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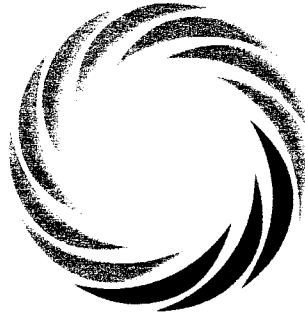
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UNISON NETWORKS LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE ELECTRICITY (INFORMATION
DISCLOSURE) REGULATIONS 1999 AND THE
ELECTRICITY (INFORMATION DISCLOSURE)
AMENDMENT REGULATIONS 2000 AND 2001



unison

UNISON NETWORKS LIMITED

LINES BUSINESS

INFORMATION DISCLOSURE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

IMPORTANT NOTE

The information disclosed in these financial statements has been prepared solely for the purpose of the Electricity (Information Disclosure) Regulations 1999. The Regulations require the information to be disclosed in the manner it is presented.

**THIS INFORMATION SHOULD NOT BE USED FOR ANY PURPOSE
OTHER THEN THAT INTENDED UNDER THE REGULATIONS**

UNISON NETWORKS LIMITED – LINES BUSINESS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

1. ENTITY STATEMENT

These financial statements for Unison Network Limited (LINES BUSINESS) for the year 1 April 2002 to 31 March 2003, and the financial position of the Company as at 31 March 2003 have been completed in accordance with the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000.

On 1 November 2002, Unison acquired the electrical distribution assets in the Taupo and Rotorua regions previously owned and operated by United Networks Limited. This transaction increased the scale and size of the Company's operations significantly for the final five months of the reporting period.

Unison Networks Limited (trading as Unison) is registered as a Company under the Companies Act 1993, and is an Energy company in terms of the Energy Companies Act 1992.

The name change to Unison was made on the 17th of April 2003.

The financial statements have been prepared in accordance with the relevant provisions of these two Acts and the Financial Reporting Act 1993.

Basis of Preparation

These statements have been prepared *solely* for the purpose of complying with the Electricity (Information Disclosure) Regulations 1999 and the Electricity (Information Disclosure) Amendment Regulations 2000 and 2001.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

• **Measurement System**

The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historic cost basis is followed by the Company, with the exception that certain property, plant and equipment have been revalued.

• **Specific Accounting Policies**

The following particular accounting policies, which materially affect the measurement of profit and the financial position, have been applied:

a. ***Property, Plant and Equipment***

Owned Assets

All owned items of property, plant and equipment are initially recorded at cost and, except for land, depreciated. These costs include the purchase consideration plus, where appropriate, site preparation costs, installation costs and all relevant overheads. Costs cease to be capitalised when substantially all the activities necessary to bring an asset to the location and condition it is intended for are complete.

UNISON NETWORKS LIMITED – LINES BUSINESS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

The electrical distribution network is valued at fair value based on Optimised Depreciated Replacement Cost (ODRC) as independently determined by PricewaterhouseCoopers. These valuations were completed as at 31 March 2003.

Land and buildings not included in the electrical distribution network are stated at valuation determined by Telfer Young Ltd, of Napier, an independent registered valuation company, as at 31 March 2002 and have been adjusted for additions at cost and depreciation at appropriate rates. The basis of valuation was fair value as defined under the Financial Reporting Standard 3 – *Accounting for property, plant and equipment*.

All other items of property, plant and equipment are initially stated at cost and depreciated as outlined in note 2(b) below.

Revaluations

The electrical distribution network is revalued on a cyclical basis with no components being recognised at a valuation undertaken more than three years previously.

Land and buildings are revalued on a cyclical basis at no more than 5 yearly intervals.

Any revaluation surplus arising on the revaluation of a class of property, plant or equipment is transferred directly to the asset revaluation reserve. A revaluation deficit in excess of the asset revaluation reserve balance for the class of property, plant or equipment is recognised in the Statement of Financial Performance in the period it arises. Revaluation surpluses which reverse previous revaluation deficits recognised in the Statement of Financial Performance are recognised as revenue in the Statement of Financial Performance.

Disposal of Property, Plant and Equipment

When an item of property, plant or equipment is disposed of, any gain or loss is recognised in the Statement of Financial Performance and is calculated as the difference between the sale price and the carrying value of the asset.

The carrying values of property, plant and equipment do not exceed their estimated recoverable value.

b. Depreciation

Depreciation is provided on a straight line basis on all tangible items of property, plant and equipment other than freehold land, at rates calculated to allocate the assets cost or valuation less any residual value, over their estimated useful lives.

