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VECTOR LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999 AND THE
ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000

VECTOR Limited
Electricity Lines Business

Statement of Financial Performance

For the year ended 31 March 2000

	Notes	2000 \$000	1999 \$000
Operating revenue	3	225,501	237,053
Operating expenses	2	(165,095)	(204,104)
Operating surplus before income tax	4,5	60,406	32,949
Income tax	6	(18,804)	(10,225)
Operating surplus after income tax		41,602	22,724
Comprising			
Net surplus from continuing activities		41,602	30,372
Net deficit from discontinued activities		-	(7,648)
Operating surplus after income tax		41,602	22,724

The accompanying notes form part of these financial statements.

VECTOR Limited
Electricity Lines Business

Statement of Movements in Equity

For the year ended 31 March 2000

	Notes	2000 \$000	1999 \$000
Equity at beginning of year		587,346	299,645
Net surplus		41,602	22,724
Transfer from asset revaluation reserve	11	-	17,229
Asset revaluation reserve		-	(2,420)
Total recognised revenues and expenses		41,602	37,533
Capital adjustment	10	153,475	259,744
Distribution to owners	9	(45,053)	(9,576)
Equity at end of year		737,370	587,346

The accompanying notes form part of these financial statements.

VECTOR Limited
Electricity Lines Business

Statement of Financial Position

As at 31 March 2000

	Notes	2000 \$000	1999 \$000
Equity			
Share capital	10	300,000	146,525
Reserves	11	417,559	417,559
Retained earnings	12	19,811	23,262
Total equity		737,370	587,346
Liabilities			
Non current liabilities			
Term liabilities	13	104,810	175,810
Total non-current liabilities		104,810	175,810
Current liabilities			
Payables and accruals	14	62,715	47,215
Provision for dividend	9	33,282	-
Provision for income tax		5,299	-
Current portion of non-current liabilities	13	-	53
Total current liabilities		101,296	47,268
Total liabilities		206,106	223,078
Total equity and liabilities		943,476	810,424
Tangible assets			
Non-current assets			
Deferred tax	8	8,852	16,703
Fixed assets	15	888,832	783,386
Total non-current assets		897,684	800,089
Current assets			
Cash		33,248	2,816
Receivables and prepayments	16	11,506	485
Stores		1,038	1,380
Income tax		-	5,654
Total current assets		45,792	10,335
Total tangible assets		943,476	810,424

The accompanying notes form part of these financial statements.

VECTOR Limited
Electricity Lines Business

Statement of Cash Flows

For the year ended 31 March 2000

	Notes	2000 \$000	1999 \$000
Operating activities			
Cash was provided from			
Receipts from customers		208,845	225,550
Interest received		4,218	22
		213,063	225,572
Cash was disbursed to			
Payments to suppliers and employees		106,578	106,903
Payments related to CBD crisis		1,961	91,471
Taxation paid		-	(20)
Interest paid		9,686	24,426
		121,225	222,780
Net cash inflow from operating activities		91,838	2,792
Investing activities			
Cash was provided from			
Proceeds from sale of meters		-	50,000
Proceeds from sale of other fixed assets		-	275
		-	50,275
Cash was applied to			
Purchase and construction of fixed assets		92,683	99,929
Purchase of fixed assets from "other" business	15	37,358	-
		130,041	99,929
Net cash outflow from investing activities		(130,041)	(49,654)
Financing activities			
Cash was provided from			
Capital reallocated from "other" business		153,475	259,744
		153,475	259,744
Cash was applied to			
Net settlement of loan facilities*		71,053	200,880
Dividends paid		11,771	9,576
		82,824	210,456
Net cash inflow from financing activities		70,651	49,288
Net increase in cash		30,432	2,426
Opening cash brought forward		2,816	390
Ending cash carried forward		33,248	2,816

*Cash inflows and cash outflows have been netted for ease of presentation.

The accompanying notes form part of these financial statements.

Statement of Cash Flows (continued)

For the year ended 31 March 2000

	2000 \$000	1999 \$000
Reported surplus after tax	41,602	22,724
Add non-cash items		
Depreciation	26,012	19,961
Writedown of fixed assets	-	1,300
Net loss retail sale	-	17,559
Movement in deferred tax	7,851	16,147
Movement in fixed asset accruals	-	2,709
	33,863	57,676
Items classified as investing activities		
Gain on sale of fixed assets	(1,417)	(47)
	(1,417)	(47)
Add/(less) movement in other working capital		
Increase/(decrease) in accounts payable and accruals	17,516	(96,843)
Increase in inventory	348	-
(Increase)/decrease in receivables and prepayments	(11,027)	25,204
Increase/(decrease) in taxation refund	10,953	(5,922)
	17,790	(77,561)
Net cash inflow from operating activities	91,838	2,792

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2000

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

The financial statements have been extracted from the audited financial statements of Vector Limited parent company and represent the electricity line business activities of the company.

VECTOR Limited is a company registered under the Companies Act 1993.

Statutory base

The financial statements have been drawn up in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and Regulation 6 of the Electricity (Information Disclosure) Regulations 1999 and Regulation 15 of the Electricity (Information Disclosure) Amendment Regulations 2000.

Measurement base

The financial statements are prepared on the basis of historical cost modified by the revaluation of certain assets as identified in specific accounting policies below.

The avoidable cost allocation methodology (ACAM) used for allocating costs and assets and liabilities between "line" and "other" activities is in accordance with the Electricity Information Disclosure Handbook 30 June 2000.

