

**Northpower Electric**

**Power Trust**

**ANNUAL REPORT**

**AND**

**FINANCIAL STATEMENTS**

**FOR**

**YEAR ENDED**

**31 MARCH 2011**

**Chairman:**

E A Angelo Whangarei

**Deputy Chairman:**

R J Drake Kaipara

**Other Trustees:**

T Davies-Colley Whangarei

I Durham Whangarei

S McKenzie Kaipara

R Provan Whangarei

W Rossiter Whangarei

**Secretariat:**

Brent Martin, Plus Chartered Accountants Ltd

# NORTHPOWER ELECTRIC POWER TRUST

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# **NORTHPOWER ELECTRIC POWER TRUST**

## **TRUSTEES REPORT**

### **FOR YEAR ENDED 31 MARCH 2011**

It is with pleasure that we report to consumers/owners outlining the activities of the Trust for the 12 months to 31 March 2011.

#### **CONSUMER DISTRIBUTION**

A distribution of \$3,100,000 (\$60 per consumer) was paid to consumers in August 2010 by way of a credit to all consumers' electricity accounts.

#### **DIRECTORSHIP**

Nikki Davies-Colley and David Ballard retired by rotation and offered themselves available for re-election and were reappointed in July 2010.

The selection and appointment of our directors is a very important responsibility of Trustees as it is necessary to ensure that our Board of Directors possess the combined skill sets and business acumen in order to achieve excellence in the growing company's financial, management, people and profit performances. The Trustees have undertaken a comprehensive review of the Board of Directors with the support of consultants expert in that field. We are pleased to report that the review endorses the quality of chairmanship of Warren Moyes and indicates a dedicated team of Directors. The Trustees plan to strengthen the Board further to ensure that the best skills possible are engaged for the continued success of Northpower into the future.

#### **YOUR INVESTMENT IN NORTHPOWER**

The Trustees hold all the shares in Northpower Limited, a company that has successfully grown and diversified from the original business. As in any growth business it faces risks. Nevertheless the value of the company has grown, since 1993, from \$40 million to \$236 million.

The Trustees have maintained close communication with the directors throughout the last 12 months. The past year has been a very challenging one for Northpower's contracting business as it recovers from a depressed New Zealand economy and seeks to achieve profit from the West Coast Energy investment in Australia. Last year the Company anticipated strong growth in revenues from its Australian operation but it has been unable to profit from the venture to date. The Trustees have kept in close contact with the Directors as they have restructured governance and management of West Coast Energy. The Trustees have supported the Directors in seeking success from the Australian operation over the medium to long term.

The company has also invested significantly in the local fibre network with a view to operating the fibre network on a similar model to the power lines – in other words providing the fibre network over which retailers can deliver high quality broadband services to end users.

The Trustees are disappointed that this year's profit targets have not been met due to the losses in the Australian contracting division. The Trustees will continue to work closely with the Directors to achieve the best possible returns for both the present and future consumer-beneficiaries of Northpower.

The Trustees would strongly recommend consumers to make sure they read the Northpower Annual Review for the year to 31 March 2011. If any consumers have not received a copy they can obtain a copy from the company or the Trust.

The review makes for excellent reading and highlights the company's vision and improving outlook for you as shareholders.

## **2010 ELECTION**

The Trustees held an election in November by postal ballot and offering, for the first time, an internet voting option. Dave Culham retired at the time of the election.

The successful Trustees were:

### **Whangarei District:**

Erc Angelo  
Tony Davies-Colley  
Ross Provan  
Bill Rossiter  
Ann Shaw

### **Kaipara District:**

Richard Drake  
Sheena McKenzie

In February 2011 Ann Shaw passed away after a short illness and the Trustees, as provided for in the Trust Deed, appointed Irene Durham. Irene was the highest polling unsuccessful candidate in the November election. The Trustees wish to acknowledge the contribution Ann Shaw made to the Trust. She will be missed.

## **FINANCIAL REPORT FROM SECRETARIAT**

The Trust received dividends from Northpower Ltd of \$3,078,650 during the 2011 year (\$4,169,000 for 2010). The Trust earned interest of \$164,227 (\$202,063 last year).

