2019	4,195	14,785	241,860	15,747	276,587

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

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 cash flow (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% – 5.8%;
- Forecast cash flow, including network pricing, operating costs and capital expenditure;
- Leverage 26% – 55%
- 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 has recognised additional capital expenditure on the electricity distribution network of $7.99m.

Ernst & Young have in March 2019 reviewed the assumptions used for the March 2016 valuation and has 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 customer contributions was valued at March 2018 at $221.67m. The book value of electricity distribution network assets funded from customer contributions at March 2018 amounted to $40.6m (2017: $39.2m).

Within the asset class Plant, Equipment, Vehicles, Furniture & Fittings is $12.34m (2018: $12.35m) of generation assets. Peter Seed Limited at March 2019 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 6.33% – 6.97% (2018: 5.96% – 7.96%);
- Risk–free rate based on the 10 year Government Stock yield of 2.09% (2018: 2.92%);
- Forecast cash flow, including operating costs and capital expenditure; and
- Leverage 45% (2018: 45%).

The Group's land and buildings were revalued to fair value of $18.98m as at 31 March 2019 by independent registered valuer FordBaker Limited. The major assumptions within the valuation included:

- Discount rate of 8% based upon sales evidence;
- Rental growth rate model using CPI rates of 0% – 2.0% over a 10 year term; and
- Capitalisation at terminal yield of 7%

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

14A. Capital Works Under Construction

	Group 2019 $000	Group 2018 $000
Capital Works Under Construction	3,114	3,230

15. Goodwill

	Group 2019 $000	Group 2018 $000
Net Book Value at 31 March 2018	713	713
Movement	(713)	–
Net Book Value at 31 March 2019	–	713

16. Intangible Assets

	Software at Fair Value $000
Gross Carrying Amount	
Balance at 1 April 2017	3,642
Amortisation Expense	867
Disposals	(980)
Balance at 31 March 2018	3,529
Additions	1,742
Disposals	(273)
Balance at 31 March 2019	4,998
Accumulated Amortisation and Impairment	
Balance at 1 April 2017	2,943
Amortisation Expense	410
Disposals	(897)
Balance at 31 March 2018	2,456
Amortisation Expense	637
Disposals	(123)
Balance at 31 March 2019	2,970
Net Book Value at 31 March 2018	1,073
Net Book Value at 31 March 2019	2,028

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

17. Trade and Other Payables

	Group 2019 $000	Group 2018 $000
Trade Payables	4,149	4,162
Accruals	721	1,788
Employee Entitlements	1,047	1,201
GST Payable	279	510
	6,196	7,661

17A. Interest Rate Swaps

	Group 2019 $000	Group 2018 $000
Non–Current Liabilities	2,689	2,055
	2,689	2,055

18. Borrowings

	Group 2019 $000	Group 2018 $000
Current	22,000	–
Term	–	22,900
	22,000	22,900

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 2019 MainPower had drawn down $22,000,000 which is unsecured, but subject to a negative pledge arrangement (2018: $22,900,000).

During the year Nil interest was capitalised to MainPower's generation and network assets (2018: Nil).

19. Other Financial Liabilities

	Group 2019 $000	Group 2018 $000
At cost:		
Redeemable Preference (Rebate) Shares	6	4

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.

1,156 redeemable preference shares at 10 cents each were redeemed during the year (2018: 5,744).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

20. Non–Current Provisions

	Group 2019 $000	Group 2018 $000
Employee Benefits	600	643

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% (2018: 3.00%); and
- Discount rate 1.72%–4.16% (2018: 1.79%–3.91%)

21. Share Capital

	Group 2019 $000	Group 2018 $000
Balance at Beginning of Financial Year	56,774	56,774
56,774,000 Fully Paid Ordinary Shares	56,774	56,774

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

22. Commitments and Contingent Liabilities

There are no significant contracted capital commitments or contingent liabilities as at 31 March 2019 (2018: Nil).

