

## WHAT WE DO

Aurora Energy Limited owns the electricity network assets of poles, lines, cables and substations within the immediate Dunedin area and in Central Otago. Its function is to transfer electricity from local generation and the national grid to the consumer. Its customers are the electricity retailers who sell electricity to the commercial and household consumers.



FINANCIAL HIGHLIGHTS	2011 \$'000	2010 \$'000
Revenue	80,293	78,799
Net surplus for the year	12,791	15,583
Shareholder's funds	176,512	175,753
Total assets	368,165	357,332

## WHAT WE DID THIS YEAR

Aurora Energy Limited is a highly consistent well-performing company. Revenue at \$80.3m was up slightly on the \$78.8m achieved last year. The surplus after tax at \$12.8m was down on last year's \$15.6m as the tax provision returned to normal levels. Last year tax was uncharacteristically small due to a substantial reduction in deferred tax generated by the corporate tax rate changing from next year to 28%.

Economic growth in the Otago area has slowed noticeably but infrastructure for those sectors of the economy that are growing must be provided. Capital expenditure is not always consistent when you have situations where electricity loads that have been gradually increasing over several years get to the point that a substation enhancement is needed for future security of supply. Further capital expenditure will always be required when a large commercial user undertakes an expansion of its activities and requires the supporting infrastructure.

To this end the company has been extremely busy in its substation renewal and expansion programmes. In and around Queenstown two new substations were commissioned primarily to future-proof energy supplies for the Remarkables and Cardrona ski fields. The Remarkables substation also supplies a dozen local homes and the Cardrona substation supplies over 130 properties at the foot of the mountain and the historic Cardrona Hotel. In Frankton another substation was developed to add to the reliability of supply in that area.

In Dunedin capital expenditure is more about the replacement of aged sections of the network than new builds to cater for future growth. In Dunedin the Ward Street substation, constructed in 1938, was largely rebuilt. At the same time the old building was carefully preserved as a fine example of art deco industrial architecture.

Growth can be reflected in the additional number of consumer connections to the network. The pattern over the years has been consistent. In Central Otago we achieved 2.0% growth (last year 2.0%) and in Dunedin there was 0.4% growth (last year 0.5%). At year end the total number of connections in Dunedin was 53,713 and in Central Otago was 28,849.

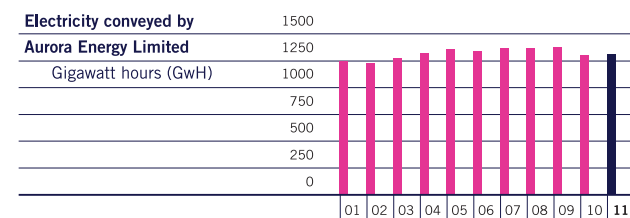
The cash generation performance of the company continues to be very strong and supports a high level of dividend to the parent company. This year the cash flow from operations improved from \$24.7m, last year to \$26.1m.

Looking forward there remains an unresolved issue with the industry regulator in respect of pricing. Considerable activity has been directed at providing information to the Commerce Commission in respect of the new five year regulatory regime, but the outcome is still to be determined. The company will continue to invest heavily in this process at it seeks to ensure that shareholder interests are protected.

For more information visit [www.electricity.co.nz](http://www.electricity.co.nz)

## THE PEOPLE

Directors	R S Polson (Chairman)
	M O Coburn
	N G Evans
	P R Hudson
	R D Liddell
	S J McLauchlan
Chief Executive	G Cameron



- > The newly commissioned zone substation which supplies the Remarkables Ski Field near Queenstown.
- >> Dunedin's new Forsyth Barr Stadium is a significant new energy consumer on the Aurora network.