The net asset value of the company to 31 March 2011 was \$236,855,000 which is shown on page 6 of the Trust's Financial Statements under "Investments". The company has used International Financial Reporting Standards and a copy of its reports can be provided on request.

### **CODE OF PRACTICE**

The Code of Practice sets out the accountability responsibilities of the Northpower Electric Power Trust to its beneficiaries. It also provides for a review where a legitimate request for information has not been properly dealt with. We encourage consumers to be aware of the Code of Practice. There have been no requests for a review during the past year.

### **ANNUAL PLAN**

The review of our 2010/2011 Annual Plan confirmed that the Trustees properly discharged all objectives that form part of our responsibilities under the Trust Deed. The 2011/2012 Annual Plan is attached.

### **MEETING WITH DIRECTORS**

The Statement of Corporate Intent details the schedule of meetings required with the Board of Directors. The Trustees met with Directors frequently throughout the year to meet our statutory obligations and to discuss matters that have the potential to affect the shareholders' interests in the company.

Also, throughout this process we discharge another of our essential duties in monitoring the performance of the Board and to uphold our independent relationship with the Directors.

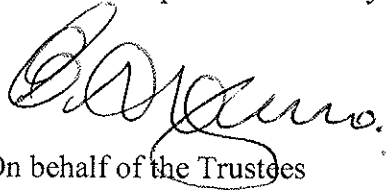
### **CONSUMER CONTACT**

As always, we encourage consumers to contact Trustees on matters involving the Electricity Industry in general, and any local issues that could potentially affect our ownership responsibilities.

### **GENERAL**

The Trustees continue to keep abreast of the Electricity Industry by regular contact with the Energy Trusts of NZ, attending focus meetings with industry representatives and regular contact with directors on significant issues as they arise. In November 2010 a revised Electricity Industry Act was passed which made a number of important changes to the way the industry operates. Further changes are likely in the future and Trustees will keep a close watch to ensure that Northpower consumers are not unduly penalised through legislative change. Northpower being formally recognised as a "Consumer-owned Company" is at present exempted from some of the industry controls by the Commerce Commission. The Trustees will jealously guard this position which saves the company from significant compliance costs.

It certainly is a challenging industry and we are proud to represent consumers in ensuring that the value and performance of your company, Northpower Ltd is maintained and enhanced.



On behalf of the Trustees

**E A ANGELO**

**Chairman**



**R J DRAKE**

**Deputy Chairman**

1 July 2011

**Other Trustees:**

T Davies-Colley	Whangarei
I Durham	Whangarei
S McKenzie	Kaipara
R Provan	Whangarei
W Rossiter	Whangarei

**Secretariat:**

Brent Martin, Plus Chartered Accountants Ltd

# **NORTHPOWER ELECTRIC POWER TRUST**

## **ANNUAL PLAN 1 April 2011 to 31 March 2012**

The Trustees will carry out their responsibilities in accordance with the Trust Deed and the law and will specifically:

1. **PROTECT THE VALUE OF THE TRUST ASSETS AND ACT AS PRUDENT TRUSTEES**
  - 1.1 Seek a fair commercial return from the Trustees' investment in Northpower Ltd.
  - 1.2 Seek to minimise the risk of the Trustees' investments in Northpower Ltd.
  - 1.3 Manage cash assets including dividends received in a way that maximises the benefit to Trust beneficiaries.
2. **NORTHPOWER LTD**
  - 2.1 Exercise the rights and responsibilities of diligent shareholders in Northpower Ltd for the benefit of the Trust Fund and with due regard to the objective of Northpower Ltd to be a successful business. In doing so, take proper account of the growth of Northpower and the impact of the changing economy.
  - 2.2 Monitor the performance of Directors.
  - 2.3 Advertise publicly that Trustees seek prospective directors for Northpower Ltd in accordance with 9.1 of the Trust Deed and the Constitution of the Company.
  - 2.4 Appoint directors in accordance with the provisions of the Trust Deed and the Company's Constitution.
  - 2.5 Agree on the Northpower Statement of Corporate Intent with the directors of Northpower Ltd and make the completed SCI available to the public.
  - 2.6 Meet with the Board or its representatives of Northpower Ltd at least four times a year to consider the performance of Northpower Ltd in relation to the Statement of Corporate Intent and other matters of ownership.
  - 2.7 Attend the Annual Meeting of Northpower Ltd and exercise the rights and responsibilities of shareholders at that meeting and at any other general meeting of the company.
3. **INCOME**
  - 3.1 Receive dividends from Northpower Ltd.
  - 3.2 Hold and invest dividends from Northpower Ltd for at least six months before distribution to satisfy clause 5.3 of the Trust Deed.
  - 3.3 Distribute substantially all remaining income received from Northpower Ltd for the benefit of consumers as provided in the Trust Deed.