	Group 2019 $000	Group 2018 $000
Operating Lease Commitments		
The Minimum Value of Lease Commitments are:		
Within One Year	920	858
1 – 2 Years	881	829
2 – 5 Years	2,010	1,964

Prudential Commitments
At 31 March 2019 the Company and Group had guarantees (performance bonds) to third parties amounting to $200,000 (2018: $200,000).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

23. 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 (2018: 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 arm's length basis

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

	Group 2019 $000	Group 2018 $000
Transactions During the Year		
Purchases from Subsidiaries	–	38
Revenues from Subsidiaries	–	39
Dividends from Subsidiaries	–	–
Outstanding Balances as at 31 March 2019		
Accounts Payable to Subsidiaries	–	5
Loan from Subsidiaries	3,897	–
Accounts Receivable from Subsidiaries	–	21
Taxation Owing to Subsidiaries	246	–

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 arm's length basis with companies in which Directors have a disclosed interest. During the year MainPower undertook work for the Hanmer Springs Thermal Reserve. Mr G Abbot is the General Manager of Hanmer Springs Thermal Reserve.

The Group paid Directors' fees totaling $336,250 (2018: $337,633).

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 (2018: all less than $1,000). There were no significant outstanding balances with key management personnel at the end of the period (2018: Nil). All transactions were conducted on standard commercial terms.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

24. Key Management Personnel

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

	Group 2019 $000	Group 2018 $000
Employee Remuneration and Benefits	2,832	2,925

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.

25. 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.

26. 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 2019, MainPower had drawn down $22,000,000 which is unsecured, but subject to a negative pledge arrangement (2018: $22,900,000).

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 (2019: Loss $0.634m; 2018: Loss $0.203m).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2019

26. Financial Instruments (continued)

Categories of Financial Instruments	Notes	Loans and receivables $000	Other amortised cost $000	Fair value through profit & loss $000	Total carrying amount $000
Consolidated Group as at 31 March 2019					
Current Assets					
Cash and Cash Equivalents		8,793	–	–	8,793
Trade and Other Receivables	9	6,310	–	–	6,310
Other Financial Assets	13	–	3,020	–	3,020
		15,103	3,020	–	18,123
Non–Current Assets					
Other Financial Assets		–	–	–	–
Total Financial Assets		15,103	3,020	–	18,123
Current Liabilities					
Trade and Other Payables	17	–	4,870	–	4,870
Other Financial Liabilities	18	22,000	–	–	22,000
		22,000	4,870	–	26,870
Non–Current Liabilities					
Other Financial Liabilities	18	–	–	–	–
Interest Rate Swaps	17A	–	–	2,689	2,689
Total Financial Liabilities		22,000	4,870	2,689	29,559
Consolidated Group as at 31 March 2018					
Current Assets					
Cash and Cash Equivalents		1,153	–	–	1,153
Trade and Other Receivables	9	8,365	–	–	8,365
Other Financial Assets	13	–	300	–	300
		9,518	300	–	9,818
Non–Current Assets					
Other Financial Assets		–	3,000	–	3,000
Total Financial Assets		9,518	3,300	–	12,818
Current Liabilities					
Trade and Other Payables	17	–	5,950	–	5,950
Other Financial Liabilities		–	–	–	–
		–	5,950	–	5,950
Non–Current Liabilities					
Other Financial Liabilities	18	22,900	–	–	22,900
Interest Rate Swaps	17A	–	–	2,055	2,055
Total Financial Liabilities		22,900	5,950	2,055	30,905

Deloitte.

Independent Auditor's Report

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 2019, and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 35 to 59, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2019, 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 Consolidated 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, we have no relationship with or interests in the Company or any of its subsidiaries, except that partners and employees of our firm deal with the Company and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries.

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 consolidated financial statements and the audit report.

Our opinion on the consolidated 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 financial statements.

A further description of our responsibilities for the audit of the 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-7

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company'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 Company'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 Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Christchurch, New Zealand
20 June 2019

This audit report relates to the consolidated financial statements of MainPower New Zealand Limited (the 'Company') for the year ended 31 March 2019 included on the Company's website. The Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the 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 consolidated 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 20 June 2019 to confirm the information included in the audited consolidated financial statements presented on this website.