Specific accounting policies

The following specific accounting policies that materially affect the measurement of financial performance, financial position and cash flow have been applied.

a) *Income Recognition*

Income from the Line Network is recognised as services are delivered.

b) *Fixed Assets*

Fixed assets other than distribution systems and some land and buildings are recorded at cost less accumulated depreciation. Distribution systems are recorded at their Optimised Deprival Value (ODV) - the lower of optimised depreciated value and economic value. Revaluations are carried out at least every three years and are conducted under the guidance of independent experts. Subsequent additions are recorded at cost.

c) *Depreciation*

Depreciation is calculated so as to expense the cost of the assets, or the revalued amounts, to their residual values over their useful lives as follows:

- Freehold buildings	50 years
- Distribution systems	15 - 70 years
- Motor vehicles	20% per annum diminishing value
- Consumer billing and information system	3 - 40 years
- Office equipment	3 - 40 years
- Other plant and equipment	18% per annum diminishing value

d) *Accounts Receivable*

Accounts receivable are carried at estimated realisable value after providing against debts where collection is doubtful.

e) Income Tax

The income tax expense recognised for the year is the accounting surplus, adjusted for permanent differences between accounting and tax rules.

The impact of all timing differences between accounting and taxable income is recognised as a deferred tax liability or asset. This is the comprehensive basis for the calculation of deferred tax liability under the liability method.

A deferred tax asset, or the effect of losses carried forward that exceed the deferred tax liability, is recognised in the financial statements only where there is the virtual certainty that the benefit of the timing differences, or losses, will be utilised.

f) Stores

Stores are valued on the basis of weighted average cost.

g) Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased assets, are included in the determination of the surplus in equal instalments over the lease term.

The cost of improvements to leasehold property is capitalised and amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is the shorter.

h) Foreign Currencies

Transactions denominated in a foreign currency are converted to New Zealand dollars at the exchange rates in effect at the date of the transaction, except when forward currency contracts have been taken out to cover short-term forward currency commitments.

Short-term transactions covered by forward exchange contracts are measured and reported at the forward rates specified in those contracts.

At balance date foreign currency monetary assets and liabilities are translated to New Zealand dollars at the balance date exchange rate and exchange variations arising from these translations are included in the statement of financial performance.

The exchange differences on hedging transactions undertaken to establish the price of particular sales or purchases, together with any costs associated with the hedge transactions, are deferred and included in the measurement of the purchase or sale transaction.

i) Goods and Services Tax (GST)

The statement of financial performance 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 the receivables and payables, which include GST, invoiced.

j) Employee Entitlements

Employee entitlements to salaries and wages, annual leave, long-term leave and other benefits are recognised when they accrue to employees.

The liability for employee entitlements is carried at the present value of the estimated future cash outflows.

k) Statement of Cash Flows

The following are the definitions of the terms used in the Statement of Cash Flows.

- Operating activities include all transactions and other events that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and investments that can include securities not falling within the definition of cash.
- Financing activities are those that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
- Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

l) Financial Instruments

The company is party to financial instruments with off balance sheet risk to meet financing needs and to reduce exposure to fluctuations in foreign currency exchange rates. These financial instruments include foreign exchange forward contracts, forward rate agreements and swaps.

The company enters into foreign currency forward exchange contracts to hedge foreign currency transactions. A loss or gain on the item being hedged generally offsets any exposure to gains or losses on these forward contracts. Gains and losses on contracts which hedge specific short-term foreign currency denominated commitments are recognised as a component of the related transaction in the period in which the transaction is completed. The company is not involved in foreign exchange speculation.

The net differential paid or received on interest swaps is recognised as a component of interest expense over the period of the agreement.

Changes in Accounting Policies

There has been no change in accounting policies and all policies have been applied consistent with those used in the prior year.

Notes to the Financial Statements

For the year ended 31 March 2000

	2000 \$000	1999 \$000
2. OPERATING EXPENSES		
Operating expenses include		
Continuing line activity expenses		
Payment by "line" business to "other" for		
Meter data	-	3,114
Other goods and services	-	35,477
Total transfer payment to "other" business	-	38,591
Operating line expenses		
Payment for transmission charges	57,027	55,936
Depreciation on system fixed assets	19,342	19,923
Depreciation on other fixed assets	6,670	38
Total depreciation	26,012	19,961
Employee salaries, wages and redundancies	13,659	8,369
Consumer billing and information system expense	3,903	-
Asset maintenance	18,583	19,784
Net loss on sale of property, plant and equipment	1,412	-
Corporate and administration	2,271	1,411
Human resource expenses	427	1,289
Marketing/advertising	1,514	3,531
Consultancy and legal	3,388	3,105
Rental expense on operating leases	635	423
Total operating line expenses	128,831	113,809
Costs of offering credit		
Bad debts written off	1,359	772
Increase in estimated doubtful debts	(387)	-
Total cost of offering credit	972	772
Governance expenses		
Directors fees	253	700
Director retiring allowances	195	-
Total directors fees	448	700
Auditors fees		
Audit fees paid to principal auditors	57	-
Fees paid for other services provided by principal auditors	185	-
Audit fees paid to other auditors	15	60
Fees paid for other services provided by other auditors	216	38
Total auditors fees	473	98
Sundry expenses		
Donations	3	-
Local authority rates expenses	1,453	742
Total sundry expenses	1,456	742
Other expenditure	23,395	20,952
Total operating expenditure	155,575	175,664
Operating surplus before interest and income tax	69,926	61,389
Interest expense on borrowings/total interest expense	9,520	28,440
Operating surplus before income tax	60,406	32,949
Income tax	18,804	10,225
Operating surplus after income tax	41,602	22,724