4. **CHAIRPERSON**

The Trustees have elected Erc Angelo as Chairperson in accordance with the Trust Deed for a three year term ending in November 2013.

5. **DEPUTY CHAIRPERSON**

The trustees have elected Richard Drake in accordance with the Trust Deed for a three year term ending in November 2013.

6. **SECRETARY**

The Trustees have appointed Plus Chartered Accountants to provide secretarial and accounting services to the Trust.

7. **SECURITY OF ELECTRICITY SUPPLY**

**Transmission and generation**

The Trustees will cooperate with the company and with ETNZ to encourage appropriate grid and network improvements and adequate generation capacity to service Northpower consumers' needs.

8. **ETNZ**

The Northpower Electricity Trust is a member of the Energy Trusts of New Zealand Inc. The Northpower Electricity Trustees will seek efficiency in the ETNZ in its objectives of facilitating the operations of Energy Trusts as significant owners of Energy Companies and in supporting trusteeship of Energy Trusts.

9. **COMMUNICATION**

The Trustees will inform consumers of Trust activities through the news media and through newsletters as appropriate.

The Trustees will also maintain a free call telephone number 0800 434 100 and an email address [trustees@northpower.com](mailto:trustees@northpower.com) for the benefit of consumers who wish to contact the Trust.

10. **CODE OF PRACTICE**

The Trustees have developed and published a 'Code of Practice' that describes the way Trustees will provide accountability to, and access to information for the Trust's beneficiaries. This was first presented for confirmation at the AGM in July 2003, and will be reviewed at each AGM.

11. **OWNERSHIP REVIEW**

As required under Clause 4 of the Trust Deed, within five years of the last review, Trustees shall require the directors of Northpower Ltd to prepare a report considering proposals and options for the future ownership of the Shares in the Company and the Trustees must then undertake public consultation as described in Schedule 2 of the Trust Deed.

It is planned to commence this review early in 2012.

**Northpower Electric Power Trust  
Financial Statements  
For the Year ended 31st March 2011**

**Northpower Electric Power Trust**  
**Financial Reports**  
**For the Year Ended 31st March 2011**

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# Northpower Electric Power Trust

## Trust Directory

### As at 31st March 2011

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Trustees	Ercoli ANGELO Richard DRAKE Tony DAVIES-COLLEY Ross PROVAN William ROSSITER Irene DURHAM Sheena MCKENZIE
Auditors	PI Trappitt CA
Secretary	Plus Chartered Accountants Limited First Floor Dairy House Porowini Avenue Whangarei
Bankers	ASB
Date of Formation	29 March 1993
Nature of Business	Holding Shares in Northpower Limited on behalf of consumer beneficiaries

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached Audit Report.*

# Northpower Electric Power Trust

## Trustees Annual Report

### For the Year ended 31st March 2011

The Trustees hereby present their Annual report including Financial Statements of the trust for the year ended 31st March 2011.

#### Principal activities

The business of the trust is Holding Shares in Northpower Limited on behalf of consumer beneficiaries . The nature of the trust's business has not changed during the year.

#### Auditors

The trust's Auditor is PI Trappitt CA. PI Trappitt CA is willing to continue as the trusts auditor.

