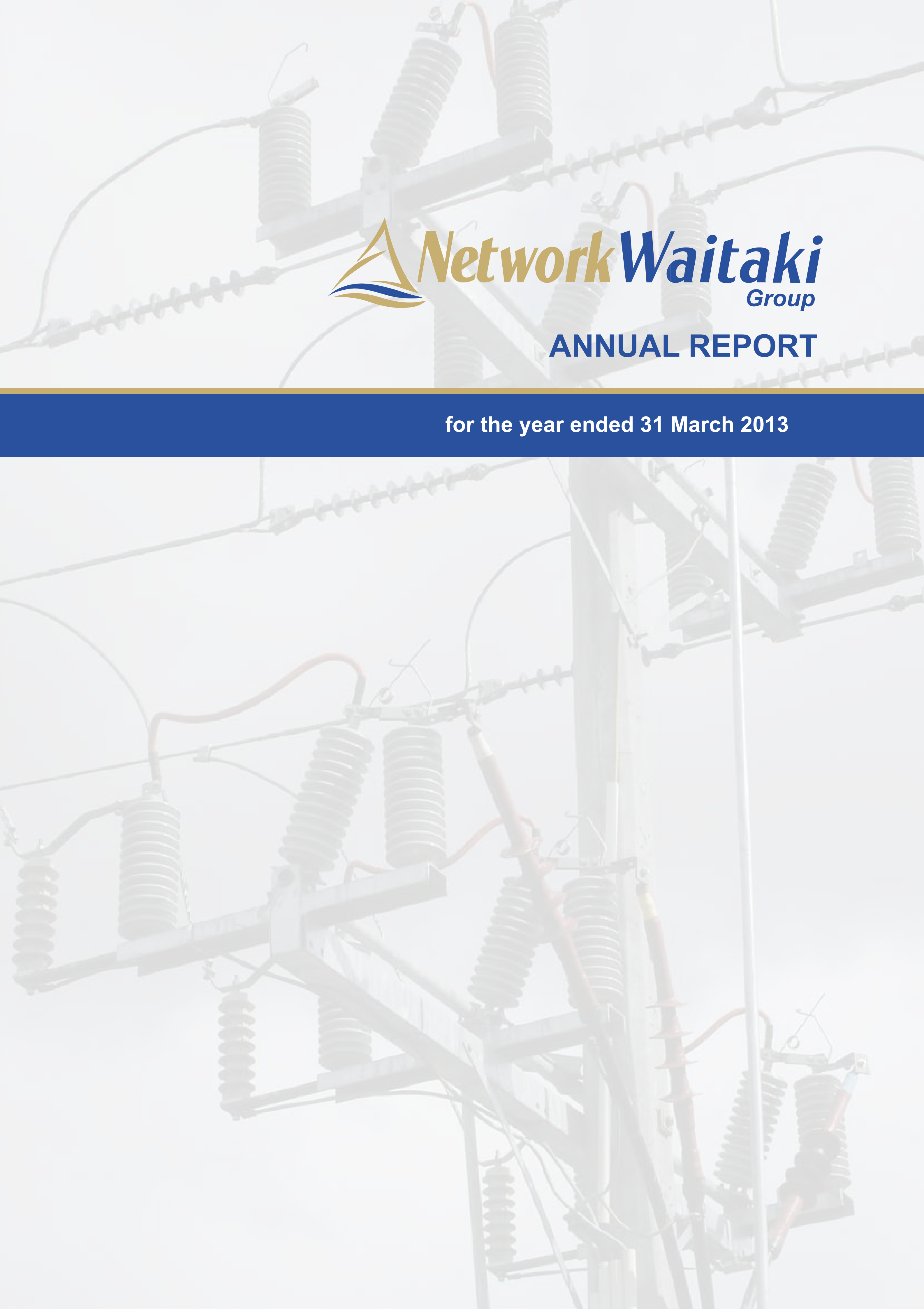
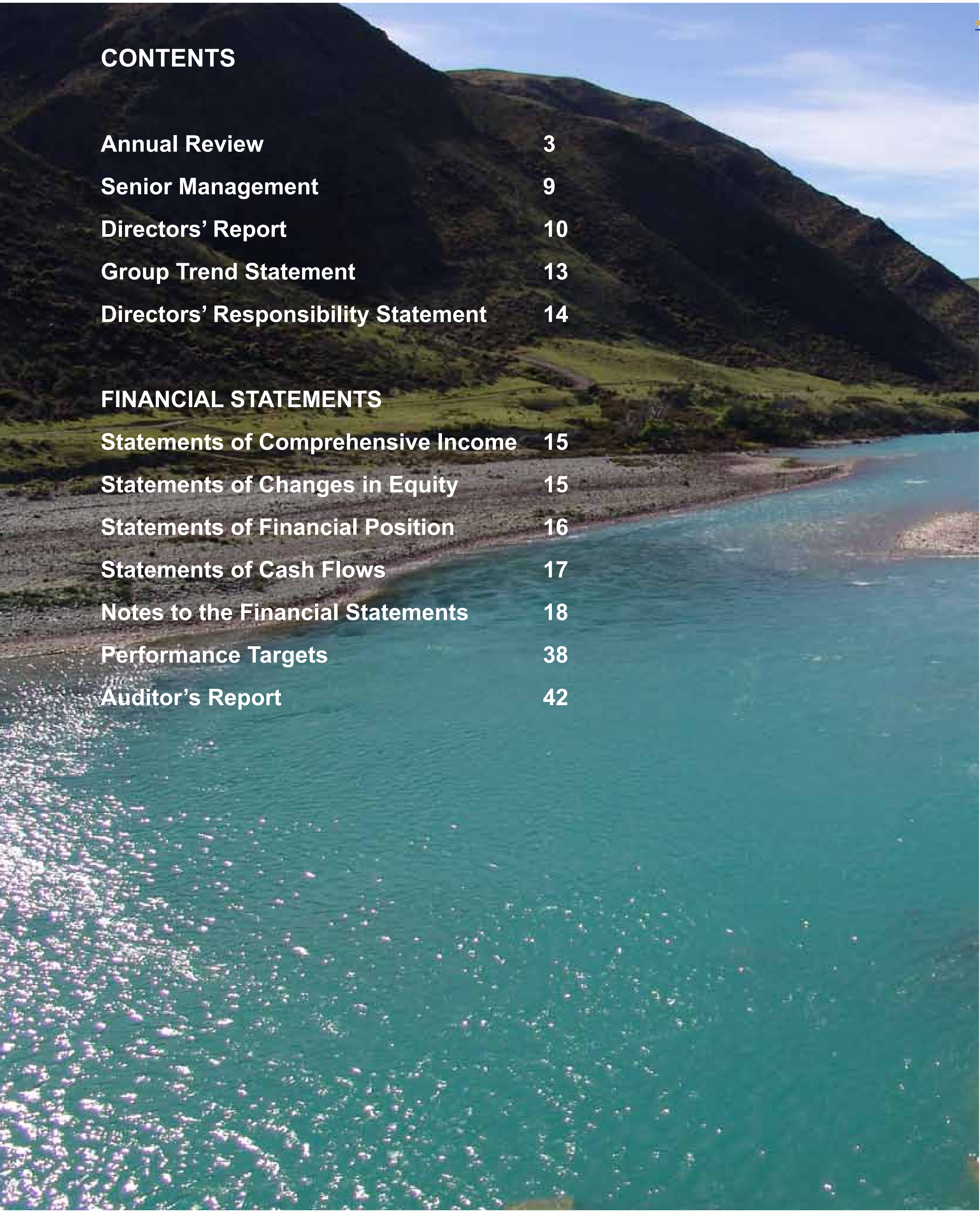


Network Waitaki Group

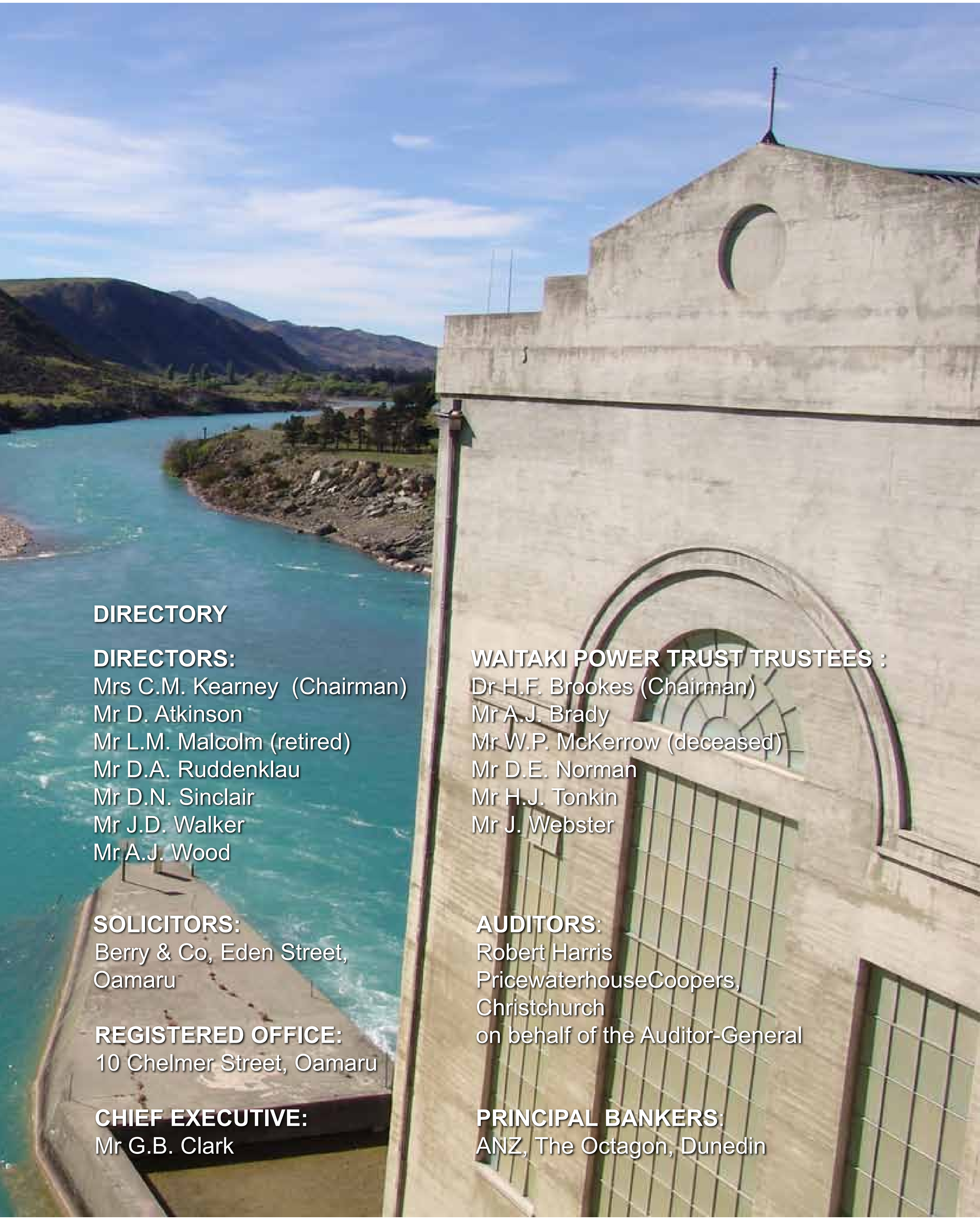
ANNUAL REPORT

for the year ended 31 March 2013



CONTENTS

FINANCIAL STATEMENTS



DIRECTORY

DIRECTORS:
Mrs C.M. Kearney (Chairman)
Mr D. Atkinson
Mr L.M. Malcolm (retired)
Mr D.A. Ruddenklau
Mr D.N. Sinclair
Mr J.D. Walker
Mr A.J. Wood

WAITAKI POWER TRUST TRUSTEES :
Dr H.F. Brookes (Chairman)
Mr A.J. Brady
Mr W.P. McKerrow (deceased)
Mr D.E. Norman
Mr H.J. Tonkin
Mr J. Webster

SOLICITORS:
Berry & Co, Eden Street,
Oamaru

AUDITORS:
Robert Harris
PricewaterhouseCoopers,
Christchurch
on behalf of the Auditor-General

REGISTERED OFFICE:
10 Chelmer Street, Oamaru

CHIEF EXECUTIVE:
Mr G.B. Clark

PRINCIPAL BANKERS:
ANZ, The Octagon, Dunedin

ANNUAL REVIEW

Graham Clark

INTRODUCTION

Network Waitaki Ltd is pleased to again be able to report a satisfactory financial performance and operational result for the 2012/13 financial year. The result reflects the commitment of staff and the Board of Directors to service the needs of consumers and meet the aims of the Company.