Notes to the Financial Statements

For the year ended 31 March 2000

	2000	1999
	\$000	\$000
3. OPERATING REVENUE		
Continuing activities		
Revenue from line/access charges	211,324	218,521
Interest on cash, bank balances and short term investments	4,219	22
Other income	8,541	984
Gain on sale of fixed assets	1,417	47
	225,501	219,574
Non recurring		
Reversal of CBD crisis provision	-	17,479
	-	17,479
Total operating revenue	225,501	237,053
4. SURPLUS BEFORE TAX		
Non recurring		
Loss on sale of retail assets	-	17,559
Restructuring costs	-	1,427
Asset write downs	-	1,300
5. CONTINUING AND DISCONTINUED ACTIVITIES		
Continuing activities		
Revenue	225,501	226,115
Surplus before income tax	60,406	46,158
Discontinued activities		
Revenue	-	10,938
Surplus before income tax	-	4,350
Loss on sale	-	(17,559)
Totals		
Revenue	225,501	237,053
Operating surplus before income tax	60,406	32,949

Notes to the Financial Statements

For the year ended 31 March 2000

	2000 \$000	1999 \$000
6. INCOME TAX		
Operating surplus before tax	60,406	32,949
Prima facie tax @ 33%	19,934	10,873
Plus (less) tax effect of permanent differences		
Non deductible entertainment	15	-
Non deductible legal and consulting	838	-
Capital gains and losses on divestment	-	(1,202)
Loss offset from other business	3,779	-
Prior period adjustment	(7,200)	-
Other permanent differences	3,698	554
Tax expense	18,804	10,225
The tax charge is represented by		
Current tax	10,953	(5,922)
Deferred tax	7,851	16,147
	18,804	10,225

The company has unrecognised gross tax losses available to be carried forward and offset against future assessable income of \$0.0 million (1999: \$15.0 million).

7. IMPUTATION BALANCES

Balance at beginning of year	11,618	16,330
Income tax payments during year	(5,053)	-
Imputation credits attaching to dividends received	-	-
Imputation credits attaching to dividends paid	(5,797)	(4,712)
Balance at end of year	768	11,618

8. DEFERRED TAXATION

Balance at beginning of year	16,703	32,850
Transfer to statement of financial performance	(7,851)	(16,147)
Balance at end of year	8,852	16,703

9. DIVIDENDS

Dividends paid on ordinary shares	11,771	9,576
Proposed distributions	11,771	9,576
Proposed dividend on ordinary shares	33,282	-
	33,282	-
Total distributions paid or payable in cash	45,053	9,576

The dividends paid were fully imputed. The proposed dividend will carry no imputation credits.

Notes to the Financial Statements

For the year ended 31 March 2000

	2000 \$000	1999 \$000
10. SHARE CAPITAL		
Ordinary class A shares		
Opening	146,525	(113,219)
Capital adjustment*	153,475	259,744
300,000,000 issued and fully paid shares	300,000	146,525
Ordinary class B shares		
B class changed to A class 31 August 1999	-	-
Ordinary class C shares		
6 issued and deemed fully paid shares	-	-
	300,000	146,525

The ordinary class A shares can only be held by the Auckland Energy Consumer Trust and may only be dealt with pursuant to the Trust Deed.

The ordinary class A shares and the ordinary class C shares are voting securities.

The ordinary class A shares have 75% of the voting entitlement and C class shares have 25% voting entitlement.

* Divestment activities as required by the Electricity Industry Reform Act 1998 were substantially completed by 31 March 2000. With the divestment substantially complete the capital of the line business going forward is \$300,000,000 which is the entire share capital of VECTOR Limited.

11. RESERVES

Asset revaluation

Balance at beginning of year	417,559	419,979
Transfer to retained earnings on disposal of revalued assets	-	(17,229)
Increase arising from revaluation of distribution systems	-	14,809
Balance at end of year	417,559	417,559

12. RETAINED EARNINGS

Balance at beginning of year	23,262	(7,115)
Net surplus for the period	41,602	22,724
Transfer from asset revaluation reserve	-	17,229
Net surplus attributable to the shareholders of the company	64,864	32,838
Dividends	(45,053)	(9,576)
Balance at end of year	19,811	23,262

13. TERM LIABILITIES

Repayable:	Interest rates:		
Within one year	6.3%	-	53
Two to five years	7.1% to 10.3%	104,810	175,810
		104,810	175,863
Less current portion of term liabilities		-	53
Total term liabilities		104,810	175,810

Other debt issued of \$0.0 million (1999:\$175.8 million) is secured by way of negative pledge over the assets of the company. The classification of \$0 million (1999:\$71.0 million) of debt as term liabilities is based on the availability of a 60 month facility, which was undrawn at balance date.

Notes to the Financial Statements

For the year ended 31 March 2000

	2000 \$000	1999 \$000
14. ACCOUNTS PAYABLE AND ACCRUALS		
Trade payables, other creditors and provisions	44,315	25,848
CBD network restoration costs	13,039	15,000
Interest payable	3,848	4,014
Employee entitlements	1,512	2,353
	62,715	47,215
15. FIXED ASSETS		
System fixed assets		
Distribution system at valuation	691,601	674,680
Distribution land at valuation	17,589	17,708
Distribution buildings at valuation	17,734	17,751
	726,924	710,139
Accumulated depreciation		
Distribution system	(18,400)	-
Distribution buildings	(942)	-
	(19,342)	-
Net book value	707,582	710,139
Consumer billing and information system assets		
Consumer billing and information system assets at cost	53,850	-
Accumulated depreciation	(20,845)	-
Net book value	33,005	-
Motor vehicles		
Motor vehicles at cost	470	-
Accumulated depreciation	(213)	-
Net book value	257	-
Office equipment		
Office equipment at cost	4,264	-
Accumulated depreciation	(3,726)	-
Net book value	538	-
Land at cost	597	-
Buildings		
Buildings at cost	3,253	-
Accumulated depreciation	(524)	-
Net book value	2,729	-
Other plant and equipment		
Plant and equipment at cost	1,035	317
Accumulated depreciation	(701)	(66)
Net book value	334	251
Capital work in progress at cost	143,790	72,996
Total net book value	888,832	783,386