Statutory Information

For the year ended 31 March 2019

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	Chair	90,000	–	90,000
Graeme Abbot	Director	54,000	–	54,000
Janice Fredric	Director	55,000	–	55,000
Judith Hoban	Resigned	21,250	–	21,250
Fraser Jonker	Director	26,500	–	26,500
Stephen Lewis	Director	59,250	–	59,250
Brian Wood	Director	30,250	–	30,250
		336,250	–	336,250

(Refer Note 3)

SUBSIDIARIES

MPNZ Investments Limited (Previously Vircom Management Services Ltd)

Name	Position	Fees $	Salary $	Total $
A Lester	Chair	–	–	–
W Wright	Resigned	–	–	–
M Williamson	Resigned	–	–	–
T Voice	Executive Director	–	–	–
		–	–	–

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

Statutory Information (continued)

For the year ended 31 March 2019

Directors' Insurance

During the year MainPower paid insurance premiums for all Directors of the MainPower Group in respect of liability and costs. 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.

Statutory Information (continued)

For the year ended 31 March 2019

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.

Directors' Interests

Director	Company	Position	Appointments/Resignations
A C King	Option One Ltd	Director & Shareholder	
	Red Bus Ltd	Director	
G A Abbot	Hanmer Springs Thermal Pools & Spa	General Manager	
	Hurunui Water Project Ltd	Director	Resigned March 2019
J E Fredric	Credit Union South	Chair	
	Hurunui Tourism Board	Chair	
	Lincoln University Council	Member	
	LUAGRJF GP Ltd	Director	Resigned February 2019
	Maritime New Zealand	Director	
	NZ Shipwreck Welfare Trust	Trustee	
	Taxcheck.co.nz Ltd	Director	Company Deregistered February 2019
J F Jonker	Christchurch District Energy Company Ltd	Director	
	Dairy Creek GP Ltd	Director	
	Dairy Creek Irrigation Partnership	Director	
	Ecotricity GP Ltd	Director	
	Ecotricity Superceded Ltd	Director	
	Energy for Industry Ltd	Director	
	Engie Services Investments New Zealand Ltd	Director	Appointed October 2018
	F & L Investments Ltd	Director & Shareholder	
	Jonker Estate Ltd	Director & Shareholder	
	Manuherikia Irrigation Co-operative Society Ltd	Director	Resigned October 2018
	Manuherikia River Ltd	Director	Resigned October 2018
	Pioneer Energy	CEO	
	Pioneer Generation Investment Ltd	Director	
	Pulse GP Ltd	Director	
	Southern Generation GP Ltd	Director	

Statutory Information (continued)

For the year ended 31 March 2019

Directors' Interests (continued)

Director	Company	Position	Appointments/Resignations
B J Wood	Buller Holdings Ltd	Chair	
	Buller Recreation Ltd	Chair	
	Canterbury Linen Services Ltd	Chair	
	Delta Utility Services Ltd	Chair	
	E-Spatial Ltd	Director	Appointed June 2018
	Harrison Grierson Consultants Ltd	Director	Appointed June 2018
	Harrison Grierson Holdings Ltd	Director	
	Harrison Grierson International Ltd	Director	Appointed June 2018
	Invercargill City Holdings Ltd	Chair	Appointed November 2018
	Invercargill City Property Ltd	Director	Appointed December 2018
	Invercargill Property Ltd	Director	Appointed December 2018
	Lyttelton Port of Christchurch Ltd	Director	
	Ministry of Transport Oversight Group for reconstruction of transportation lines between Picton & Christchurch	Chair	
	Westreef Services Ltd	Director	

Statutory Information (continued)

For the year ended 31 March 2019

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 2019	No. of current and former employees 2018
100 – 110	18	15
110 – 120	5	10
120 – 130	5	8
130 – 140	2	6
140 – 150	8	3
150 – 160	1	1
160 – 170	1	2
170 – 180	–	–
180 – 190	–	–
190 – 200	1	3
200 – 210	–	2
210 – 220	1	2
220 – 230	1	–
230 – 240	1	–
240 – 250	1	2
250 – 260	–	–
260 – 270	–	1
270 – 280	–	–
290 – 300	2	–
360 – 370	1	–
370 – 380	1	–
530 – 540	–	1

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

Corporate Governance Statement

For the year ended 31 March 2019

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.