Clare Kearney

Aims of Network Waitaki

The aims of Network Waitaki, as contained in the Company's Statement of Corporate Intent are to:

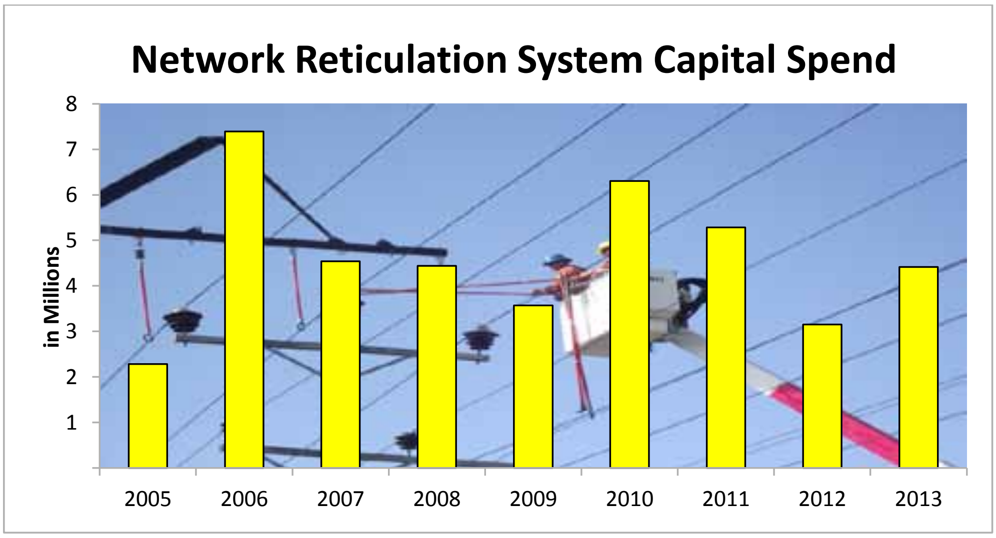
- Own and operate a safe, reliable and efficient distribution system that meets the evolving needs of its consumers, in accordance with the Asset Management Plan;
- Support the economic growth and wellbeing of the community it serves.

Operational

Maintenance and operation of a safe, efficient network is the main focus of the company. Costs associated with maintenance and capital expenditure are significant, but necessary, to ensure the network is able to deliver the level of service that consumers have come to expect and to meet the increasing demand for energy. Network maintenance and capital expenditure for the year under review were $1.4m and $4.9m respectively. Network capital expenditure is 1.8 times the network depreciation.

Significant capital works have in the 2012/13 financial year included:

• Completion of Hampden Substation	$ 1.1m
• Rebuild of Herbert feeder stage 2	$ 0.5m
• Rebuild of Station Peak Feeder	$ 0.2m
• Pole replacement	$ 0.5m
• New consumer connections	$ 0.5m
• Substation protection	$ 0.3m
• Spare Zone Transformer	$ 0.3m



The performance of the Network is measured by an industry KPI known as SAIDI *(System Average Interruption Duration Index)* which measures the average minutes of lost supply per customer during the year.

This year's SAIDI remains very satisfactory, though unplanned minutes lost have been affected by the failure of zone substation protections. Substation protection systems have been and continue to be reviewed to reduce unplanned outages.

Maintenance and capital works programmes are planned to minimise the number and duration of planned outages. The continued use of live lines procedures and mobile generators have contributed to this pleasing result.

SAIDI	2007 – 2008	2008 – 2009	2009 - 2010	2010 – 2011	2011 – 2012	2012 - 2013
Planned	24.14	10.76	14.68	11.38	13.52	4.84
Unplanned	70.58	58.59	49.55	50.58	37.33	50.33
Total	94.64	69.35	64.23	61.46	50.85	55.17
National Median	139.90	200.90	153.80	195.4	173.7	N/A

Transmission

A secure transmission supply is necessary to enable Network Waitaki to meet the needs of its electricity consumers. Network Waitaki has experienced significant growth in demand for electricity for a number of years. This growth, driven by irrigation and dairy conversions, has seen the network maximum demand shift from winter to summer. The 2012/13 year has seen 3,750kW of new connections with 71% being irrigation and 13% dairy sheds.

As the summer growth continues, the need for an upgrade to Transpower's transmission supply to the Waitaki Valley becomes all the more important. Network Waitaki engaged an independent consultant to review options to secure the necessary transmission development. The preferred option has been identified based on Transpower's Livingstone switching station. Transpower has been requested to undertake a Solutions Study Report on the constructability of a Grid Exit Point based on the Livingstone switching station. This report is expected mid-2013.

Smart Metering

Network Waitaki owns the majority of electricity metering in the area it serves. There is a movement internationally towards the use of smart meters. Smart meters provide real time information that can be used by electricity consumers to make decisions about their consumption of electricity and for electricity retailers to develop new tariffs that meet electricity consumers' requirements.

Smart meters also have a role to play in developing a smart network and provide information to help in new investment decisions. To gain the necessary economies of scale for the deployment of smart meters, Network Waitaki is a member of SmartCo along with a number of other electricity network companies who, together, are working with retailers to achieve a positive outcome for the benefit of all parties including the electricity consumer.

Distributed Generation

There is a view that distributed generation will become a significant contributor to the electricity needs of consumers. Whilst Network Waitaki Ltd works with parties interested in installation of distributed generation, to date this has not been a significant development in the Network Waitaki area.

Contracting

Network Waitaki Contracting Ltd positively contributes to the group's business and is located in Oamaru to provide Network Waitaki with the necessary resources to maintain and develop its electricity distribution assets. Network Waitaki Contracting constructs assets for new connections in addition to providing resources to other lines networks throughout New Zealand.

Health and Safety

Network Waitaki continues its strong focus on safety for its workers and the public. Network Waitaki Contracting has achieved 723 days without a Lost Time Incident. Network Waitaki Contracting has been a contributing organisation to the Waitaki District's Safer Communities Accreditation due to the quality of its workplace safety plan.

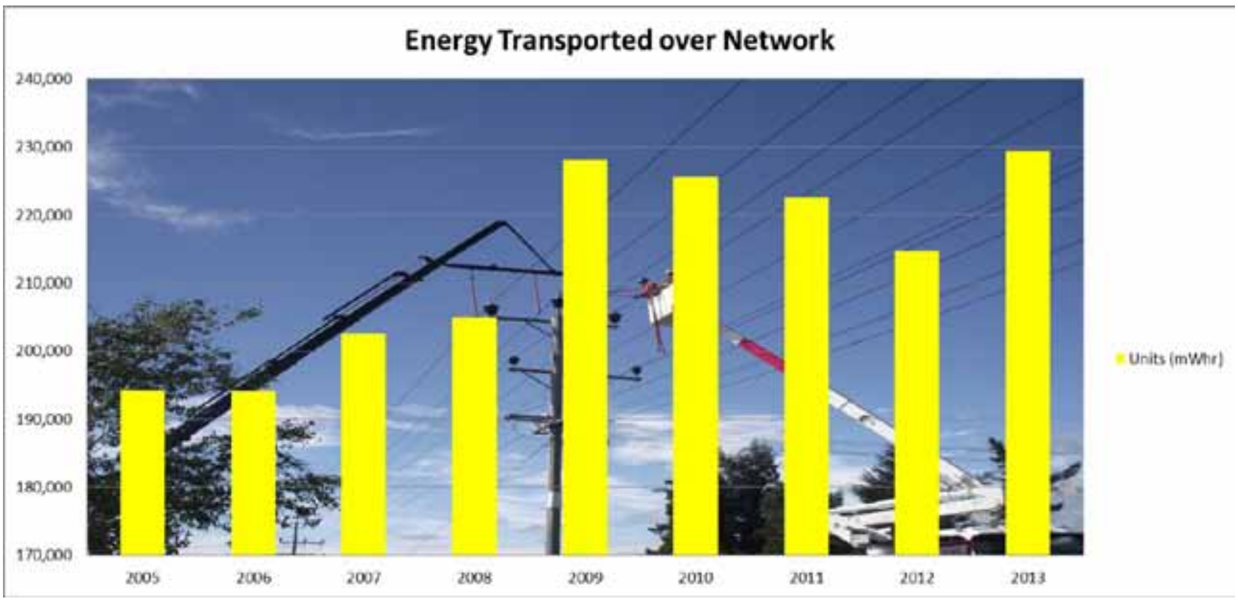
ANNUAL REVIEW (CONTINUED)

The Network Waitaki Public Safety Management programme focuses on minimising public accidents associated with electricity. Whilst publicity concerning safety associated with electricity has occurred and continues, it is concerning to see a negative trend in the rural area. The following table summarises known electricity incidents involving the public.

Summary of Electrical Accidents and Incidents Involving the Public					
Activities	**2008**	**2009**	**2010**	**2011**	**2012**
Rural Farming	13	9	10	9	18
Construction	6	8	8	11	8
Trades	3	2	3	1	
Leisure & Sport		2			2
Consumer/Residential	17	11	10	6	6
Vandalism	1	4	4	2	1
Motor Vehicles	14	13	9	13	13

Financial

The financial results of the company depend on the level of electricity distributed over its network. The level of energy distributed is strongly influenced by the climatic conditions during the irrigation season. The following graph shows the decline in units distributed in the years ending 31 March 2011 and 2012. 2013 has seen levels increase to close to the 5 year average. The Net Profit after Tax for the group is $2.5m (2012 $1.6m).