Notes to the Financial Statements

For the year ended 31 March 2000

	2000 \$000	1999 \$000
15. FIXED ASSETS (CONTINUED)		
ODV valuation		
Balance as at beginning of year	710,139	715,377
Movement in net book value	(2,557)	(20,047)
ODV revaluation	-	14,809
Balance at end of year	707,582	710,139

The ODV valuation was prepared in accordance with the Ministry of Commerce Handbook (April 1999) in conjunction with Worley Consultants Limited consulting engineers. Revaluations are carried out at least every three years in accordance with the accounting policy and the last valuation was completed on 31 March 1999.

Divestment activities as required by the Electricity Industry Reform Act 1998 were substantially completed by 31 March 2000. Assets remaining in the other business, on substantial completion of divestment, but principally used by the line business were purchased by line business as at 1 April 1999 for a book value of \$37.4 million.

16. RECEIVABLES AND PREPAYMENTS

Trade receivables	9,808	(5,267)
Provision for doubtful debts	(273)	-
	9,535	(5,267)
Other receivables	317	4,932
Prepayments	1,653	820
	11,506	485

17. FINANCIAL INSTRUMENTS

The company is subject to financial risk as a result of its debt portfolio.

To manage and limit the effect of those financial risks, the Board of Directors has approved policy guidelines and authorised the use of various financial instruments. The policies approved, and financial instruments being utilised at balance date, are outlined below.

Credit risk

Financial instruments that potentially subject the company to credit risk principally consist of bank balances, money market deposits and accounts receivable.

The company monitors the credit quality of the major financial institutions that are counterparties to its off balance sheet financial instruments and does not anticipate any non performance by the counterparties.

Maximum exposures to credit risk as at balance date are

Bank balances	11,248	2,816
Term deposits	22,000	-
Accounts receivables	9,852	(335)

The above maximum exposures are net of any recognised provision for losses on these financial instruments.

Notes to the Financial Statements

For the year ended 31 March 2000

	2000 \$000	1999 \$000
17. FINANCIAL INSTRUMENTS (CONTINUED)		
Concentrations of credit risk		
Bank balances	11,248	2,816
Term deposits	22,000	-
	33,248	2,816

The company is not exposed to any other concentrations of credit risk.

Interest rate risk

Interest rates on debt issued in the current year are generally fixed for periods of between one and three months at rates from 4.1% to 7.8% (1999: 4.1% to 7.8%). The interest rates are based on the BkBM rate plus a margin.

Interest rate swaps and forward rate agreements are used to manage the proportion of fixed rate debt to total debt. Interest rate swaps and forward rate agreements open as at 31 March 2000 have a principal of \$209.8 million (1999:\$209.8 million) with a cash benefit of \$27.4 million (1999:\$7.8 million). The company pays a weighted average interest rate on open interest rate swaps and forward rate agreements of 7.2% (1999:7.3%).

The company values interest rate swaps by determining the net present value of future cash flows using current interest rates. The company continuously monitors the credit quality of the major international institutions that are counterparties to its off balance sheet financial instruments and does not anticipate non-performance by any of the counterparties.

18. COMMITMENTS

Capital expenditure commitments

Estimated capital expenditure contracted for at balance date but not provided for:

CBD reinforcement tunnel	36,500	65,600
Other commitments	8,239	9,472
	44,739	75,072

Operating lease commitments

Within one year	2,792	14
One to two years	1,284	14
Two to five years	3,765	42
Beyond five years	1,256	19
	9,097	89

19. CONTINGENT LIABILITIES

Central business district (CBD) power outage

Following the CBD power outages VECTOR has been threatened with claims for compensation. As at the date of these financial statements no legal claims resulting from the power outages have been filed against the company. Adequate provision has been made in these financial statements for further costs relating to restoring the CBD network and for compensation offered by VECTOR to its CBD customers affected by the outages.

Notes to the Financial Statements

For the year ended 31 March 2000

	2000 \$000	1999 \$000
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20. TRANSACTIONS WITH RELATED PARTIES

During the year VECTOR Limited had the following transactions with the Auckland Energy Consumer Trust (AECT), which is the majority shareholder of VECTOR Limited:

Payment of Dividends	\$11.8 million	(1999:\$9.6 million)
Payment to AECT	\$ 0.6 million	(1999:\$0.0 million)

Transfield Utility Services Limited (TUSL) was a related party for the purpose of these accounts from 1 April 1998 to 14 December 1998. During this period VECTOR Limited had the following transactions with TUSL.

Payment for capital work		
Subtransmission assets	N/A	(1999:\$5.4 million)
Zone substations	N/A	(1999:\$1.8 million)
Distribution lines and cables	N/A	(1999:\$0.2 million)
Medium voltage switchgear	N/A	(1999:\$0.1 million)
Distribution transformers	N/A	(1999:\$0.2 million)
Distribution substations	N/A	(1999:\$0.1 million)
Low voltage lines and cables	N/A	(1999:\$0.1 million)
Other system fixed assets	N/A	(1999:\$0.1 million)
Payment for maintenance work	N/A	(1999:\$5.3 million)

During the year the electricity line business had the following transfers between its "line" and "other" businesses. These costs are allocated on a full cost basis including an appropriate return on assets. The provision of consumer billing, sales and marketing and meter data services were provided by the internal "retail" business. This business was sold on the 28th of February 1999.