The estimated useful lives of property, plant and equipment are as follows:

Electrical Distribution Network

33kV sub transmission	35 - 70 Years
Zone substations, structures and equipment	15 - 70 Years
Distribution transformers	40 - 60Years
Distribution switchgear	35 - 55 Years
Overhead lines	45 - 70 Years
Underground cables	45 - 70 Years

UNISON NETWORKS LIMITED – LINES BUSINESS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

Other distribution equipment 10 - 45 Years

Other Plant, Property and Equipment

Freehold buildings 60 -100 Years

Land Indefinite

Motor vehicles 3 - 15 Years

Plant and equipment 5 - 10 Years

Office furniture and equipment 5 - 20 Years

Information technology 3 -10 Years

c. Investments

Investments are stated at the lower of cost or net realisable value.

d. Receivables

Receivables are stated at their estimated realisable value, after providing for doubtful debts.

e. Inventories

Inventories are stated at the lower of average cost and net realisable value.

f. Capital Work in Progress

Capital work in progress includes the cost of materials and other direct and indirect costs incurred as at balance date.

g. Income Tax

The Company adopts the liability method of accounting for deferred taxation.

The taxation charge against the surplus for the period is the estimated liability in respect of that surplus after allowance for all the permanent differences and timing differences not expected to reverse in the foreseeable future. This is the partial basis for the calculation of deferred tax.

A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, is only recognised if there is virtual certainty of realisation. The subsequent realisation of such income tax benefits is subject to the requirements of income tax legislation being met.

h. Financial Instruments

The Company has financial instruments with off-balance sheet risk for the primary purpose of reducing its exposure to fluctuations in interest rates.

Financial instruments entered into as hedges of an underlying exposure are accounted for on the same basis as the underlying exposure. Accordingly, hedge gains and losses are included in the Statement of Financial Performance when the gains or losses arising on the related physical exposures are recognised in the Statement of Financial Performance.

Financial instruments such as bank balances, bank investments, receivables, accounts payable and term debt are included in the accounts at their estimated fair value.

UNISON NETWORKS LIMITED – LINES BUSINESS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

i. Capitalisation

Capital expenditure is defined as all expenditure incurred in the creation of a new asset, replacement of an asset that has reached the end of its economic life, or increased service potential of an existing asset. Constructed assets are included in property, plant and equipment as each becomes operational and available for use.

j. Cash Flows

For the purpose of the Statement of Cash Flows, cash includes cash on hand, deposits held on call with banks, and investments in money market instruments.

k. Employee Entitlements

A liability for annual leave, long service leave and retirement gratuities is accrued and recognised in the Statement of Financial Position. Liabilities for annual and long service leave are calculated on an entitlement basis at current rates. Retirement gratuity liability is calculated using current rates and appropriate probabilities for all qualifying staff aged 50 years or over. The calculations are based on the net present value of the estimated future cashflow. A discount rate of 6% and an inflation factor of 2.75% was used.

l. Property, Plant and Equipment Intended for Sale

Property, plant and equipment Intended for sale are recognised at the lower of valuation and net realisable value.

m. Goodwill Arising on Acquisition

Goodwill arising on acquisition of subsidiaries/businesses/assets is amortised on a straight-line basis over the period of expected benefit or 20 years, whichever is the lesser.

n. Borrowings

Borrowings are stated at face value less unamortised discounts, premiums and prepaid interest. Discounts, premiums and prepaid interest are amortised to interest expenses on a yield to maturity basis over the period of the borrowing.

o. Goods and Services Tax

The financial statements have been prepared with revenue and expense items exclusive of GST. In the statement of financial position, accounts receivable and accounts payable are inclusive of GST. All other assets and liabilities are exclusive of GST.

p. Operating Leases

Payments made under operating leases are recognized in the Statement of Financial Performance on a basis representative of the pattern of benefits expected to be derived from the leased assets.

Changes in Accounting Policies

There have been no changes to accounting policies other than the application of the additional accounting policies relating to Financial instruments, Goodwill arising on acquisition and Borrowings as outlined in notes h, n and o respectively.

All policies, other than those noted above, have been applied consistently with the previous period.

UNISON NETWORKS LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
For The Year Ended 31 March 2003

	Notes	2003 \$000	2002 \$000
Operating Revenue Pre Discounts	5,25	52,916	34,394
Discounts		(3,461)	(7,670)
Operating Revenue		<u>49,455</u>	<u>26,724</u>
Operating Surplus before Non Operating Benefits (Costs)		<u>13,804</u>	<u>815</u>
Amortisation	20	(1,844)	-
Non Operating Benefits (Costs)	5	(2,432)	(40)
Interest Costs		(5,859)	(60)
Surplus Before Taxation		<u>3,669</u>	<u>715</u>
Taxation Benefit (Expense)	4	444	494
NET SURPLUS FOR THE YEAR		<u>4,113</u>	<u>1,209</u>

UNISON NETWORKS LIMITED - LINES BUSINESS
STATEMENT OF MOVEMENTS IN EQUITY
For The Year Ended 31 March 2003

		2003 \$000	2002 \$000
Equity at beginning of year		<u>132,511</u>	<u>131,484</u>
Net Surplus (Deficit)		4,113	1,209
Land and Building Revaluations			(15)
Revaluation Of Network Assets	16	48,520	0
Total recognised revenues and expenses for the year		<u>52,633</u>	<u>1,194</u>
Dividends Paid		(167)	(167)
Equity at end of year		<u>184,980</u>	<u>132,511</u>

The accompanying Statement of Significant Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1999.