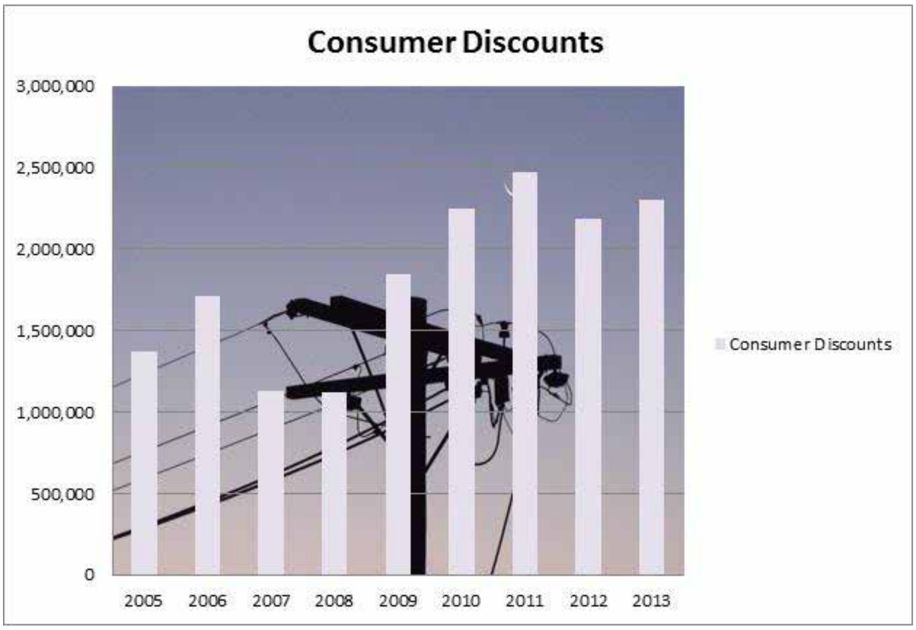


ANNUAL REVIEW (CONTINUED)

Community Support

Discount

Consumers of Network Waitaki benefit from their ownership of the company through the Waitaki Power Trust. They receive lower lines charges and the return of surplus revenues by way of a discount. For the current year the Discount was $2m excluding GST. The following chart shows the funds returned to consumers since 2005.



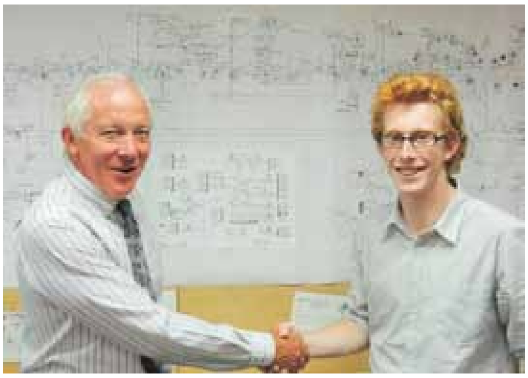
Sponsorship

Network Waitaki was pleased to support Oamaru Opera House management by underwriting the recent Dame Kiri Te Kanawa concert in Oamaru. This concert was a real success enjoyed by all who attended and was a credit to the organisers.

Dame Kiri Te Kanawa and Guests after her performance

The Company gave grants this year amounting to $76,590. Significant grants included:

North Otago Recreational Turf Trust	$8,000	Waitaki Boys' High School	$2,000
North Otago Rugby Union	$7,500	Waitaki Girls' High School	$2,000
Victorian Town at Work	$5,500	26 Squadron Air Training Corp	$1,500
North Otago Sports Bodies Assn.	$4,000	Age Concern	$1,500
Waitaki Community Gardens Trust	$3,500	Holmes Kindergarten	$1,500
Omarama Friends of the School	$3,200	Kakanui Volunteer Rural Fire Unit	$1,500
North Otago Heritage Trust	$3,000	North Otago Cricket Assn.	$1,500
Summer Camp	$2,400	Waitaki Road Safe Inc.	$1,500
Janet Frame Eden Street Trust	$2,000	St Joseph's School	$1,200
North Otago Basketball Association	$2,000	Christian Life Centre Oamaru	$1,000
North Otago Principals' Assn.	$2,000	Oamaru Stroke Support Group	$1,000
Oamaru Bluelight Ventures Inc.	$2,000	Oamaru Tap Dancing	$1,000
Otematata Sports Club	$2,000	Omarama Volunteer Fire Brigade	$1,000
St Kevin's College	$2,000	Otago Multiple Sclerosis Society	$1,000



Graham Clark congratulating Braydon Grundy

Scholarship recipients

Peter Knight continues his scholarship as he enters his 3rd year studying electrical engineering.

Braydon Grundy has received a scholarship for his first year studying Engineering at Canterbury University. Braydon intends to specialise in electrical engineering.

Staff and Board

The Network Waitaki group is fortunate to have a dedicated and competent team of people focused on the governance, management and development of the company for the long term interest of its consumers. We would like to take this opportunity to thank all of those involved in our company for their support and work on behalf of the consumers of the greater Waitaki district.

Directors appreciate their professional relationship with the Waitaki Power Trust and report quarterly to the Trust. The Chairman, Directors and the Chief Executive always welcome the opportunity to formally meet with the Trustees to inform and liaise on Company activities.

At the 2012 Annual General Meeting, Director and former Chairman, Lindsay Malcolm retired after 15 years of service to the Company. Lindsay's significant contribution to the Company is greatly appreciated. Lindsay has been a committed steward of Network Waitaki over the time of his involvement. There have been many changes that have occurred in the electricity distribution sector and Lindsay has navigated any challenges with the underlying principle of providing benefits to the consumers of Network Waitaki Ltd. It was a pleasure to formally honour Lindsay and his wife Maureen.

Lindsay Malcolm

ANNUAL REVIEW (CONTINUED)

Tony Wood

Tony Wood was welcomed to the Board filling the vacancy resulting from Lindsay Malcolm's retirement.

Looking Forward

The year ahead has the potential for us to see continued growth in the district as new irrigation schemes come on line and more conversions to dairying occur. The development of the industrial park will be completed in the near future with the community benefiting from the new business opportunities it will foster.

Clare Kearney
Chairman

Graham Clark
Chief Executive

SENIOR MANAGEMENT

Graham Clark

Chief Executive BBS (Accounting), ANZIM

Graham manages the day to day operation of the Group having had a long association with Network Waitaki.

Glynne Lloyd

Network Manager, BE (Electrical), DipBusAdmin

Glynne heads the network engineering team which is responsible for the design and management of the distribution system.

Doreen Cleave

Finance Manager, BCom (Accounting), GradDipCom (Accounting)

Doreen is a Chartered Accountant and is responsible for providing financial services to the Company.

Jan de Bruin

Commercial Manager, MA (Economics)

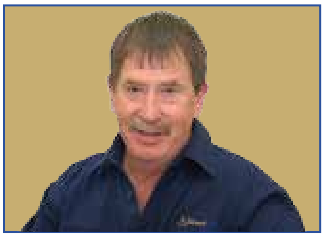
Jan is responsible for providing commercial and regulatory services to the Company.

David Paterson

Operations Manager, CPEng (Electrical & Electronic) IntPE

David has over 30 years of experience in the operation and management of electrical sub-transmission and distribution systems.

Derek McGee



Manager of Network Waitaki Contracting Limited NZCE (Electrical) LREA

Derek has over 37 years of experience in the construction and management of electrical sub-transmission and distribution systems.

DIRECTORS' REPORT

Back row: Derek Atkinson, John Walker and David Ruddenklau. Seated: David Sinclair, Clare Kearney (chairman) and Tony Wood

DIRECTORS' INTERESTS

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

Clare Kearney (Chairman)

Clare has been a member of the board since 2005 and Chairman from July 2008. Currently she is a Trustee of Waitaki Community Gardens, a Trustee of KP & CM Kearney Family Trust, a shareholder in Veterinary Centre Limited and Chairman of Network Waitaki Contracting Limited.

Lindsay Malcolm (retired)

Lindsay has been a Director since June 1997 and was Chairman from June 2001- 2008. He was also a Director of Network Waitaki Contracting Limited until his retirement in June 2012.

Derek Atkinson

Derek has been a Director since June 2011. He is a Director of Network Waitaki Contracting Limited and a Director and Shareholder of Coptrod Holdings Limited.

John Walker

John has been a Director since June 2005. He is Chairman of Whitestone Contracting Limited, Committee Member of Weston Progress League, Site Manager for Rainbow Confectionary Limited, and a Director of Network Waitaki Contracting Limited.

David Sinclair

David has been a Director since June 2003. He is a Director of Network Waitaki Contracting Limited, a Director and Shareholder of Willsher Investments Limited and Director and Shareholder of Intersouthern Holdings Limited and subsidiaries.

David Ruddenklau

David joined the board in July 2011. He is a Director and Shareholder of Newhaven Farms Limited, Livingstone Creek Farm Limited, Pukeraro Trust, and Carhill Limited: a Trustee for Springhill Forestry Limited and Otago/Southland Child Cancer Foundation: Chairman of Five Forks School Centennial Committee and National Chairman of NZ Perendale Society Progeny Trials and a Director of Network Waitaki Contracting Limited

Tony Wood

Tony joined the board in July 2012. He is a Director and Shareholder of A J Wood Chartered Accountants Ltd, A J Wood Trustees Ltd (also Trustee to various Clients' Family Trusts), Mackismith Properties Ltd, and a Trustee of Wood Family Trust and Rural Otago PHO. Tony is the Chairman of North Otago Search and Rescue and a Director of Network Waitaki Contracting Limited

GENERAL DISCLOSURES

PRINCIPAL ACTIVITIES

The principal activity of Network Waitaki Limited is ownership of its electricity distribution network.

REVIEW OF OPERATIONS

GROUP

The Operating Revenue (before customer discount) was $19,304,532 (2012 $16,321,759) for the year.
Operating Profit before Taxation is $3,344,583 (2012 $1,859,652).

PARENT

The Operating Revenue (before customer discount) was $17,626,689 for the year, (2012 $14,922,206).
Operating Profit before Taxation is $3,393,108 (2012 $1,852,776).

SHARE CAPITAL

Total issued and paid up capital as at 31 March 2013 was 14,000,000 Ordinary Fully-Paid Shares. There has been no movement in Share Capital during the year.

USE OF COMPANY INFORMATION

There were no notices from Directors of Network Waitaki Limited or a Director of a related body corporate requesting to use company information received in their capacity as Directors which would not otherwise have been available to them.

DIVIDENDS

No dividend was declared for the 2012-2013 year, (2012 NIL).

DISCOUNT

A discount (excluding GST) of $2,023,638 has been paid to Customers (2012 $1,873,245).

DONATIONS

Network Waitaki Limited made donations totaling $76,590 in the year (2012 $78,659).

The Group made donations totaling $76,835 in the year (2011 $78,707).

CORPORATE GOVERNANCE

The Network Waitaki Group operates under a set of corporate governance principles designed to ensure the Group is effectively managed.

Board of Directors

The Board is the governing body of the Group and currently has six members. The Board is appointed by the shareholders to oversee the management of the Group and is responsible for all corporate governance matters. The Board endeavours to ensure that the activities undertaken are carried out in the best interests of all shareholders, while respecting the rights of other stakeholders. The Board met twelve times during the financial year.

DIRECTORS' REPORT (CONTINUED)

Responsibilities
The Board is responsible for the management, supervision, regulatory compliance, health and safety, and direction of the Group. This incorporates the long-term strategic financial plan, strategic initiatives, budgets and the policy framework. The Board has developed and maintains clear policies which define the individual and collective responsibilities of the Board and management.

REMUNERATION OF DIRECTORS

Shareholders authorised total Directors' remuneration of $174,000 for activities undertaken by Directors on behalf of the company.

	Total Directors' fees paid $
Mrs C.M Kearney	41,500
Mr D Atkinson	26,500
Mr D.A Ruddenklau	26,500
Mr L.M Malcolm	6,625
Mr D.N Sinclair	26,500
Mr J.D Walker	26,500
Mr A. J Wood	19,875
Total Directors' fees	**174,000**

EMPLOYEE REMUNERATION

The Companies Act 1993 requires the number of employees receiving remuneration greater than $100,000 to be disclosed. One employee within the Network Waitaki Group received remuneration in the range of $100,000 to $110,000, one employee received remuneration in the range of $110,000 to $120,000, one employee received remuneration in the range of $140,000 to $150,000 and one employee received remuneration in the range of $200,000 to $210,000.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

The Group continues to indemnify all Directors named in this report against any liability to any person other than Network Waitaki Limited or a related company for any act done or omission made in a Director's capacity as a Director of Network Waitaki Limited, and all costs incurred in defending or settling any claim or proceedings related to such liability, unless the liability is criminal liability or liability for breach of Section 131 of the Companies Act 1993.