Payment to "other" - Consumer billing	N/A	(1999:\$6.0 million)
Payment to "other" - Sales and marketing	N/A	(1999:\$5.2 million)
Payment to "other" - Meter data	N/A	(1999:\$3.1 million)
Payment to "other" - Information systems	N/A	(1999:\$12.2 million)
Payment to "other" - Corporate services	N/A	(1999:\$10.2 million)
Payment to "other" - Building occupancy	N/A	(1999: \$1.3 million)
Payment to "other" - Vehicle lease	N/A	(1999: \$0.5 million)

No related party debts have been written off or forgiven during the year. All transactions took place on a commercial arms length basis.

21. COMPARATIVES

Comparatives were prepared in accordance with the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000 and the Electricity Information Disclosure Handbook 30 June 2000.

22. SEGMENT INFORMATION

The company operates within the electricity sector. All operations are carried out within New Zealand.

Notes to the Financial Statements

For the year ended 31 March 2000

	2000 \$000	1999 \$000
23. ITEMS WITH BALANCES REQUIRING SPECIFIC DISCLOSURE UNDER THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000		
1. Current assets		
(a) bank	Nil	Nil
(b) short-term investments	Nil	Nil
(e) other current assets not listed above	Nil	Nil
2. Fixed assets		
(g) other fixed assets not listed in (a) to (f)	Nil	Nil
3. Other tangible assets not listed above		
5. Intangible assets		
(a) goodwill	Nil	Nil
(b) other intangibles not listed in (a)	Nil	Nil
(c) total intangible assets (sum of (a) and (b))	Nil	Nil
7. Current liabilities		
(a) bank overdraft	Nil	Nil
(b) short term borrowings	Nil	Nil
(f) other current liabilities not listed in (a) to (e)	Nil	Nil
8. Non-current liabilities		
(d) other non-current liabilities not listed (a) to (c)	Nil	Nil
9. Equity		
(b) minority interest in subsidiaries	Nil	Nil
(d) capital notes	Nil	Nil
11. Statement of financial performance		
(b) Revenue from "other" business for services carried out by the line business (transfer payment)	Nil	Nil
(d) AC loss rental rebates	Nil	Nil
12. Operating expenditure		
(b) Transfer payments to the "other" business for		
(i) asset maintenance	Nil	Nil
(ii) consumer disconnection/reconnection services	Nil	Nil
(iv) customer based load control services	Nil	Nil
(v) royalty and patent expenses	Nil	Nil
(vi) avoided transmission charges on account of own generation	Nil	Nil
(vii) other goods and services not listed in (i) to (vi)	Nil	Nil
(viii) total transfer payment to the "other" business (sum of (i) to (vi))	Nil	Nil
(c) Expense to entities that are not related parties for		
(ii) consumer disconnection/reconnection services	Nil	Nil
(iii) meter data	Nil	Nil
(iv) customer based load control services	Nil	Nil
(v) royalty and patent expenses	Nil	Nil
(vi) total of specified expenses to non-related parties (sum of (i) to (v))	Nil	Nil

Notes to the Financial Statements

For the year ended 31 March 2000

	2000 \$000	1999 \$000
23. ITEMS WITH BALANCES REQUIRING SPECIFIC DISCLOSURE UNDER THE ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS 1999 AS AMENDED BY THE ELECTRICITY (INFORMATION DISCLOSURE) AMENDMENT REGULATIONS 2000 (CONTINUED)		
(g) Amortisation of		
(i) goodwill	Nil	Nil
(ii) other intangibles	Nil	Nil
(iii) total amortisation of intangibles (sum of (i) and (ii))	Nil	Nil
(k) Merger and acquisition expenses	Nil	Nil
(l) Takeover defence expenses	Nil	Nil
(m) Research and development expenses	Nil	Nil
(t) AC loss-rental rebates (distribution to retailers/customers) expense	Nil	Nil
(u) Rebates to customers due to ownership interest	Nil	Nil
(v) Subvention payments	Nil	Nil
(w) Unusual expenses	Nil	Nil
15. Interest expense		
(b) financing charges related to finance leases	Nil	Nil
(c) other interest expense not listed in (a) or (b)	Nil	Nil

FINANCIAL PERFORMANCE MEASURES AND EFFICIENCY PERFORMANCE MEASURES

(For the purposes of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000)

SCHEDULE 1 - PART 3

	2000	1999	1998	1997	1996
1. Financial performance measures					
(a) Return on funds	9.61%	9.44%	(1.53)%	12.80%	13.45%
(b) Return on equity	7.51%	5.76%	(8.64)%	10.24%	10.93%
(c) Return on investment	6.46%	8.83%	(12.38)%	(9.54)%	29.24%
2. Efficiency performance measures					
(a) Direct line cost per kilometre	\$ 2,283.61	\$ 2,746.16	\$ 2,830.15	\$ 2,893.73	\$ 2,775.00
(b) Indirect line cost per customer	\$ 134.99	\$ 213.27	\$ 83.73	\$ 55.69	\$ 50.63

ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS

(For the purposes of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity
(Information Disclosure) Amendment Regulations 2000)

SCHEDULE 1 - PART 4

1. Energy delivery efficiency performance measures

	2000			1999			1998			1997		
(a) Load factor	60.88%			58.06%			56.71%			55.46%		
(b) Loss ratio	4.50%			4.47%			4.50%			4.34%		
(c) Capacity utilisation	39.09%			35.40%			35.15%			35.95%		

2. Statistics

(a) System length (in kilometres)

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
*2000	4,952.67	259.09	2,932.83	189.76	292.82	84.10	8,711.25
1999	4,747.18	414.45	3,236.26	251.46	294.42	70.66	9,014.41
1998	4,732.28	415.89	3,092.57	249.90	261.49	60.86	8,812.99
1997	4,714.19	419.40	2,944.89	249.90	240.46	60.86	8,629.70