#### Trustees holding office during the year

The following Trustees held office during the year:

Ercoli ANGELO  
Richard DRAKE  
Ross PROVAN  
William ROSSITER  
Sheena MCKENZIE  
David CULHAM (retired 18/11/2010)  
Tony DAVIES-COLLEY (elected 19/11/2010)  
Ann SHAW (deceased 16/02/2011)  
Irene DURHAM (appointed 17/02/2011)

#### Trustee Allowances

Trustees allowances paid were as follows:

	<b>2011</b>
	<b>\$</b>
EA Angelo	41,304
D Culham	15,096
R Drake	28,308
R Provan	22,864
W Rossiter	23,084
A Shaw	20,757
S McKenzie	23,304
T Davies-Colley	8,379
I Durham	2,185
	<u>2,185</u>
	<u>\$185,281</u>

#### Trustees' disclosures

There were no entries recorded in the Register of Interests.

The Board of Trustees received no notices from Trustees wishing to use trust information received in their capacity as Trustees which would not have ordinarily been available.

No donations were made by the trust during the year

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached Audit Report.*

**Northpower Electric Power Trust**  
**Trustees Annual Report**  
**For the Year ended 31st March 2011**

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For and on behalf of the Board of Trustees,

Chairman



Dated this 30<sup>th</sup> day of June, 2011

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached Audit Report.*

**Northpower Electric Power Trust**  
**Income Statement**  
**For the Year ended 31st March 2011**

	<i>Note</i>	<b>2011</b> \$	<b>2010</b> \$
<b>REVENUE</b>			
Operating income	5	3,242,877	4,371,063
Other operating costs	6	(361,215)	(246,184)
<b>Profit before income tax</b>		2,881,662	4,124,879
Income tax expense	10	(52,376)	-
<b>Net profit for the year</b>		<b>\$2,829,286</b>	<b>\$4,124,879</b>

*The accompanying notes form part of these financial statements.  
 These financial statements should be read in conjunction with the attached Audit Report.*

**Northpower Electric Power Trust**  
**Statement of Changes in Equity**  
**For the Year ended 31st March 2011**

	Note	2011 \$	2010 \$
<b>EQUITY AT START OF YEAR</b>		236,848,423	237,703,688
<b>SURPLUS &amp; REVALUATIONS</b>			
Profit after tax		2,829,286	4,124,879
Movements in Investment - Company		<u>5,489,000</u>	<u>(520,000)</u>
<b>Total recognised revenues &amp; expenses</b>		8,318,286	3,604,879
<b>OTHER MOVEMENTS</b>			
Distribution to beneficiaries	7	<u>(3,155,497)</u>	<u>(4,460,144)</u>
<b>EQUITY AT END OF YEAR</b>		<u><u>\$242,011,212</u></u>	<u><u>\$236,848,423</u></u>

*The accompanying notes form part of these financial statements.  
 These financial statements should be read in conjunction with the attached Audit Report.*

# Northpower Electric Power Trust

## Balance Sheet

As at 31st March 2011

	Note	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	5,029,111	5,352,188
Taxation	10	132,740	73,990
Trade and other receivables	12	20,904	62,968
<b>Total current assets</b>		<u>5,182,755</u>	<u>5,489,146</u>
<b>NON-CURRENT ASSETS</b>			
Investments	11	<u>236,855,000</u>	<u>231,366,000</u>
<b>Total non-current assets</b>		<u>236,855,000</u>	<u>231,366,000</u>
<b>TOTAL ASSETS</b>		<u>242,037,755</u>	<u>236,855,146</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	<u>26,543</u>	<u>6,723</u>
<b>Total current liabilities</b>		<u>26,543</u>	<u>6,723</u>
<b>TOTAL LIABILITIES</b>		<u>26,543</u>	<u>6,723</u>
<b>NET ASSETS</b>		<u>\$242,011,212</u>	<u>\$236,848,423</u>
Represented by:			
<b>EQUITY</b>			
Trustee Funds		242,011,213	236,848,423
<b>TOTAL EQUITY</b>		<u>\$242,011,213</u>	<u>\$236,848,423</u>

The accompanying notes form part of these Financial Statements and should be read in conjunction with the reports contained herein.