During the financial year, the Network Waitaki Group paid insurance premiums in respect of Directors' and Officers' liability insurance. The policies do not specify the premium for individual Directors and executive officers.

The Directors' and Officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than Network Waitaki Limited or a related body corporate) incurred in their position as Director or executive officer unless the conduct involves a willful breach of duty or an improper use of inside information or position to gain advantage.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any other matter or circumstance since the end of the financial year, not otherwise dealt with in this report that has significantly affected or may significantly affect the operation of Network Waitaki Limited, the results of those operations or the state of affairs of Network Waitaki Limited.

AUDITORS

In accordance with Section 45 of the Energy Companies Act 1992, the Controller and Auditor-General are responsible for the audit of Network Waitaki Limited. In accordance with Section 29 of the Public Finance Act 1977, the Controller and Auditor-General have contracted the audit of Network Waitaki Limited to Robert Harris using the staff and resources of PricewaterhouseCoopers. The auditor's fee for 2012/13 was $36,304 for Network Waitaki Limited. The Group's audit fee for 2012/13 was $50,742.

Clare Kearney
Chairman

Tony Wood
Director

GROUP TREND STATEMENT

	2013 $'000	2012 $'000	2011 $'000	2010 $'000	2009 $'000
FINANCIAL PERFORMANCE					
Operating Revenue	19,305	16,322	16,382	16,062	14,635
Operating Surplus before Tax and before Associated Earnings	3,344	1,860	2,408	2,970	3,197
Associate Company Earnings	0	0	0	0	(113)
Operating Profit before Tax	3,344	1,860	2,408	2,970	3,084
Taxation	(955)	(261)	(1,052)	(382)	(389)
Net Surplus	2,389	1,599	1,356	2,588	2,695
Shareholders' Distributions	0	0	0	1,250	100
Customer Discounts	2,023	1,873	2,367	2,164	2,006
FINANCIAL POSITION					
Current Assets	11,119	8,387	8,379	10,838	11,075
Non-Current Assets	72,246	71,150	71,049	65,656	62,194
Total Assets	83,365	79,537	79,428	76,494	73,269
Liabilities	14,835	13,397	14,887	13,309	11,423
Net Assets	68,530	66,140	64,541	63,185	61,846
Share Capital	14,571	14,571	14,571	14,571	14,571
Reserves	0	0	0	0	0
Retained Earnings	53,959	51,569	49,970	48,614	47,275
Equity	68,530	66,140	64,541	63,185	61,846
FINANCIAL RATIOS					
Accounting Return on Total Assets					
Before Discount	5.29%	4.37%	4.69%%	5.36%	5.59%
After Discount	2.87%	2.01%	1.71%	3.38%	3.68%
Accounting Return on Equity					
Before Discount	6.44%	5.25%	5.77%	6.49%	6.63%
After Discount	3.49%	2.42%	2.10%	4.10%	4.36%
NPAT to Shareholders Funds	3.49%	2.42%	2.10%	4.10%	4.36%
Current Ratio	3.86	4.47	2.53	4.63	6.46
NPAT Earnings Per Share in Cents					
Before Discount	31.52	24.80	26.60	29.31	29.28
After Discount	17.07	11.42	9.69	18.49	19.25
Net Assets Per Share	$4.89	$4.74	$4.61	$4.51	$4.42
STATISTICS					
SAIDI	55.17	50.77	61.46	64.23	69.35
SAIFI	1.01	0.95	0.82	1.46	1.08
CAIDI	54.62	53.27	75.08	43.98	64.50
Direct Line Cost per km of line	$1,421	$1,483	$1,168	$1,333	$1,155
Indirect Line Cost per Consumer	$83	$81	$64	$69	$68

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Network Waitaki Group as at 31 March 2013 and its financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Network Waitaki Group have been prepared using appropriate accounting policies consistently applied and supported by reasonable judgments and estimates, and that all relevant reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Network Waitaki Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider they have taken adequate steps to safeguard the assets of the Network Waitaki Group and to prevent and detect fraud and other irregularities.

The Directors have pleasure in presenting the Financial Statements of Network Waitaki Limited for the year ended 31 March 2013.

The Board of Directors of Network Waitaki Limited authorises these Financial Statements for issue on 28 May 2013.

For and on behalf of the Board of Directors

Clare Kearney
Chairman

Tony Wood
Director

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2013

	Notes	Group 2013 $	Group 2012 $	Parent 2013 $	Parent 2012 $
Operating Revenue	2	19,304,532	16,321,759	17,626,689	14,922,206
Less					
Customer Discount		(2,023,638)	(1,873,245)	(2,023,638)	(1,873,245)
Operating Revenue after Customer Discount		17,280,894	14,448,514	15,603,051	13,048,961
Less					
Operating Expenses	3	(4,564,385)	(4,504,269)	(3,260,722)	(3,533,759)
Transmission Costs		(4,079,882)	(3,408,379)	(4,079,882)	(3,408,379)
Employee Costs		(1,781,806)	(1,782,604)	(1,512,087)	(1,530,256)
Depreciation, Amortisation and Impairment	4	(3,510,239)	(2,893,610)	(3,357,252)	(2,723,791)
Operating Profit Before Tax		3,344,583	1,859,652	3,393,108	1,852,776
Taxation	5	(954,738)	(260,847)	(873,098)	(324,734)
Net Profit for the Year		2,389,845	1,598,805	2,520,010	1,528,042
Total Comprehensive Income		2,389,845	1,598,805	2,520,010	1,528,042

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2013

GROUP

	Share Capital $	Retained Earnings $	Total Equity $
Balance at 1 April 2011	14,571,119	49,970,146	64,541,265
Profit for the year, being total comprehensive income	0	1,598,805	1,598,805
Balance at 31 March 2012	14,571,119	51,568,951	66,140,070
Balance at 1 April 2012	14,571,119	51,568,951	66,140,070
Profit for the year, being total comprehensive income	0	2,389,845	2,389,845
Balance at 31 March 2013	14,571,119	53,958,796	68,529,915

PARENT

	Share Capital $	Retained Earnings $	Total Equity $
Balance at 1 April 2011	14,571,119	49,970,146	64,541,265
Profit for the year, being total comprehensive income	0	1,598,805	1,598,805
Balance at 31 March 2012	14,571,119	51,568,951	66,140,070
Balance at 1 April 2012	14,571,119	51,568,951	66,140,070
Profit for the year, being total comprehensive income	0	2,389,845	2,389,845
Balance at 31 March 2013	14,571,119	53,958,796	68,529,915

STATEMENTS OF FINANCIAL POSITION

for the year ended 31 March 2013

	Notes	Group 2013 $	Group 2012 $	Parent 2013 $	Parent 2012 $
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents		1,071,666	1,436,042	537,570	617,435
Current Investments		7,843,076	5,670,000	7,843,076	5,670,000
Trade and Other Receivables	6	1,573,123	754,134	1,338,043	718,187
Inventories	10	468,248	342,301	0	0
Work in Progress		35,172	50,739	0	0
Loan to subsidiary	7	0	0	100,000	373,074
Deferred Tax	5	127,609	133,942	42,905	40,503
TOTAL CURRENT ASSETS		11,118,894	8,387,159	9,861,594	7,419,199
NON-CURRENT ASSETS					
Investments in Subsidiary	7	0	0	1,000,000	1,000,000
Property, Plant and Equipment	8	71,219,313	70,266,459	71,069,590	69,760,905
Intangible Assets	9	602,193	611,368	600,777	609,956
Inventories	10	424,710	271,873	424,710	271,873
TOTAL NON-CURRENT ASSETS		72,246,216	71,149,700	73,095,077	71,642,734
TOTAL ASSETS		83,365,110	79,536,859	82,956,671	79,061,933
LIABILITIES					
CURRENT LIABILITIES					
Trade and Other Payables	11	2,193,967	1,340,514	2,128,482	1,328,273
Employee Entitlements	12	415,618	459,677	124,934	133,901
Taxation Payable		272,835	78,166	326,874	136,045
TOTAL CURRENT LIABILITIES		2,882,420	1,878,357	2,580,290	1,598,219
NON-CURRENT LIABILITIES					
Loan from Waitaki Power Trust	16	1,150,000	1,150,000	1,150,000	1,150,000
Deferred Tax	5	10,802,775	10,368,432	10,841,824	10,448,878
TOTAL NON-CURRENT LIABILITIES		11,952,775	11,518,432	11,991,824	11,598,878
TOTAL LIABILITIES		14,835,195	13,396,789	14,572,114	13,197,097
EQUITY					
Share Capital	13	14,571,119	14,571,119	14,571,119	14,571,119
Retained Earnings	14	53,958,796	51,568,951	53,813,438	51,293,717
TOTAL SHAREHOLDERS' EQUITY		68,529,915	66,140,070	68,384,557	65,864,836
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		83,365,110	79,536,859	82,956,671	79,061,933

STATEMENTS OF CASH FLOWS

or the year ended 31 March 2013

	Notes	Group 2013 $	Group 2012 $	Parent 2013 $	Parent 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was Provided from:					
Receipts from Customers		16,120,423	13,889,468	14,484,305	12,494,554
Interest Received		328,745	247,058	321,153	248,833
		16,449,168	14,136,526	14,805,458	12,743,387
Cash was Disbursed to:					
Payments to Suppliers and Employees		(9,579,384)	(10,920,527)	(8,110,285)	(10,008,984)
Income Tax Paid		(360,000)	(327,589)	(291,727)	(239,000)
Net GST Paid		21,832	233,273	12,737	295,936
		(9,917,552)	(11,014,843)	(8,389,275)	(9,952,048)
NET CASH FROM OPERATING ACTIVITIES	15	6,531,616	3,121,683	6,416,183	2,791,340
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was Provided from:					
Proceeds of Sale of Assets		36,162	3,015	0	0
		36,162	3,015	0	0
Cash was Applied to:					
Purchase of Property, Plant and Equipment and Intangible Assets		(4,759,078)	(3,165,222)	(4,926,046)	(3,339,163)
		(4,759,078)	(3,165,222)	(4,926,046)	(3,339,163)
NET CASH FROM INVESTING ACTIVITIES		(4,722,916)	(3,162,207)	(4,926,046)	(3,339,163)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was Provided from:					
Repayment of Loan		0	0	273,074	200,000
Dividend from Network Waitaki Contracting Ltd		0	0	330,000	0
		0	0	603,074	200,000
NET CASH FROM FINANCING ACTIVITIES		0	0	603,074	200,000
NET INCREASE/(DECREASE) IN CASH HELD		1,808,700	(40,524)	2,093,211	(347,818)
Cash and Cash Equivalents at Beginning of the Year		7,106,042	7,146,566	6,287,435	6,635,253
CASH, CASH EQUIVALENTS AND DEPOSITS ON CALL AT END OF THE YEAR		8,914,742	7,106,042	8,380,646	6,287,435

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

ENTITY REPORTING

Network Waitaki Limited (the “Parent”) and its subsidiary and associates (together the “Group”) is a consumer trust-owned electricity distribution network operator in North Otago. The Group’s registered office is 10 Chelmer Street, Oamaru, New Zealand.

The Group, for financial reporting, comprises Network Waitaki Limited, the parent company, and its fully owned subsidiary: Network Waitaki Contracting Limited.