(b) Total circuit length (in kilometres) of overhead electric lines

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
*2000	2,012.36	59.90	1,071.39	0.00	55.18	15.75	3,214.58
1999	1,800.60	91.99	1,177.86	0.00	64.66	5.25	3,140.36
1998	1,809.10	93.74	1,196.22	0.00	64.66	0.00	3,163.71
1997	1,823.96	97.25	1,216.90	0.00	64.66	0.00	3,202.76

(c) Total circuit length (in kilometres) of underground electric lines

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
*2000	2,940.32	199.19	1,861.44	189.76	237.64	68.35	5,496.68
1999	2,946.58	322.46	2,058.39	251.46	229.76	65.41	5,874.06
1998	2,923.19	322.15	1,896.35	249.90	196.83	60.86	5,649.28
1997	2,890.23	322.15	1,727.99	249.90	175.80	60.86	5,426.93

* Data from computerised mapping system (GIS), previous years data from paper based systems.

ENERGY DELIVERY EFFICIENCY PERFORMANCE MEASURES AND STATISTICS

(For the purposes of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000)

	2000	1999	1998	1997
(d) Transformer capacity (MVA)	2,276.80	2,537.61*	2,657.45*	2,613.45*
(e) Maximum demand (kW)	889,896	898,212	934,154	939,662
(f) Total electricity supplied (kWh)	4,632,091,028	4,363,866,868	4,432,166,623	4,367,119,190
(g) Total amount of electricity (kWh) conveyed through the system on behalf of each person that is an electricity retailer or generator, or both	4,632,091,028	507,455,757	244,212,463	107,232,001
Company A	3,596,656,415			
Company B	164,955,627			
Company C	753,622			
Company D	22,317,420			
Company E	59,134,908			
Company F	29,942,630			
Company G	151,262,287			
Company H	31,071,999			
Company I	148,461,144			
Company J	396,755,205			
Company K	30,726,946			
Company L	52,825			
(h) Total consumers (average)	259,577	255,010	251,155	246,684

* Includes transformer capacity for customer owned transformers (1999: 262.97(MVA))

RELIABILITY PERFORMANCE MEASURES TO BE DISCLOSED BY LINE OWNERS (OTHER THAN TRANSPOWER)

(For the purposes of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000)

SCHEDULE 1 - PART 5

Reliability performance measures

1. Interruptions	2003	2004	2005	2002	2001	2000	1999	1998	1997
Total number of interruptions according to class:									
Class A	-	-	-	-	-	-	-	-	-
Class B	50	80	80	274	104	50	80	274	104
Class C	397	521	521	490	662	397	521	490	662
Class D	1	4	4	6	8	1	4	6	8
Class E	-	-	-	-	-	-	-	-	-
Class F	-	-	-	-	-	-	-	-	-
Class G	-	-	-	-	-	-	-	-	-
Class H	-	-	-	-	-	-	-	-	-
Class I	-	-	-	-	-	-	-	-	-
Total interruptions	448	605	605	770	774	448	605	770	774

2. Interruption targets

- (a) Planned (Class B) 45
- (b) Unplanned (Class C) 375

3. Average interruption targets

- (a) Planned (Class B) 28 33 38 43 48
- (b) Unplanned (Class C) 265 288 323 360 385

4. The proportion (expressed as a percentage) of the total number of Class C interruptions not restored within

- (a) 3 hours 2.87
- (b) 24 hours 0.00

RELIABILITY PERFORMANCE MEASURES TO BE DISCLOSED BY LINE OWNERS (OTHER THAN TRANSPOWER)

(For the purposes of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000)

Faults	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
5. Faults per 100 circuit kilometres of prescribed voltage electric lines														
(a) The total number of faults											10.51	12.30	12.01	15.17
(b) The targetted number of faults												9.92		
(c) The average number of faults						6.91	7.54	8.50	9.52	10.22				
(d) Breakdown of (a) to (c) according to line voltage:														
	6.6kV	11kV	22kV	33kV	110kV	Total								
(a) 2000	1.93	12.48	5.27	3.42	4.76	10.51								
(b) 2001	1.91	11.69	4.22	2.73	4.76	9.92								
(c) 2001	1.92	12.08	4.74	3.07	4.76	10.22								
(c) 2002	1.91	11.19	3.95	2.56	5.30	9.52								
(c) 2003	1.67	9.98	3.43	2.22	5.12	8.50								
(c) 2004	1.43	8.85	2.90	2.05	4.39	7.54								
(c) 2005	1.43	8.07	2.63	2.05	4.39	6.91								
6. Number of faults per 100 circuit kilometres of prescribed voltage underground cables														
	6.6kV	11kV	22kV	33kV	110kV	Total								
2000	1.00	7.84	5.27	2.52	1.46	6.45								
1999	1.24	9.72	6.76	3.05	6.12	7.92								
1998	1.86	8.70	3.60	8.13	13.14	7.48								
1997	0.93	10.24	2.40	4.55	14.79	8.00								
7. Number of faults per 100 circuit kilometres of prescribed voltage overhead lines														
	6.6kV	11kV	22kV	33kV	110kV	Total								
2000	5.01	20.53	0.00	7.25	0.25	19.13								
1999	4.35	23.69	0.00	10.83	0.22	21.87								
1998	5.33	23.16	0.07	4.64	0.00	21.11								
1997	7.20	29.75	0.00	34.02	0.00	28.36								

RELIABILITY PERFORMANCE MEASURES TO BE DISCLOSED BY LINE OWNERS (OTHER THAN TRANSPOWER)

(For the purposes of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000)