UNISON NETWORKS LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL POSITION
As at 31 March 2003

	Notes	2003 \$000	2002 \$000
EQUITY			
Share Capital	6	66,661	66,661
Asset Revaluation Reserve	16	112,166	63,643
Retained Earnings	17	6,153	2,207
		<u>184,980</u>	<u>132,511</u>
Represented by:			
NON CURRENT ASSETS			
Property, Plant and Equipment	7	286,604	128,633
Goodwill Arising on Acquisition	20	88,044	-
Capital Work In Progress	21	7,391	2,638
		<u>382,039</u>	<u>131,271</u>
CURRENT ASSETS			
Cash and Short Term Investments		(3,217)	3,500
Receivables and Prepayments	8	6,833	1,952
Inventories		887	569
Taxation Refund	4	1,643	-
Properties Intended For Sale	18	1,313	1,313
		<u>7,459</u>	<u>7,334</u>
TOTAL ASSETS		<u>389,498</u>	<u>138,605</u>
NON CURRENT LIABILITIES			
Employee Entitlements		449	438
Term Debt	9	195,500	1,000
		<u>195,949</u>	<u>1,438</u>
CURRENT LIABILITIES			
Accounts Payable and Accruals	22	7,679	3,808
Taxation Payable	4	-	40
Employee Entitlements	19	890	808
		<u>8,569</u>	<u>4,656</u>
TOTAL LIABILITIES		<u>204,518</u>	<u>6,094</u>
NET ASSETS EMPLOYED		<u>184,980</u>	<u>132,511</u>

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UNISON NETWORKS LIMITED - LINES BUSINESS
STATEMENT OF CASH FLOWS
For The Year Ended 31 March 2003

	Notes	2003 \$000	2002 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts From Customers		42,364	26,504
Contributions For Capital Works		2,797	1,204
Taxation Refunds		-	474
GST		-	-
Interest Received		213	529
		<u>45,374</u>	<u>28,711</u>
Cash was disbursed to:			
Payments To Suppliers		22,990	14,889
Payments To Employees		5,580	4,597
Interest Paid On Loans		4,927	60
Income Taxes Paid		1,239	900
GST		-	-
		<u>34,736</u>	<u>20,446</u>
Net cash flows from operating activities	13	<u>10,638</u>	<u>8,265</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds From Sale Of Property,Plant and Equipment		20	155
		<u>20</u>	<u>155</u>
Cash was applied to:			
Purchase of operations - Taupo and Rotorua Region		(196,195)	-
Purchase and Construction Of Property,Plant and Equipment		(15,513)	(10,361)
		<u>(211,708)</u>	<u>(10,361)</u>
Net cash flows from investing activities		<u>(211,688)</u>	<u>(10,206)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was received from			
Borrowings		196,500	-
		<u>196,500</u>	<u>-</u>
Cash was applied to:			
Settlement of Borrowings		(2,000)	-
Payment of Dividends		(167)	(167)
		<u>(2,167)</u>	<u>(167)</u>
Net cash from financing activities		<u>194,333</u>	<u>(167)</u>
Net Increase (Decrease) in Cash Held		(6,717)	(2,108)
Cash balances at beginning of year		3,500	5,608
CASH BALANCES AT END OF YEAR		<u>(3,217)</u>	<u>3,500</u>

The accompanying Statement of Significant Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with regulations 6(2) and 6(3) of the Electricity (Information Disclosure) Regulations 1999.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2003

	2003	2002
	\$000	\$000

On 1 November 2002 the Company acquired 100% ownership interest of the United Networks Limited electrical distribution assets located in the Rotorua and Taupo regions for \$196.195m

The summary of the financial reporting treatment of the acquisition was:

Property, plant and equipment as defined under Financial Reporting Standard 3	106,307	-
Goodwill arising on acquisition	89,888	-
	<u>196,195</u>	<u>-</u>

This transaction was 100% funded by term borrowing as detailed in Note 9.