PARENT TRUST

The parent trust is the Waitaki Power Trust.

GENERAL INFORMATION

The financial statements for the “Parent” are for Network Waitaki Limited as a separate legal entity.

The consolidated financial statements for the Group are for the economic entity comprising Network Waitaki Limited and its subsidiary.

The Parent is a limited liability company incorporated and domiciled in New Zealand.

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

DATE OF ISSUE FOR THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on 28 May 2013.

PROFIT-ORIENTED ENTITY

The Group is a profit-oriented entity for the purpose of complying with NZ IFRS.

STATUTORY BASE

Network Waitaki Limited is:
a New Zealand registered company under the Companies Act 1993,
an energy company as defined in the Energy Companies Act 1992.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993, the Companies Act 1993 and the Energy Companies Act 1992.

FUNCTIONAL AND PRESENTATION CURRENCY

The Group’s financial statements are presented in whole New Zealand dollars, which is the Group’s functional and presentation currency.

MEASUREMENT BASE

The financial statements have been prepared on the historical cost basis, and its modification by the revaluation of certain assets as identified in specific accounting policies below. Accounting policies adopted and applied ensure 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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING THE ENTITY’S ACCOUNTING POLICIES

The preparation of financial statements in conformity with NZ IFRS requires management to make certain critical accounting estimates and judgments that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable in the circumstances.

These estimates and judgments form the basis for 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 judgments are regularly reviewed. Any changes to estimates are recognised in the period if the change affects that period, or in future periods if the change also affects future periods.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES (CONTINUED)

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

Network reticulation assets
Network reticulation assets are depreciated at the rates provided by the ODV handbook issued by the Commerce Commission in 2004.

Easements
Easements are recorded at cost.

GOODS AND SERVICES TAX (GST)

The Statement of Comprehensive Income and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of receivables and payables.

REVENUE

Sale of goods
Revenue from the sale of goods is recognised in the Statement of Comprehensive Income when the significant risks and rewards of ownership have been transferred to the consumer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods.

Services supplied
Revenue from the sale of services is recognised in the Statement of Comprehensive Income when it is probable that the economic benefits associated with the transaction will flow to the Group. No revenue from services supplied is recognised when the stage of completion of the transaction cannot be measured reliably or the amount of revenue from the transaction cannot be reliably measured.

Investment income
- Interest is recognised using the effective interest method.
- Dividends are recognised when the right to receive payment is established.
- Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Lease income
Revenues from operating leases are recognised on a straight line basis over the period between rental reviews.

Customer contributions
Contributions from customers in relation to the construction of new lines for the network are accounted for as income in the year in which the Group completes the actual work.

Construction Contracts
Revenue from construction contracts is recognised by reference to the recoverable cost incurred during the period plus the percentage of fees earned.

When a loss is expected to occur, it is recognised immediately.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX

Income tax expense in relation to the profit or loss for the period comprises current tax and deferred tax.

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

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

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

CAPITAL AND OPERATING EXPENDITURE

Capital expenditure relates to expenditure incurred in the creation of a new asset and expenditure incurred on existing reticulation system assets to the extent the system is enhanced.

Operating expenditure relates to expenditure incurred in maintaining and operating the property, plant and equipment and investment properties of the Group.

DIVIDENDS

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date. Distribution of dividends to the Company shareholders is recognised as a liability in the Company’s financial statements in the period in which the dividends are approved by the Board of Directors.

CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

CURRENT INVESTMENTS

Current investments comprise cash deposits held with financial institutions with an original maturity greater than three months and less than twelve months.

HELD FOR SALE ASSETS

An asset is classified as ‘held for sale’ if its carrying amount will be recovered principally through a sale rather than continuing use. On classification as ‘held for sale’, assets are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as ‘held for sale’ are included in the Statement of Comprehensive Income.

WORK IN PROGRESS

Work in progress is stated at actual direct costs incurred, less non-recoverable amounts.

CAPITAL RISK MANAGEMENT

The Group’s objective when managing capital, which comprises share capital plus retained earnings, is to safeguard the ability to continue as a going concern and to provide acceptable returns to shareholders.

The Group is not subject to any externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of discount paid to customers.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and realisable value. The amount of the provision is recognised in the Statement of Comprehensive Income.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise mainly buildings, land, meters and relays, and office equipment. Buildings, meters and relays purchased prior to the adoption of NZ IFRS, 1 April 2006, are shown at 'deemed cost' less subsequent depreciation and impairment write-down. Land purchased prior to 1 April 2006 is shown at deemed cost.

Property, Plant and Equipment acquired subsequent to the adoption of 'deemed cost', after 1 April 2006, is recorded at the value of the consideration given to acquire the assets, plus the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service, less subsequent depreciation and impairment write-down.

Network Reticulation Assets comprises mainly Low Voltage, 11kV, 33kV and LV conductor and associated transformers and substations. Reticulation assets are shown at deemed cost less subsequent depreciation and impairment write-down.

Network Reticulation Assets acquired subsequent to the adoption of 'deemed cost' are recorded at the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service less subsequent depreciation and impairment write-down.

Capital Contributions are amortised over 10 years.

Easements Assets sited on easements will normally be renewed at the end of their economic life in the same location in which they are currently housed. On this basis, the easement itself has an indefinite life. Annually, easements are tested for signs of impairment.

Contracting Equipment comprises mainly plant and equipment used in the construction and repair of network reticulation systems. Items are recorded at the value of the consideration given to acquire the assets and the value of directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service less subsequent depreciation and impairment write-down.

Depreciation of Property, Plant and Equipment Depreciation is provided on all property, plant and equipment, other than freehold land, at rates that will allocate the assets' cost or valuation, to their residual values, over their estimated lives. All network reticulation system assets and contracting equipment assets are depreciated on a straight line basis; other assets are depreciated using both straight line and diminishing value.

Depreciation of Property, Plant and Equipment (continued)
The following depreciation rates have been used:

Item	Depreciation rate
Contracting Equipment	6.0% to 30.0%
Distribution System	1.4% to 10.0%
Fibre Network	7.0%
Freehold Buildings	0.0%
Motor Vehicles	13.5% to 26.0%
Plant and Equipment	5.0% to 80.0%
Office Furniture and Equipment	8.0% to 40.0%

Gains and losses on disposal of property, plant and equipment are taken into account in determining the operating result for the year.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS

Intangible Assets consist solely of computer software, which is recorded at the value of the consideration given to acquire the assets plus the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Amortisation of intangible assets is provided for at rates that will allocate the assets' cost or valuation, to their residual values, over their estimated lives. All intangible assets are amortised on a straight line basis.

Intangible assets are carried at cost less accumulated amortisation.

The following amortisation rates have been used:

Item	Amortisation rate
Computer Software	24% to 48%

IMPAIRMENT

Assets that have an indefinite useful life, for example easements, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value, with additional allowance for obsolescence where necessary. The cost of finished goods comprises direct materials and, where applicable, direct labour and other direct variable costs incurred in order to bring inventories to their present location and condition. Costs are assigned to individual items of inventory on a weighted average cost basis.

Non-current inventories are exclusively used in the production of the Group's non-current assets.

BORROWING COSTS

Borrowing costs for assets are capitalised when the construction period of qualifying assets is greater than nine months. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the current cost of borrowing from financial markets.

BORROWINGS

Borrowings are initially measured at fair value plus transaction costs.
Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.
Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings, using the effective interest method.

FINANCIAL ASSETS

The only financial assets that the Group has are loans and receivables.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and receivables', current investments and cash and cash equivalents in the Statement of Financial Position.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL RISK MANAGEMENT

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates relevant financial risks and acts to manage these risks where possible within the parameters set out by the board of directors. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk and credit risk.

Market risk

(i) Foreign exchange risk

The Group's revenue is entirely denominated in New Zealand dollars and it has limited currency exposure in the foreseeable future. The Group may from time to time purchase assets denominated in foreign currency. Board approval is required for foreign currency-denominated contracts valued above a specified threshold, together with a recommendation on the manner in which the foreign currency exposure is to be managed, which may include the use of foreign exchange contracts.

(ii) Cash flow and fair value interest rate risk

Apart from a loan from the Waitaki Power Trust, the Group has no interest risk from long-term borrowing. The loan from the shareholder is an unsecured loan with interest charged at a commercial rate. Board approval is required for borrowings, together with a recommendation on the manner in which the interest rate risk is to be managed.

Credit risk

Credit risk is managed by the Group under policy approved by the board. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposure to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independent parties with a minimum Standard and Poors rating of BBB for long-term investments and A-2 for short-term investment, or financial institutions that provide well-supported first ranking security, are acceptable. Investments with banks and financial institutions are limited to a term of no more than 24 months and no more than $2.5 million or 25% of current investments, whichever is the greater, in any one institution. Credit risk associated with trade receivables is limited through electricity retailer invoicing for line and metering charges rather than individual consumer invoicing for line and metering charges. Credit risk is also limited in trade receivables by the requirement of a minimum of 50% deposit of the total cost of new connections before work is started.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group. The Group monitors its rolling forecast liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom at all times. Such financial forecasting takes into consideration the Group's debt financing plans and compliance with the Statement of Corporate Intent.

Surplus cash held by the operating entities over and above the balance required for working capital management is invested in interest-bearing call accounts and term deposits.

Note 19 analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period, at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analyses if their contractual maturities are essential for an understanding of timing of the cash flows. The amounts disclosed in the table are contractual undiscounted cash flows.

Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement and for disclosure purposes.

The fair value for any financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Foreign currency monetary items at balance date are translated at the exchange rate in effect at the balance date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates ruling at the date when the fair value is determined.

Exchange differences on foreign currency balances are recognised in the Statement of Comprehensive Income in the period that they occur.

TRADE AND OTHER PAYABLES

Trade and Other Payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade and Other Payables are recognised at fair value.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

EMPLOYEE ENTITLEMENTS

Wages, salaries and annual leave
Employee Entitlements to salaries, wages and annual leave are recognised when they accrue to employees.

Sick and special leave
Employee Entitlements to sick and special leave are recognised when taken by employees. A provision is made for the additional amount that the Group expects to pay as a result of unused sick or special leave that has accumulated at balance date.

Long service leave
Long service leave is not recognised in the first 10 years of service. After 10 years of service an allowance is made of 1/5 per year towards long service leave entitlement. This allowance is then discounted back to current value. Employees are entitled to long service leave after serving for 15 years.

SHARE CAPITAL

Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

LEASES

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss component of the statements of comprehensive income on a straight-line basis over the period of the lease.

Finance Leases

The Group is the Lessor
Assets leased to third parties under operating leases are included in property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of incentives given to lessees) is recognised on a straight-line basis over the lessee term.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

The Group is the Lessee
Leases in which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under a finance lease are depreciated over the shorter of the asset's useful life and the lease term.

BASIS OF CONSOLIDATION

The consolidated financial statements are prepared by combining the financial statements of the entities that comprise the consolidated entity, being the parent entity, and its subsidiaries as defined in NZ IAS 27 Consolidated and Separate Financial Statements.

Subsidiaries
Subsidiaries are all those entities over which the Group has control.

The Group financial statements incorporate the financial statements of the entities that comprise the consolidated group, being the Parent, Network Waitaki Limited and its subsidiary, Network Waitaki Contracting Limited. Consistent accounting policies are used 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 value 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 value of the identifiable net asset acquired exceeds the cost of acquisition, the deficiency 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 Company obtained control and until such time as the company ceases to control the subsidiary.