SAIDI	2005	2004	2003	2002	2001	2000	1999	1998	1997
8. The SAIDI for the total interruptions						59.17	82.26	153.32	123.77
9. SAIDI targets for following financial year									
(a) Planned (Class B)					3.05				
(b) Unplanned (Class C)					41.95				
10. Average SAIDI targets									
(a) Planned (Class B)	2.43	2.60	2.80	2.98	3.22				
(b) Unplanned (Class C)	29.43	31.90	35.20	39.53	47.85				
11. The SAIDI for the total interruptions within each interruption class									
Class A									
Class B						3.38	6.49	35.41	12.34
Class C						53.75	74.70	117.91	95.34
Class D						2.04	1.07	-	16.10
Class E						-	-	-	-
Class F						-	-	-	-
Class G						-	-	-	-
Class H						-	-	-	-
Class I						-	-	-	-

RELIABILITY PERFORMANCE MEASURES TO BE DISCLOSED BY LINE OWNERS (OTHER THAN TRANSPOWER)

(For the purposes of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000)

SAIFI	2005	2004	2003	2002	2001	2000	1999	1998	1997
12. The SAIFI for the total interruptions						1.14	1.26	1.72	2.19
13. SAIFI targets for following financial year									
(a) Planned (Class B)					0.02				
(b) Unplanned (Class C)					0.78				
14. Average SAIFI targets									
(a) Planned (Class B)	0.01	0.02	0.02	0.02	0.02				
(b) Unplanned (Class C)	0.67	0.71	0.74	0.77	0.88				
15. The SAIFI for the total interruptions within each interruption class									
Class A									
Class B						0.02	0.03	0.15	0.22
Class C						0.99	1.16	1.57	1.62
Class D						0.13	0.07	-	0.36
Class E						-	-	-	-
Class F						-	-	-	-
Class G						-	-	-	-
Class H						-	-	-	-
Class I						-	-	-	-

RELIABILITY PERFORMANCE MEASURES TO BE DISCLOSED BY LINE OWNERS (OTHER THAN TRANSPOWER)

(For the purposes of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000)

CAIDI	2005	2004	2003	2002	2001	2000	1999	1998	1997
16. The CAIDI for the total interruptions						52.08	65.45	89.37	56.39

17. CAIDI targets for following financial year

(a) Planned (Class B)	180.00
(b) Unplanned (Class C)	54.00

18. Average CAIDI targets

(a) Planned (Class B)	180.00	180.00	180.00	180.24
(b) Unplanned (Class C)	50.50	51.50	52.50	54.14

19. The CAIDI for the total interruptions within each interruption class

Class A	-	-	-	-	-	-	-	-	-
Class B	180.48	196.15	239.37	56.82	56.82				
Class C	54.29	64.59	75.22	58.81	58.81				
Class D	16.00	15.89	-	45.11	45.11				
Class E	-	-	-	-	-				
Class F	-	-	-	-	-				
Class G	-	-	-	-	-				
Class H	-	-	-	-	-				
Class I	-	-	-	-	-				

Description of interruption classes as per Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000

Class A	Planned Transpower interruption
Class B	Planned interruption by a line operator (other than Transpower)
Class C	Unplanned interruption originating within the principal line owners works
Class D	Unplanned Transpower interruption
Class E	Unplanned interruption originating within the principal line owners works (generation)
Class F	Unplanned interruption (as E above) by persons other than principal line owner (generation)
Class G	Unplanned interruption caused by another line owner
Class H	Planned interruption caused by another line owner
Class I	Other (an interruption not referred to above)

SCHEDULE 1 - PART 7
FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations \$000	Symbol in formula	ROF	\$000	ROE	\$000	ROI	\$000
Operating surplus before interest and income tax from financial statements	69,926							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	69,926							
Interest on cash, bank balances, and short-term investments (ISTI)	4,219							
OSBIIT minus ISTI	65,707	a		65,707				65,707
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	41,602	n				41,602		
Amortisation of goodwill and amortisation of other	0	g	add	0	add	0	add	0
Subvention payment	0	s	add	0	add	0	add	0
Depreciation of SFA at BV (x)	19,342							
Depreciation of SFA at ODV (y)	19,342							
ODV depreciation adjustment	0	d	add	0	add	0	add	0
Subvention payment tax adjustment	0	s ¹	deduct	0	deduct	0	deduct	0
Interest tax shield	2,703	q						2,703
Revaluations	0	r						0
Income tax	18,804	p						18,804
Numerator				OSBIIT ^{ADJ} = a + g + s + d		41,602	NSAT ^{ADJ} = n + g + s - s ¹ + d	OSBIIT ^{ADJ} = a + g - q + r + s + d - p - s ¹ 44,201
Fixed assets at end of previous financial year (FA ₀)	783,386							
Fixed assets at end of current financial year (FA ₁)	868,832							
Adjusted net working capital at end of previous financial year (ANWC ₀)	-41,336							
Adjusted net working capital at end of current financial year (ANWC ₁)	-46,323							
Average total funds employed (ATFE)	792,280 (or regulation 33 time-weighted average)	c		792,280				792,280
Total equity at end of previous financial year (TE ₀)	587,346							
Total equity at end of current financial year (TE ₁)	737,370							
Average total equity	662,358 (or regulation 33 time-weighted average)	k				662,358		
WUC at end of previous financial year (WUC ₀)	72,996							
WUC at end of current financial year (WUC ₁)	143,790							
Average total works under construction	108,393 (or regulation 33 time-weighted average)	e	deduct	108,393	deduct	108,393	deduct	108,393