For and on behalf of the Board :

Chairman

Date

30th June 2011

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached Audit Report.*

# Northpower Electric Power Trust

## Cash Flow Statement

### for the Year Ended 31 March 2011

	Note	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
<u>Cash was received from:</u>			
Dividends received		2,946,708	4,169,000
Interest received		124,565	224,207
		<u>3,071,273</u>	<u>4,393,207</u>
<u>Cash was paid to:</u>			
Payments to suppliers and employees		368,338	246,261
Income tax paid		(73,988)	(24,239)
		<u>294,350</u>	<u>222,022</u>
<b>Net cash inflow (outflow) from operating activities</b>		<u>2,776,923</u>	<u>4,171,185</u>
<b>Cash flows from financing activities</b>			
<u>Cash was paid to:</u>			
Payment of Capital Distribution to Consumers		3,100,000	4,500,000
		<u>3,100,000</u>	<u>4,500,000</u>
<b>Net cash inflow (outflow) from financing activities</b>		<u>(3,100,000)</u>	<u>(4,500,000)</u>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<u>(323,077)</u>	<u>(328,815)</u>
Cash and cash equivalents as at 1 April 2010		<u>5,352,188</u>	<u>5,681,003</u>
<b>Cash and cash equivalents as at 31 March 2011</b>	9	<u><u>5,029,111</u></u>	<u><u>5,352,188</u></u>

NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Accountant's Disclaimer.

# Northpower Electric Power Trust

## Notes to the Financial Statements

### For the Year ended 31st March 2011

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#### 1. STATEMENT OF ACCOUNTING POLICIES

##### **Reporting entity**

These are the financial statements of Northpower Electric Power Trust. Northpower Electric Power Trust is engaged in the business of Holding Shares in Northpower Limited on behalf of consumer beneficiaries.

The financial statements of Northpower Electric Power Trust have been prepared in accordance with the reporting requirements of Section 11 of the Financial Reporting Act 1993.

##### **Measurement Base**

These financial statements of Northpower Electric Power Trust have been prepared in accordance with generally accepted accounting practice in New Zealand and therefore also comply with International Financial Reporting Standards. For this purpose the trust has designated itself as a public benefit entity.

The financial statements of Northpower Electric Power Trust have been prepared on an historical cost basis, except as noted otherwise below.

The information is presented in New Zealand dollars.

##### (a) **Goods & Services Tax**

These financial statements have been prepared inclusive of GST as Northpower Electric Power Trust is not registered for GST.

##### (b) **Income Tax**

Income tax is accounted for using the taxes payable method. The income tax expense charged to the Income Statement is the estimated tax payable in the current year, adjusted for any differences between the estimated and actual tax payable in prior years.

##### (c) **Cash and Cash Equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less plus bank overdrafts. Bank overdrafts are shown on the balance sheet as current liabilities within short term borrowings.

##### (d) **Revenue**

Interest income is recognised using the effective interest method.

Dividend revenue is recognised when received.

##### (e) **Receivables**

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

#### 2. **AUDIT**

These financial statements have been subject to audit, please refer to Auditor's Report.

# Northpower Electric Power Trust

## Notes to the Financial Statements

### For the Year ended 31st March 2011

#### 3. STATEMENT OF COMPLIANCE

The financial report complies with New Zealand Accounting Standards which include New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Compliance with NZ IFRS ensures that the full year financial report, comprising the financial statements and notes complies with International Financial Reporting Standards (IFRS), except where our auditor has noted we have not accounted for the group.

#### 4. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2010:\$0). Northpower Electric Power Trust has not granted any securities in respect of liabilities payable by any other party whatsoever.

#### 5. OPERATING REVENUE

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Final Dividend	75,279	2,869,000
Interim Dividend	3,003,371	1,300,000
Interest Received	164,227	202,063
Total Other Income	<u>3,242,877</u>	<u>4,371,063</u>
Total Operating Revenue	<u><u>3,242,877</u></u>	<u><u>4,371,063</u></u>

#### 6. OPERATING EXPENSES

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Advertising	5,074	3,893
Audit Fees	3,600	2,138
Bank Charges	135	124
Consumer Callcentre	1,505	1,595
Consultants Fees	6,298	14,025
Conference Expenses & Travel	3,898	1,153
ETNZ Levy	3,565	2,552
Election Expenses	112,579	-
General Expenses	1,015	480
Insurance	7,031	6,878
Printing, Stamps & Stationery	687	1,349
Secretarial Expenses	27,250	27,000
Trustee Travel Expenses	3,297	2,165
Trustee Fees & Allowances	<u>185,281</u>	<u>182,832</u>
Total Operating Expenses	<u><u>361,215</u></u>	<u><u>246,184</u></u>

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached Audit Report.*

**Northpower Electric Power Trust**  
**Notes to the Financial Statements**  
**For the Year ended 31st March 2011**

**7. DISTRIBUTION TO CONSUMERS**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Dividends paid to beneficiaries during the year:		
Distribution to Consumers	3,155,497	4,460,144
Total dividends paid	<u>3,155,497</u>	<u>4,460,144</u>

**8. RELATED PARTIES**

There were no related party transactions during the year under review.