In preparing consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

NEW STANDARDS AND INTEPRETATION NOT YET ADOPTED

The following new standards and amendments to standards were applied during the period:

NZ IAS 24 Related Parties Disclosures (effective for annual reporting periods beginning on or after 1 January 2011). The amendment simplifies and clarifies the definition of a related party.

FRS 44 New Zealand Additional Disclosures and Harmonisation Amendments (effective 1 July 2011):

FRS 44 sets out New Zealand specific disclosures for entities that apply NZ IFRSs. These disclosures have been relocated from NZ IFRSs to clarify that these disclosures are additional to those required by IFRSs.

The Harmonisation Amendments amends various NZ IFRSs for the purpose of harmonising with the source IFRSs and Australian Accounting Standards. The significant amendments include:

- deletion of the requirement for an independent valuer to conduct the valuation of investment property and property, plant and equipment;
- inclusion of the option to account for investment property using either cost or fair value model;
- introduction of the option to use the indirect method of reporting cash flows that is not currently in NZ IAS 7.

In addition, various disclosure requirements have been deleted.

Adoption of the new rules has not affected any of the amounts recognised in the financial statements, but has simplified some of the current disclosures.

The following new standards, interpretations and amendments may have an impact on the Group's financial statements, but are not yet effective for the year ended 31 March 2013, and have not been applied in these financial statements:

NZ IFRS 9 Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2015):

This standard replaces the parts of NZ IAS 39 Financial Instruments: Recognition and Measurement that relates to the classification and measurement of financial instruments.

All financial assets are required to be classified into two measurement categories: at fair value and at amortised cost. The determination is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

For financial liabilities, the standard retains most of the NZ IAS 39 requirements. An additional presentational requirement has been added for liabilities designated at fair value through profit and loss. Where the fair value option is taken, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income. The Group does not have any financial liabilities designated at fair value through profit or loss.

The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 March 2016.

NZ IFRS 10 Consolidated Financial Statements, revised NZ IAS 27 Separate Financial Statements (effective 1 January 2013)

NZ IFRS 10 replaces all of the guidance on control and consolidation in NZ IAS 27 Consolidated and Separate Financial Statements, and NZ SIC 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. While the Group does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

NZ IAS 27 is renamed Separate Financial Statements and is now a standard dealing solely with separate financial statements. Application of this standard by the Group and Parent entity will not affect any of the amounts recognised in the financial statements, but may impact the type of information disclosed in relation to the Parent's investments in the separate Parent entity financial statements.

The Group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 31 March 2014.

NZ IFRS 12 Disclosures of interests in other entities (effective 1 January 2013)

NZ IFRS 12 sets out the required disclosures for entities reporting under the two new standards, NZ IFRS 10 and NZ IFRS 11, and replaces the disclosure requirements currently found in NZ IAS 28. Application of this standard by the Company and Group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Company and Group's investments. The Group intends to adopt NZ IFRS 12 from 1 April 2013.

NZ IFRS 13 Fair Value Measurement (effective 1 January 2013)

NZ IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The Group does not use fair value measurements extensively. It is therefore unlikely that the new rules will have a significant impact on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 March 2014.

	Group 2013 $	Group 2012 $	Parent 2013 $	Parent 2012 $

2 OPERATING REVENUE

Operating Revenue Comprises:

	Group 2013 $	Group 2012 $	Parent 2013 $	Parent 2012 $
Network	14,449,569	12,487,370	14,449,569	12,487,370
Capital Contributions	1,127,125	624,775	1,127,125	624,775
Metering	923,786	797,614	923,786	797,614
Interest	328,745	247,058	321,153	248,833
Bad Debts Recovered	1,787	1,679	1,787	1,679
Dividend Received	0	0	165,000	165,000
Rent	12,807	30,505	75,074	89,055
Contracting Revenue	1,920,426	1,669,507	0	0
Other	540,287	463,251	563,195	507,880
	19,304,532	16,321,759	17,626,689	14,992,206

3 OPERATING EXPENSES

Operating Expenses Comprise:

	Group 2013 $	Group 2012 $	Parent 2013 $	Parent 2012 $
Operating Costs	4,110,770	3,969,648	2,835,090	3,026,136
Directors' Fees	174,000	166,500	174,000	166,500
Assets Scrapped	116,162	170,506	116,162	170,506
Donations	76,835	78,707	76,590	78,659
Audit Fees	50,742	48,427	36,304	34,777
Other Regulatory Audits - PWC	13,134	18,030	13,134	18,030
Other Regulatory Audits – Other	8,902	36,993	8,902	36,993
Rent	13,300	15,458	0	2,158
Bad Debts Written Off	540	0	540	0
	4,564,385	4,504,269	3,260,722	3,533,759

4 DEPRECIATION, AMORTISATION AND IMPAIRMENT

Depreciation, Amortisation and Impairment Comprises:

	Group 2013 $	Group 2012 $	Parent 2013 $	Parent 2012 $
Buildings	0	0	0	0
Contracting Equipment	226,262	216,716	0	0
Network Reticulation System	2,544,088	2,176,460	2,665,073	2,258,017
Meters and Relays	305,688	164,208	305,688	164,208
Plant and Equipment	146,890	120,212	100,700	92,422
Fibre Network	182,308	182,308	182,308	182,308
Intangibles	105,003	33,706	103,483	26,836
	3,510,239	2,893,610	3,357,252	2,723,791

5 TAXATION

	Group 2013 $	Group 2012 $	Parent 2013 $	Parent 2012 $
Tax Expense for Period Made up of				
Income Tax Expense	514,062	351,193	482,554	349,925
Deferred Taxation Expense	440,676	(90,346)	390,544	(25,191)
	954,738	**260,847**	**873,098**	**324,734**
Operating Surplus Before Income Tax	3,344,583	1,859,652	3,393,108	1,852,776
Prima Facie Taxation @ 28 cents	936,483	520,703	950,070	518,777
Movement in Income Tax Due to:-				
Non Deferred Tax Differences				
Non Assessable Income	(143,559)	(169,080)	(237,500)	(203,643)
Non Deductible Expenses	4,371	10,637	3,085	9,600
Prior Period Adjustment	157,443	(101,413)	157,443	0
	18,255	**(259,856)**	**(76,972)**	**(194,043)**
Tax Expense	**954,738**	**260,847**	**873,098**	**324,734**
Deferred Tax Movements				
Capital Contributions	(266,542)	0	(266,542)	0
Depreciation	(10,358)	58,027	31,039	25,330
Prior Period Adjustment (capital contributions)	(157,443)	0	(157,443)	0
Other	(6,333)	32,321	2,402	(139)
	(440,676)	**90,348**	**(390,544)**	**25,191**
Income Tax Expense	**514,062**	**351,193**	**482,554**	**349,925**

As a result of the change in the NZ corporate tax rate from 30% to 28% that was enacted on 27th May 2011 and that was effective from 1 April 2011, the relevant deferred tax balances have been re-measured. Deferred tax expected to reverse in the year to 31 March 2013 or later has been measured using the effective tax rate that will apply for the period of 28%.

Imputation Credit Account

	Group 2013 $	Group 2012 $	Parent 2013 $	Parent 2012 $
Opening Balance	6,062,709	5,731,163	5,895,709	5,656,709
Prior Period Adjustment	108,689	0	(1,118,709)	0
Income Tax Payments During the Year	360,000	423,000	0	303,000
Income Tax Refunds Received During the Year	(3,053)	0	0	0
Imputation Credit Received	0	(92,147)	0	(64,000)
Other Credits	6,879	0	(3,053)	0
Imputation Credit Allocated to Dividends in the Year	0	0	0	0
Closing Balance	**6,534,531**	**6,062,016**	**4,773,947**	**5,895,709**

5 TAXATION (CONTINUED)

GROUP DEFERRED TAX LIABILITY/(ASSET)

	Depreciation $	Other $	Total $
Opening Balance as at 1 April 2011	10,426,459	(101,621)	10,324,838
Change in the Year	(58,027)	(32,321)	(90,348)
Closing Balance as at 31 March 2012	**10,368,432**	**(133,942)**	**10,234,490**
Opening Balance as at 1 April 2012	10,368,432	(133,942)	10,234,490
Change in the Year	10,358	430,318	440,676
Closing Balance as at 31 March 2013	**10,378,790**	**296,376**	**10,675,166**

Group Current and Non-Current Deferred tax Liability/(Asset)

	Depreciation $	Other $	Total $
2012			
Current Deferred Tax	0	(133,942)	(133,942)
Non-Current Deferred Tax	10,368,432	0	10,368,432
Total Deferred tax	**10,368,432**	**(133,942)**	**10,234,490**
2013			
Current Deferred Tax	0	(127,609)	(127,609)
Non-Current Deferred Tax	10,378,790	423,985	10,802,775
Total Deferred Tax	**10,378,790**	**296,376**	**10,675,166**

PARENT DEFERRED TAX LIABILITY/(ASSET)

	Depreciation $	Other $	Total $
Opening Balance as at 1 April 2011	10,474,208	(40,642)	10,433,566
Change in the Year	(25,330)	139	(25,191)
Closing Balance as at 31 March 2012	**10,448,878**	**(40,503)**	**10,408,375**
Opening Balance as at 1 April 2012	10,448,878	(40,503)	10,408,375
Change in the Year	(31,039)	421,583	390,544
Closing Balance as at 31 March 2013	**10,417,839**	**381,080**	**10,798,919**

Current and Non-Current Deferred tax Liability/(Asset)

	Depreciation $	Other $	Total $
2012			
Current Deferred Tax	0	(40,503)	(40,503)
Non-Current Deferred Tax	10,448,878	0	10,448,878
Total Deferred tax	**10,448,878**	**(40,503)**	**10,408,375**
2013			
Current Deferred Tax	0	(42,905)	(42,905)
Non-Current Deferred Tax	10,417,839	423,985	10,841,824
Total Deferred Tax	**10,417,839**	**381,080**	**10,798,919**

6 TRADE AND OTHER RECEIVABLES

The Balance Comprises:

	Group 2013 $	Group 2012 $	Parent 2013 $	Parent 2012 $
Trade Receivables	1,201,389	439,476	982,884	216,767
Trade Receivable from Subsidiaries	0	0	26,709	67,006
Total Trade Receivables	1,201,389	439,476	1,009,593	283,773
Other Receivables	100,235	42,041	100,235	207,042
Prepayments	142,987	131,368	99,703	86,123
GST	128,512	141,249	128,512	141,249
Balance at End of Year	**1,573,123**	**754,134**	**1,338,043**	**718,187**
Trade and Other Receivables less than 90 days old	1,549,620	740,390	1,321,811	705,110
Trade and Other Receivables greater than 90 days old	23,503	13,744	16,232	13,077
	1,573,123	754,134	1,338,043	718,187

No Trade and Other Receivables were impaired in 2012 or 2013.