Corporate Governance Statement (continued)

For the year ended 31 March 2019

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.

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 at least bi–annually. 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 six Non–Executive Directors. The Directors of the Company currently in office are: Anthony Charles King (Chair), Graeme David Abbot (Director), Janice Evelyn Fredric (Director), Brian John Wood (Director), Jan Fraser Jonker (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), Brian Wood and Tony King. The ARC invites the Chief Executive, GM Finance, Safety and Business Risk 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

Corporate Governance Statement (continued)

For the year ended 31 March 2019

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.

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), Stephen Lewis 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 in the Board's regular monthly meetings. In addition, each quarter, the Board addresses health and safety in a separate focussed 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 Expections
– Business Activities
– Non–core Activities
– Performance
– Distribution 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. 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 ended 31 March 2019

	Actual 2018 $000 Restated	Budget 2019 $000 Restated	Actual 2019 $000	Forecast 2020 $000	Forecast 2021 $000
Financial Performance					
Gross Operating Revenue	70,924	65,105	65,891	65,735	67,015
Rebates	(9,833)	(9,719)	(9,677)	(9,757)	(9,962)
Net Revenue	61,091	55,386	56,214	55,978	57,053
Operating Expenditure	(52,207)	(50,325)	(53,844)	(51,756)	(54,576)
Profit Before Tax	8,884	5,061	2,370	4,222	2,477
Taxation	(2,455)	(1,513)	(809)	(1,561)	(709)
Profit after Rebates, Tax and Dividends	6,429	3,548	1,561	2,661	1,768
Profit (Loss) from Discontinued Operation, Net of Tax	(399)	48	(913)	–	–
Profit after Rebates, Tax, Dividends and Discontinued Operations	6,030	3,596	648	2,661	1,768
Total Maintenance Expenditure	4,316	5,425	5,526	5,185	7,149
Total Capital Development Expenditure	9,786	12,133	10,239	23,601	16,209
Financial Position					
Net Working Capital	5,605	2,727	(5,944)	3,459	3,251
Non–Current Assets	291,855	299,863	281,729	306,877	309,588
	297,460	302,590	275,785	310,336	312,839
Term Liabilities	(70,030)	(78,389)	(47,327)	(76,982)	(77,456)
Net Assets	227,430	224,201	228,458	233,354	235,383
Cash Flows from Operating Activities	21,180	17,946	12,062	16,390	15,314
Cash Flows from Investing Activities	(8,889)	(21,803)	(3,522)	(22,510)	(16,209)
Cash Flows from Financing Activities	(11,800)	3,857	(900)	6,385	395
Net Increase/(Decrease) in Cash Flow	491	0	7,640	265	(500)
Financial Ratios	%	%	%	%	%
Profit Before Tax/Net Assets	3.91	2.25	1.04	1.81	1.05
Profit After Tax/Total Assets	2.11	1.20	0.51	0.86	0.57
Profit After Tax/Equity	2.83	1.58	0.68	1.14	0.75
Equity/Total Assets	74.46	76.33	75.16	75.19	75.22

Health, Safety and Risk Statistics	Actual 2018 Restated	Actual 2019 Restated	Actual 2019	Forecast 2020	Forecast 2021
Number of Employees	166	157	162	168	168
Number of Major Non–Conformances from External Certification Audit	–	–	–	–	–
Number of Enforceable Regulatory Notifications, e.g. Notices, Fines, Prosecutions	–	–	–	–	–
Number of Health & Safety Interactions with Employees	98	108	108	108	108
Number of Work Related Accidents Resulting in Lost Time	3	–	2	–	–

Performance Statement

Financial – MainPower New Zealand Limited (Parent)