**9. CASH & CASH EQUIVALENTS**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Cash and bank accounts	5,029,111	5,352,188
	<u>5,029,111</u>	<u>5,352,188</u>

**10. TAXATION**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Profit before tax	2,881,662	4,124,879
Taxation	52,376	-
<b>Income Tax on Net Profit</b>	<u>52,376</u>	<u>-</u>

**The Taxation Charge is Represented by**

Current year tax	52,376	-
	<u>52,376</u>	<u>-</u>

**Tax Payable**

Less		
RWT credits	185,113	73,988
Outstanding from prior years	3	2
<b>Total Tax to Pay (Refund)</b>	<u>(132,740)</u>	<u>(73,990)</u>

**11. INVESTMENTS**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Shares - Northpower Ltd	236,855,000	231,366,000
	<u>236,855,000</u>	<u>231,366,000</u>

The company's net assets at 31/03/11 are \$236,855,000. Consolidation of the trusts financial statements with the company's would increase the trusts net assets by this much, so our carrying value of the company has been increased to reflect this value. IFRS is designed to ensure that the company correctly values its net asset position.

*The accompanying notes form part of these financial statements.  
 These financial statements should be read in conjunction with the attached Audit Report.*

# Northpower Electric Power Trust

## Notes to the Financial Statements

### For the Year ended 31st March 2011

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#### 12. TRADE AND OTHER RECEIVABLES

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Accounts Receivable	-	39,856
Accrued Interest	20,904	23,112
	<u>20,904</u>	<u>62,968</u>

#### 13. TRADE AND OTHER PAYABLES

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Accounts Payable	26,543	6,723
	<u>26,543</u>	<u>6,723</u>

#### 14. SIGNIFICANT EVENTS AFTER BALANCE DATE

No significant events occurred after the balance date.

# Audit Report

## Independent Auditor's Report

To the Readers of the financial statements of NORTHPOWER ELECTRIC POWER TRUST.

### Report on the Financial Statements

I have audited the financial statements of Northpower Electric Power Trust on pages 4 to 11, which comprise the balance sheet as at March 31, 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Trustees Responsibilities

The Trustees are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities

It is my responsibility to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing (New Zealand). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks from material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion on financial position and financial performance.

Other than in my capacity as auditor I have no relationship with, or interests in, Northpower Electric Power Trust.

### **Basis for Qualified Opinion on Financial Position and Financial Performance**

No provision has been made to consolidate the Financial Statements of the Trust with its subsidiary Northpower Ltd. This is a departure from applicable New Zealand International Accounting Standard No 27 which requires consolidation.

Because of the failure to produce a consolidated report, the financial reports on pages 4 to 11:

- Have not been prepared in accordance with generally accepted accounting practice in New Zealand;
- Do not give a true and fair view of the financial position of the group as at 31<sup>st</sup> March 2011 and the results of the groups, operations for the year ended on that date.

### **Qualified Opinion on Financial Position and Financial Performance**

In my opinion except for the effects of the matter described in the Basis for Qualified Opinion paragraph the financial statements on pages 4 to 11:


- Comply with generally accepted accounting practice in New Zealand;
- Give a true and fair view of the financial position of Northpower Electric Power Trust as at 31 March 2011, and of its financial performance for the year then ended.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Financial Reporting Act 1993, I report that:

I have obtained all the information and explanations that I have required.

In my opinion proper accounting records have been kept by Northpower Electric Power Trust as far as appears from an examination of those records.

  
.....  
P I TRAPPITT

Chartered Accountant

Dated this 30<sup>th</sup> day of June 2011

Dargaville