SCHEDULE 1 - PART 7
FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations \$000	Symbol in formula	ROF	\$000	ROE	\$000	ROI	\$000
Revaluations	0	r						
Half of revaluations	0	r/2					deduct	0
Intangible assets at end of previous financial year (I_{A_0})	0							
Intangible assets at end of current financial year (I_{A_1})	0							
Average total intangible asset (or regulation 33 time-weighted average)	0	m			add	0		
Subvention payment at end of previous financial year (S_0)	0							
Subvention payment at end of current financial year (S_1)	0							
Subvention payment tax adjustment at end of previous financial year	0							
Subvention payment tax adjustment at end of current financial year	0							
Average subvention payment & related tax adjustment	0	v			add	0		
System fixed assets at end of previous financial year at book value ($SFA_{bv,0}$)	710,139							
System fixed assets at end of current financial year at book value ($SFA_{bv,1}$)	707,562							
Average value of system fixed assets at book value (or regulation 33 time-weighted average)	708,861	f	deduct	708,861	deduct	708,861	deduct	708,861
System Fixed assets at year beginning at ODV value ($SFA_{odv,0}$)	710,139							
System Fixed assets at end of current financial year at ODV value ($SFA_{odv,1}$)	707,562							
Average value of system fixed assets at ODV value (or regulation 33 time-weighted average)	708,861	h	add	708,861	add	708,861	add	708,861
Denominator				683,887		553,965		683,887
				ATFE ^{odv} = c - e - f + h		Ave TE ^{odv} = k - e - m + v - f + h		ATFE ^{odv} = c - e - 1/2r - f + h
Financial Performance Measure:				9.6		7.5		6.5
				ROF = OSBIT ^{odv} /ATFE ^{odv} x 100		ROE = NSAT ^{odv} /ATE ^{odv} x 100		ROI = OSBIT ^{odv} /ATFE ^{odv} x 100

t = maximum statutory income tax rate applying to corporate entities
 subscript '1' = end of the current financial year
 subscript '0' = end of the previous financial year
 ROF = return on funds
 ROE = return on equity
 ave = average
 odv = optimised deprival valuation
 ROI = return on investment

ANNUAL VALUATION RECONCILIATION REPORT
 (For the purposes of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity
 (Information Disclosure) Amendment Regulations 2000)

Schedule 1 - Part 8

Year ending 31 March 2000	\$000
System fixed assets at ODV - end of the previous financial year	710,139
Add system fixed assets acquired during the year	16,785
Less system fixed assets disposed of during the year at ODV	0
Less depreciation on system fixed assets at ODV	19,342
Add revaluation of system fixed assets	0
<u>Equals system fixed assets at ODV - end of the financial year</u>	<u>707,582</u>



PricewaterhouseCoopers
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Auditors' Opinion of Performance Measures

VECTOR Limited – Lines Business

We have examined the attached information, being:

- (a) the derivation table in regulation 16; and
- (b) the annual ODV reconciliation report in regulation 16A; and
- (c) the financial performance measures in clause 1 of Part 3 of Schedule 1; and
- (d) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1,

that were prepared by VECTOR Limited – Lines Business and dated 27 July 2000 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with the Electricity (Information Disclosure) Regulations 1999.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

Chartered Accountants
27 July 2000

Auckland



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Auditors' Report to the readers of the Financial Statements of VECTOR Limited – Lines Business

We have audited the accompanying financial statements of VECTOR Limited – Lines Business. The financial statements provide information about the past financial performance and cash flows of VECTOR Limited – Lines Business and its financial position as at 31 March 2000. This information is stated in accordance with the accounting policies set out in the Statement of Accounting Policies.

Directors' responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements which give a true and fair view of the financial position of VECTOR Limited – Lines Business as at 31 March 2000, and the results of its operations and cash flows for the year then ended.

Auditor's responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to VECTOR Limited – Lines Business' circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacities as auditors, tax advisors and consultants we have no relationship with or interests in VECTOR Limited.



VECTOR Limited – Lines Business Auditors' Report

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

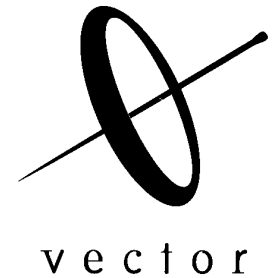
- (a) proper accounting records have been kept by VECTOR Limited as far as appears from our examination of those records; and
- (b) the financial statements referred to above:
 - (i) comply with generally accepted accounting practice; and
 - (ii) give a true and fair view of the financial position of VECTOR Limited – Lines Business as at 31 March 2000 and the results of its operations and cash flows for the year then ended; and
 - (iii) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 27 July 2000 and our unqualified opinion is expressed as at that date.

A handwritten signature in cursive script that reads "Price Waterhouse Coopers".

Chartered Accountants

Auckland

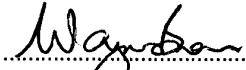


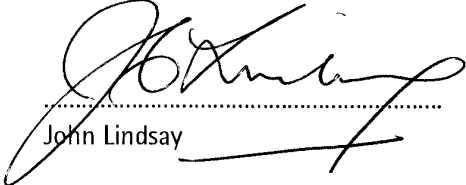
**CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND
STATISTICS DISCLOSED BY LINE OWNERS OTHER THAN TRANSPower**

We, Wayne Brown and John Lindsay, Directors of VECTOR Limited certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) The attached audited financial statements of VECTOR Limited, prepared for the purposes of regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- (b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to VECTOR Limited, and having been prepared for the purposes of regulations 15, 16, 21, and 22 of the Electricity (Information Disclosure) Regulations 1999, comply with the requirements of those regulations.

The valuations on which those financial performance measures are based are as at 31 March 2000.

Signature of Directors: 
Wayne Brown


John Lindsay

Date: 27 July 2000