For the year ended 31 March 2019

	Actual 2018 $000 Restated	Budget 2019 $000 Restated	Actual 2019 $000	Forecast 2020 $000	Forecast 2021 $000
Financial Performance					
Gross Operating revenue	71,187	65,105	65,891	65,735	67,015
Rebates	(9,833)	(9,719)	(9,677)	(9,757)	(9,962)
Net Revenue	61,354	55,386	56,214	55,978	57,053
Operating Expenditure	(52,284)	(50,325)	(53,892)	(51,756)	(54,576)
Profit Before Tax	9,070	5,061	2,322	4,222	2,477
Taxation	(2,456)	(1,513)	(809)	(1,561)	(709)
Profit After Rebates, Tax and Dividends	6,614	3,548	1,513	2,661	1,768
Total Maintenance Expenditure	4,316	5,425	5,526	5,185	7,149
Total Capital Development Expenditure	9,786	12,133	10,239	23,601	16,209
Financial Position					
Net Working Capital	1,793	1,180	(6,803)	3,459	3,251
Non–Current Assets	295,046	302,728	288,795	306,877	309,588
	296,839	303,908	281,992	310,336	312,839
Term Liabilities	(67,918)	(72,979)	(51,177)	(76,982)	(77,456)
Net Assets	228,921	230,929	230,815	233,354	235,383
Cash Flows from Operating Activities	20,657	17,946	11,970	16,390	15,314
Cash Flows from Investing Activities	(8,593)	(21,803)	(6,722)	(22,510)	(16,209)
Cash Flows from Financing Activities	(11,800)	3,857	2,950	6,385	395
Net Increase/(Decrease) in Cash Flow	264	0	8,198	265	(500)
Financial Ratios	%	%	%	%	%
Profit Before Tax/Net Assets	3.99	2.20	1.01	1.82	1.06
Profit After Tax/Total Assets	2.20	1.18	0.66	0.87	0.57
Profit After Tax/Equity	2.91	1.54	0.66	1.15	0.75
Equity/Total Assets	77.12	75.99	74.38	75.19	75.24

Health, Safety and Risk Statistics	Actual 2018	Budget 2019	Actual 2019	Forecast 2020	Forecast 2021
Number of Employees	166	157	162	168	168
Number of Major Non–Conformances from External Certification Audit	–	–	–	–	–
Number of Enforceable Regulatory Notifications, e.g. Notices, Fines, Prosecutions	–	–	–	–	–
Number of Health & Safety Interactions with Employees	98	108	108	108	108
Number of Work Related Accidents Resulting in Lost Time	3	–	2	–	–

Performance Statement

Customer Service and Statistics

For the year ended 31 March 2019

	Actual 2018 $000	Budget 2019 $000	Actual 2019 $000	Forecast 2020 $000	Forecast 2021 $000
Lines Business:					
Quality of Supply					
SAIDI – Average Minutes Customer is without Power During the Year	174.20	162.00	204.00	340.00	340.00
SAIFI – Average Supply Interruptions Per Customer During the Year	1.60	1.59	1.58	1.73	1.73
Unplanned Faults per 100 kms During the Year	3.50	6.15	6.63	6.15	6.15

	Actual 2018 $000	Budget 2019 $000	Actual 2019 $000	Forecast 2020 $000	Forecast 2021 $000
Statistics:					
Lines Business					
Total Line Service Customers (number)	39,700	40,200	40,224	41,030	41,800
Gigawatt Hours Entering the System (GWh)	630.00	629.00	633.30	638.00	648.00
Gigawatt Hours Delivered to Customers (GWh)	604.00	594.00	594.00	603.00	612.00
Gigawatt Hour Losses (GWh)	26.00	35.00	39.30	35.00	36.00
Electricity Loss Ratio (%)	4.13	5.56	6.21	5.49	5.56
Network Maximum Coincidental Demand (MW)	113.70	114.00	116.40	117.00	119.00
Load Factor (%)	64.20	62.00	62.13	61.00	61.50
Total Transformer Capacity (MW)	556.60	560.00	562.16	571.00	581.00
Transformer Capacity Utilisation Factor (%)	19.90	20.00	20.50	20.00	20.00
Circuit Length Lines (kms)	5,052	5,091	5,071	5,091	5,111

	Actual 2018 $	Budget 2019 $	Actual 2019 $	Forecast 2020 $	Forecast 2021 $
Efficiency Performance:					
Capital Cost per km	1,111	3,061	1,265	4,041	5,165
Capital Cost per ICP	142	388	160	501	632
Operating Cost per km	2,915	3,172	3,644	3,581	4,082
Operating Cost per ICP	373	402	459	444	499

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.