7 INVESTMENTS

SUBSIDIARIES

Subsidiary Entity	Interest Held	Date Started Trading	Balance Date	Principal Activity
Network Waitaki Contracting Limited	100%	1 October 2008	31 March	Electricity Line Maintenance

Network Waitaki Investment in Network Waitaki Contracting Limited

	Shares at cost $	Loan $	Total Investment in subsidiary at cost $
Opening Balance as at 1 April 2011	1,000,000	573,074	1,573,074
Movement	0	(200,000)	(200,000)
Closing Balance as at 31 March 2012	**1,000,000**	**373,074**	**1,373,074**
Opening Balance as at 1 April 2012	1,000,000	373,074	1,373,074
Movement	0	(273,074)	(273,074)
Closing Balance as at 31 March 2013	**1,000,000**	**100,000**	**1,100,000**

8 PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold Land $	Buildings $	Network Reticulation System $	Meters and Relays $	Easements $	Fibre Network $	Contracting Equipment $	Plant and Equipment $	Totals $
Gross Carrying Amount									
At 1 April 2011	204,180	1,113,104	82,617,320	3,144,016	47,142	2,604,400	1,739,014	1,046,135	92,515,311
Additions	0	0	2,228,173	25,734	22,319	0	0	342,828	2,619,054
Disposals	0	0	(285,297)	(360,903)	0	0	0	(7,202)	(653,402)
At 31 March 2012	204,180	1,113,104	84,560,196	2,808,847	69,461	2,604,400	1,739,014	1,381,761	94,480,963
Additions	0	0	4,306,877	48,377	44,484	0	335,093	78,079	4,812,910
Disposals	0	0	(487,815)		0	0	(68,089)	(61,579)	(617,483)
At 31 March 2013	204,180	1,113,104	88,379,258	2,857,224	113,945	2,604,400	2,006,018	1,398,261	98,676,390
Accumulated Depreciation and Impairment									
At 1 April 2011	0	275,587	19,794,902	1,648,928	0	90,366	296,794	459,114	22,565,691
Charge for Year	0	0	2,176,460	164,208	0	182,308	216,716	120,212	2,859,904
Disposals	0	0	(130,476)	(360,896)	0	0	0	(693)	(492,065)
At 31 March 2012	0	275,587	21,840,886	1,452,240	0	272,674	513,510	578,633	24,933,530
Charge for Year	0	0	2,544,088	305,688	0	182,308	226,262	146,890	3,405,236
Disposals	0	0	(395,102)		0	0	(64,583)	(53,650)	(513,335)
At 31 March 2013	0	275,587	23,989,872	1,757,928	0	454,982	675,189	671,873	27,825,431
Net Book Values									
At 31 March 2012	204,180	837,517	62,719,310	1,356,607	69,461	2,331,726	1,225,504	803,130	
Work in Progress	0	0	685,600	0	33,424	0	0	0	719,024
	204,180	837,517	63,404,910	1,356,607	102,885	2,331,726	1,225,504	803,130	70,266,459
At 31 March 2013	204,180	837,517	64,389,386	1,099,296	113,945	2,149,418	1,330,829	726,388	70,850,959
Work in Progress	0	0	364,546	0	3,808	0	0	0	368,354
	204,180	837,517	64,753,932	1,099,296	117,753	2,149,418	1,330,829	726,388	71,219,313

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

PARENT	Freehold Land $	Buildings $	Network Reticulation System $	Meters and Relays $	Fibre Network $	Easements $	Plant and Equipment $	Totals $
Gross Carrying Amount								
At 1 April 2011	204,180	1,113,104	83,319,492	3,144,016	2,604,400	47,142	1,031,353	91,463,687
Additions	0	0	2,593,378	25,734	0	22,319	151,564	2,792,995
Disposals	0	0	(285,297)	(360,903)	0	0	(6,500)	(652,700)
At 31 March 2012	204,180	1,113,104	85,627,573	2,808,847	2,604,400	69,461	1,176,417	93,603,982
Additions	0	0	4,864,142	48,377	0	44,484	48,834	5,005,837
Disposals	0	0	(487,815)	0	0	0	(52,125)	(539,940)
At 31 March 2013	204,180	1,113,104	90,003,900	2,857,224	2,604,400	113,945	1,173,126	98,069,879
Accumulated Depreciation and Impairment								
At 1 April 2011	0	275,587	19,883,591	1,648,928	90,366	0	458,046	22,356,518
Charge for Year	0	0	2,258,017	164,208	182,308	0	92,422	2,696,955
Disposals	0	0	(130,476)	(360,896)	0	0		(491,372)
At 31 March 2012	0	275,587	22,011,132	1,452,240	272,674	0	550,468	24,562,101
Charge for Year	0	0	2,665,073	305,688	182,308	0	100,700	3,253,769
Disposals	0	0	(395,102)	0	0	0	(52,125)	(447,227)
At 31 March 2013	0	275,587	24,281,103	1,757,928	454,982	0	599,043	27,368,643
Net Book Values								
At 31 March 2012	204,180	837,517	63,616,441	1,356,607	2,331,726	69,461	625,949	69,041,881
Work in Progress	0	0	685,600	0	0	33,424	0	719,024
	204,180	**837,517**	**64,302,041**	**1,356,607**	**2,331,726**	**102,885**	**625,949**	**69,760,905**
At 31 March 2013	204,180	837,517	65,722,797	1,099,296	2,149,418	113,945	574,083	70,701,236
Work in Progress	0	0	364,546	0	0	3,808	0	368,354
	204,180	**837,517**	**66,087,343**	**1,099,296**	**2,149,418**	**117,753**	**574,083**	**71,069,590**

	Group		Parent	
	2013	2012	2013	2012
	$	$	$	$
9 INTANGIBLE ASSETS				
Purchased Software				
Gross Carrying Amount				
Opening Balance	451,757	279,075	391,791	219,111
Additions	358,735	251,928	357,211	251,928
Disposals	(102,534)	(79,246)	(102,534)	(79,248)
Closing Balance	**707,958**	**451,757**	**646,468**	**391,791**
Accumulated Amortisation and Impairment				
Opening Balance	195,516	231,880	136,962	180,196
Charge for Year	105,003	33,706	103,483	26,836
Disposals	(102,534)	(70,070)	(102,534)	(70,070)
Closing Balance	**197,985**	**195,516**	**137,911**	**136,962**
Net Book Value	509,973	256,241	508,557	254,829
Work in Progress	92,220	355,127	92,220	355,127
Carrying Amount	**602,193**	**611,368**	**600,777**	**609,956**
10 INVENTORIES				
CURRENT ASSET INVENTORIES				
Contracting Inventory				
Opening Balance	382,301	385,276	0	0
Purchases in the Year	1,130,428	826,181	0	0
Inventory sold	(1,044,481)	(869,156)	0	0
Closing Inventory	468,248	342,301	0	0
NON-CURRENT ASSET INVENTORIES				
Network Inventory				
Opening Balance	264,787	474,456	264,787	474,456
Purchases in the Year	746,573	363,940	746,573	363,940
Used on the Reticulation System	(591,407)	(573,609)	(591,407)	(573,609)
Closing Inventory	419,953	264,787	419,953	264,787
Metering Inventory				
Opening Balance	7,086	11,726	7,086	11,726
Purchases in the Year	93,633	34,946	93,633	34,946
Transferred to Meters and Relays	(95,962)	(39,586)	(95,962)	(39,586)
Closing Inventory	4,757	7,086	4,757	7,086
Total Non-Current Inventory	424,710	271,873	424,710	271,873

During the periods no non-current inventory was sold to external parties. No inventory has been written down, or had a write-down reversal. No inventory is pledged as security for liabilities.

	Group 2013 $	Group 2012 $	Parent 2013 $	Parent 2012 $
11 TRADE AND OTHER PAYABLES				
The Balance Comprises:				
Trade Payables	1,590,635	869,448	1,276,380	605,146
Trade Payable to Subsidiaries	0	0	350,017	372,244
Total Payables	1,590,635	884,484	1,626,397	977,390
Accruals	533,050	409,879	502,085	350,883
G.S.T. Payable	70,282	61,187	0	0
Balance at End of Year	**2,193,967**	**1,340,514**	**2,128,482**	**1,328,273**

All trade and other payables have a maturity within one year.

Note 19 provides analyses of the non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groups based on the remaining period from the date of the Statement of Financial Position to the contractual maturity date.

12 EMPLOYEE ENTITLEMENTS

Leave Entitlements	320,222	369,236	124,934	133,901
Other Entitlements	95,396	90,441	0	0
Total	**415,618**	**459,677**	**124,934**	**133,901**

13 SHARE CAPITAL

Fully Paid-up Ordinary Shares	14,000,000	14,000,000	14,000,000	14,000,000
Non-issued Shares and Shares Held by the Company	0	0	0	0
Total Number of Ordinary Shares Authorised	14,000,000	14,000,000	14,000,000	14,000,000

The Company has one class of shares, which is “ordinary shares”. Each ordinary share has a value of $1.00 and ranks equally for voting and distribution rights. All shares are held by Waitaki Power Trust.
A share premium of $571,119 was paid with the acquisition of shares.
As at the date of authorisation for issue of these financial statements, no dividends have been proposed or declared that are not recognised as a distribution in the 2013 year (2012 Nil).

	Group		Parent	
	2013	2012	2013	2012
	$	$	$	$

14 RETAINED EARNINGS

Balance at Beginning of Year	51,568,951	49,970,146	51,293,717	49,765,675
Net Surplus for Year	2,389,845	1,598,805	2,519,721	1,528,042
Dividend Paid	0	0	0	0
Balance at End of Year	**53,958,796**	**51,568,951**	**53,813,438**	**51,293,717**

15 RECONCILIATION OF NET PROFIT WITH CASH FLOW FROM OPERATING ACTIVITIES

Net Profit for the Year	2,389,845	1,598,805	2,520,010	1,528,042
Add/(Less) Non-Cash Items:				
Depreciation and Amortisation	3,510,239	2,893,610	3,357,252	2,723,791
Assets Scrapped	116,162	167,501	116,162	170,506
Share of Associate Profit	0	0	0	0
Dividend from Network Waitaki Contracting	0	0	(330,000)	0
Deferred Taxation	440,676	(90,348)	390,544	(25,191)
	4,067,077	2,970,763	3,533,958	2,869,106
	6,456,922	4,569,568	6,053,968	4,397,148
Add/(less) Movements in Working Capital Items:				
(Increase) / Decrease in Trade and Other Receivables	(818,989)	(16,052)	(619,856)	(9,638)
(Increase) / Decrease in Inventories	(125,947)	42,975	0	0
(Increase) / Decrease in Work in Progress	15,567	(42,820)	0	0
Increase / (Decrease) in Tax Payable	194,669	23,607	190,829	110,893
Increase / (Decrease) in Trade and Other Payables	853,453	(1,494,951)	800,209	(1,707,139)
Increase / (Decrease) in Employee Entitlements	(44,059)	39,357	(8,967)	76
	74,694	(1,447,884)	362,215	(1,605,808)
Net Cash Flows From Operating Activities:	**6,531,616**	**3,121,683**	**6,416,183**	**2,791,340**

16 LOAN FROM WAITAKI POWER TRUST

Opening Balance at 1 April 2012	1,150,000	1,150,000	1,150,000	1,150,000
Amount Drawn Down on 31 March 2013	0	0	0	0
Closing Balance	1,150,000	1,150,000	1,150,000	1,150,000

The loan is unsecured and interest charged on the loan is at commercial rates.

17 CAPITAL COMMITMENTS

GROUP

The Group has no capital commitments as at 31 March 2013 (2012 Nil).

PARENT

Network Waitaki Limited has no capital commitments as at 31 March 2013 (2012 Nil).

18 RELATED PARTY TRANSACTIONS

	2013 $	2012 $

Payments from Network Waitaki Contracting Limited to Network Waitaki Limited

Network Waitaki Contracting Limited is 100% owned by Network Waitaki Limited. The Company provides electricity line construction and maintenance services to Network Waitaki Limited out of premises owned by Network Waitaki Limited.

	2013 $	2012 $
Dividend	165,000	165,000
Rent and Associated Costs	62,267	58,550
Share of Directors' Fees	47,634	47,634
Interest on Loan	19,736	24,889
Payments outstanding at balance date		
Trade Payables	26,709	67,006
Dividend	0	165,000
Loan	100,000	373,074

Payments from Network Waitaki Limited to Network Waitaki Contracting Limited

Network Waitaki Contracting Limited was established in the 2009 year and funded from the sale of shares and a loan from Network Waitaki Limited.
All contracting services between Network Waitaki Contracting Limited and Network Waitaki Limited are at commercial rates.

	2013 $	2012 $
Contracting Services	4,424,854	3,986,548
Payments outstanding at balance date		
Trade Payables	350,017	372,244

Payments from Network Waitaki Limited to Whitestone Contracting Limited

Whitestone Contracting Limited is related to Network Waitaki Limited through its director John Walker who also holds a directorship at Whitestone Contracting Limited. All contracting services between Whitestone Contracting Limited and Network Waitaki Limited are at commercial rates.

	2013 $	2012 $
Contracting Services	3,967	7,201
Outstanding Balance at Balance Date		
Trade Payables	767	840

Payments from Network Waitaki Limited to Waitaki Power Trust

	2013 $	2012 $
Dividend	0	0
Interest	67,665	67,850
Outstanding Balance at Balance Date	0	0

Payments from Waitaki Power Trust to Network Waitaki Limited

	2013 $	2012 $
Loan	0	0
Loan Outstanding at Balance Date	1,150,000	1,150,000

Payments from Network Waitaki Group to key management personnel

Payments to key management personnel are made in accordance with employment agreements.

	2013 $	2012 $
Salaries	748,511	807,735
Outstanding Balance at Balance Date	0	0

19 ANALYSES OF FINANCIAL LIABILITIES

GROUP

At 31 March 2012

	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
Loan	$67,850	$67,850	$203,550	$1,102,800
Trade and Other Payables	$1,271,143			

At 31 March 2013

	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
Loan	$67,850	$67,850	$203,550	$1,102,800
Trade and Other Payables	$2,193,967			

The loan is interest only, with no maturity date. The current interest rate is 5.90%. The over 5 year amounts allow for payments up to 10 years.

PARENT

At 31 March 2012

	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
Loan	$67,850	$67,850	$203,550	$1,102,800
Trade and Other Payables	$1,328,273			

At 31 March 2013

	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
Loan	$67,850	$67,850	$203,550	$1,102,800
Trade and Other Payables	$2,128,482			

The loan is interest only, with no maturity date. The current interest rate is 5.90%. The over 5 year amounts allow for payments up to 10 years.

20 OPERATING LEASES

	Group		Parent	
	2013	2012	2013	2012
	$	$	$	$
LESSORS - OPERATING LEASES				
No later than one year	451,465	424,119	451,465	424,119
Later than one year and no later than five years	1,899,830	1,696,477	1,899,830	1,696,477
	2,351,295	2,120,596	2,351,295	2,120,596

Network Waitaki leases out the fibre network it purchased in 2011. Its cost and accumulated depreciation values are shown in Note 8.

LESSEES - OPERATING LEASES

The future minimum lease payments under non-cancellable operating leases are as follows:

No later than one year	585,112	465,977	585,112	465,977
Later than one year and no later than five years	2,274,873	1,172,350	2,274,873	1,712,350
	2,859,985	2,178,327	2,859,985	2,178,327

21 CONTINGENT LIABILITIES

GROUP

The Group has no contingent liabilities as at 31 March 2013 (2012 Nil).

PARENT

The Parent has no contingent liabilities as at 31 March 2013 (2012 Nil).

22 SUBSEQUENT EVENTS

There have been no events (2012 nil) subsequent to balance date that have significantly affected or may significantly affect the operations or state of affairs of the Group or Parent.

PERFORMANCE TARGETS (CONTINUED)

Performance targets, as set out in the Statement of Corporate Intent (SCI) approved by Directors

GROUP FINANCIAL PERFORMANCE MEASURES

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 31 MARCH 2013			
	ACTUAL	SCI	VARIANCE
Statement of Comprehensive Income	**$**	**$**	**$**
Operating Revenue	19,304,532	17,308,199	1,996,333
Operating Expenses	(10,358,222)	(9,519,339)	(838,883)
Operating Profit	**8,946,310**	**7,788,860**	**1,157,451**
Less Depreciation	(3,510,239)	(3,212,599)	(297,640)
Net Profit from Operational Activities	5,436,071	4,576,261	859,810
Other Income	0	0	0
Operating Profit after Other Income	**5,436,071**	**4,576,261**	**859,810**
Less Discount	(2,023,638)	(2,000,000)	(23,638)
Operating Profit after Discount	**3,412,433**	**2,576,261**	**836,172**
Interest Expenses	(67,850)	(71,760)	3,910
Operating Profit after Interest Income & before Tax	3,344,583	2,504,501	840,082
Taxation	(954,738)	(593,545)	(361,193)
Net Profit after Taxation and before Capital Contributions	**2,389,845**	**1,910,956**	**478,889**

GROUP BALANCE SHEET AS AT 31 MARCH 2013			
	ACTUAL $	SCI $	VARIANCE $
Shareholders' Equity	68,529,915	65,503,160	3,026,755
Current Assets	11,118,894	5,917,366	5,201,528
Current Liabilities	2,882,420	1,343,749	(1,538,671)
Working Capital	8,236,474	4,573,617	3,662,857
Non-Current Assets	72,246,216	72,769,505	(523,289)
Non-Current Liabilities	11,952,775	11,839,962	(112,813)
	60,293,441	60,929,543	(636,102)
Net Assets	68,529,915	65,503,160	3,026,755

Comment

The current assets balance is higher and the non-current assets balance is lower than allowed for in the SCI, representing changes to the Network Waitaki capital programme for the year and the associated increase in cash and cash equivalents no longer required to fund the programme.

GROUP FINANCIAL PERFORMANCE MEASURES (CONTINUED)

KEY FINANCIAL REPORTING MEASURES

	ACTUAL	SCI	VARIANCE
NPBT to Shareholder' Funds	4.88%	4.04%	0.84
Net Assets per Share	$4.89	$4.68	$0.21
NPBT Earnings per Share in cents	23.89 Cents	18.91 Cents	4.98 Cents
Ratio of Shareholders' Funds to Total Assets	82.20%	83.25%	(1.05)
Network Operating Cost per ICP	$301.91	$319.56	$17.65
Direct Line Cost per Circuit km of Line	$1,421.22	$1,382.82	($38.40)

Comment

The higher than planned net assets per share and lower ratio of shareholders' funds to total assets are the result of the capital programme being changed.

PARENT FINANCIAL PERFORMANCE MEASURES

PARENT INCOME STATEMENT FOR YEAR ENDED 31 MARCH 2013

	ACTUAL	BUDGET	VARIANCE
Statement of Comprehensive Income	**$**	**$**	**$**
Operating Revenue	16,334,563	15,945,491	389,072
Operating Expenses	(5,745,260)	(6,043,291)	298,031
Operating Profit	10,589,303	9,902,200	687,103
Gross Profit Percentage	65%	64%	(1%)
Less Other Expenses	(6,397,017)	(6,243,979)	(153,038)
Net Profit from Operational Activities	4,192,286	3,658,221	534,065
Other Income	0	0	0
Operating Profit after Other Income	4,192,286	3,658,221	534,065
Less Discount	(2,023,638)	(2,000,000)	(23,638)
Operating Profit after Discount	2,168,648	1,658,221	510,427
Interest Expenses	(67,665)	(71,760)	4,095
Operating Profit after Interest Income & before Tax	2,100,983	1,586,461	514,522
Taxation	(873,098)	(461,164)	(411,934)
Net Profit after Taxation and before Capital Contributions	**1,227,885**	**1,125,297**	**102,588**

Capital Contributions	1,127,125	700,128	426,997
Net Profit after capital contributions	2,355,010	1,825,425	529,585
Dividend from Network Waitaki Contracting Limited	165,000	165,000	0
Retained Surplus for the Period	**2,520,010**	**1,990,425**	**529,585**

PERFORMANCE TARGETS (CONTINUED)

Performance targets, as set out in the Statement of Corporate Intent (SCI) approved by Directors

GROUP NON-FINANCIAL PEFORMANCE MEASURES

	ACTUAL	SCI	VARIANCE
Average Interruption Duration (SAIDI)	55.17	81.07	25.90
Average Interruption Frequency (SAIFI)	1.01	0.90	(0.11)
Customer Average Interruption Duration (CAIDI)	54.62	90.08	35.38

Comment

The low level of SAIDI is the result of lower unplanned outages and the use of live line techniques.

SOURCES OF INFORMATION

Network Waitaki's website, www.networkwaitaki.co.nz, contains information about our policies and operations.
Paper copies are available from our office at 10 Chelmer Street Oamaru.

Information available on the

Network Waitaki website includes:

Network Disclosures

Pricing Methodology

Tariff

Use of System Agreement

Price Path Threshold

Tree Management

Network Assets Management Plan

Working Around Overhead Lines

Statement of Corporate Intent

Other websites of interest include:

www.comcom.govt.nz (Commerce Commission)

www.egcomplaints.co.nz (Electricity & Gas Complaints Commission)

www.ea.govt.nz (Electricity Authority)

www.med.govt.nz (Ministry of Economic Development)

www.transpower.co.nz (Transpower)

www.contactenergy.co.nz (Contact Energy)

www.genesisenergy.co.nz (Genesis Energy)

www.meridianenergy.co.nz (Meridian Energy)

www.mightyriverpower.co.nz (Mighty River Power)

www.trustpower.co.nz (TrustPower)

www.whatsyournumber.org.nz (Consumer Powerswitch)

www.eeca.co.nz (Energy Efficiency and Conservation Authority)

Feedback: email service@networkwaitaki.co.nz with suggestions on how we can improve our reporting and consulting with consumers.

Audit Report

To the Readers of Network Waitaki Limited's Financial Statements for the year ended 31 March 2013

The Auditor-General is the auditor of Network Waitaki Limited (the Company and Group). The Auditor-General has appointed me, Robert Harris, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements of the Company and Group, for the year ended 31 March 2013.

We have audited the financial statements of the Company and Group on pages 15 to 38, that comprise the statement of financial position as at 31 March 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date; and the notes to the financial statements that include accounting policies and other explanatory information.

Unqualified Opinion

In our opinion:

- The financial statements of the Company and Group on pages 15 to 38:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial Reporting Standards; and
  - give a true and fair view of the Company's and Group's:
    - financial position as at 31 March 2013; and
    - financial performance and cash flows for the year ended on that date.

Opinion on other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the Company and Group as far as appears from an examination of those records.

Our audit was completed on 28 May 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

PricewaterhouseCoopers, 5 Sir Gil Simpson Drive, Canterbury Technology Park, PO Box 13244, Christchurch 8053, New Zealand T: +64 (3) 374 3000, F: +64 (3) 374 3001, www.pwc.com/nz

pwc

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. In accordance with the Financial Reporting Act 1993 we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the Company and Group's financial position, financial performance and cash flows.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors responsibilities arise from the Financial Reporting Act 1993 and the Energy Companies Act 1992.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45(1) of the Energy Companies Act 1992.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit, we have carried out assignments in the areas of compliance with the Electricity Distribution (Information Disclosure) Requirements 2008 and other regulatory requirement of the Commerce Act 1986 and tax compliance, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with, or interests in, the Company or any of its subsidiaries.

Robert Harris
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand

Network Waitaki Limited
10 Chelmer Street, PO Box 147
Oamaru 9444

Phone 03 433 0065
Fax 03 434 8845

Email: service@networkwaitaki.co.nz
Website: www.networkwaitaki.co.nz

Printed by BRACKENSPRINT | Oamaru