Goodwill arising on acquisition for financial reporting purposes is further detailed in Note 20

4 INCOME TAX

	2003	2002
	\$000	\$000
a) Taxation		
Operating Surplus Before Taxation	<u>3,669</u>	<u>715</u>
Prima Facie Tax @ 33%	1,211	236
Permanent differences	(250)	(232)
Timing Differences not recognised	(1,133)	177
Prior Period Adjustments	<u>(272)</u>	<u>(675)</u>
Current Taxation Expense	<u>(444)</u>	<u>(494)</u>

Taxation Expense (Benefit) is represented by:

Current Taxation	(444)	(494)
Deferred Tax	-	-
Taxation Payable	<u>(444)</u>	<u>(494)</u>

b) Movement in Deferred Taxation Liability (Timing Differences)

The Company has not recognised deferred taxation liabilities on cumulative timing differences of \$45,019,000 (2002:\$39,847,000) as these are not expected to reverse in the foreseeable future. The tax effect of timing differences not recognised is \$14,856,270 (2002:\$13,149,510).

c) Taxation Payable/(Refund)

Opening Balance	40	960
Current year taxation expense (benefit)	(444)	(494)
Taxation paid	(1,239)	(900)
Taxation Refunded Prior Periods	-	474
	<u>(1,643)</u>	<u>40</u>

d) Imputation Credit Account

Opening Balance	2,845	2,502
Taxation Paid	1,239	900
Taxation Refund Received	-	(474)
Imputation Credits attached to Dividends Paid in the reporting period	(83)	(83)
	<u>4,001</u>	<u>2,845</u>

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2003

5 SURPLUS BEFORE TAXATION

	2003	2002
	\$000	\$000
Operating Revenue		
Interest revenue	213	529
Recovery of debt previously written off as bad	40	5
Dividends	-	-
Gain on sale of assets	18	66
All other revenue	52,645	33,794
	52,916	34,394
Depreciation:		
Electrical Distribution System	6,493	4,640
Freehold Buildings	162	89
Motor Vehicles	146	123
Plant and Equipment	157	110
Office Furniture and Equipment	100	61
Information Technology	543	535
Total Depreciation	7,601	5,558
Operating Expenses		
Audit New Zealand - audit services	35	20
Audit New Zealand - disclosure accounts	6	3
Remuneration paid to directors	130	140
Bad debts written off	145	40
Operating lease payments	7	-
Change in provision for doubtful debts	4	11
Loss on sale of assets	16	8
All other expenses	27,707	20,129
	28,050	20,351
Non Operating (Benefits) Costs:		
Investment (recovery) write-down	(23)	
Stock obsolescence	-	38
Costs associated with asset acquisition	2,457	-
Miscellaneous	(2)	2
	2,432	40
Other Costs		
Amortisation	1,844	
Discounts	3,461	7,670
Interest	5,859	60
	11,164	7,730
Surplus Before Taxation	3,669	715

6 SHARE CAPITAL

	2003	2002
Number of Ordinary Fully Paid Shares on Issue	64,000,000	64,000,000
	2003	2002
	\$000	\$000
Issued and Paid up Value	66,661	66,661

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2003

7 PROPERTY PLANT AND EQUIPMENT

	2003 \$000	2002 \$000
<i>Electrical Distribution Network</i>		
33kV Subtransmission		
at valuation	17,490	8,105
additions at cost	-	102
accumulated depreciation	-	(283)
	<u>17,490</u>	<u>7,924</u>
Zone Substation Structures and Equipment		
at valuation	23,237	14,984
additions at cost	-	943
accumulated depreciation	-	(675)
	<u>23,237</u>	<u>15,252</u>
Distribution and Substation Transformers		
at valuation	43,716	21,010
additions at cost	-	1,234
accumulated depreciation	-	(855)
	<u>43,716</u>	<u>21,389</u>
Distribution Switchgear		
at valuation	18,561	4,525
additions at cost	-	268
accumulated depreciation	-	(384)
	<u>18,561</u>	<u>4,409</u>
Overhead Lines		
at valuation	96,392	37,677
additions at cost	-	1,519
accumulated depreciation	-	(1,226)
	<u>96,392</u>	<u>37,970</u>
Underground Cables		
at valuation	61,677	18,523
additions at cost	-	2,674
accumulated depreciation	-	(843)
	<u>61,677</u>	<u>20,354</u>
Other Distribution Equipment		
at valuation	15,101	11,527
additions at cost	-	536
accumulated depreciation	-	(375)
	<u>15,101</u>	<u>11,688</u>
Net carrying Value, Electricity Distribution Network	<u>276,174</u>	<u>118,986</u>

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 20037 PROPERTY PLANT AND EQUIPMENT...continued**Freehold Buildings**

at valuation	4,007	4,007
at cost	270	0
accumulated depreciation	(161)	0
	<u>4,116</u>	<u>4,007</u>

Land and Additions to Land

at valuation	836	836
at cost	0	0
accumulated depreciation	0	0
	<u>836</u>	<u>836</u>

Motor vehicles

at cost	2,931	2,712
accumulated depreciation	(1,982)	(1,835)
	<u>949</u>	<u>877</u>

Plant and Equipment

at cost	3,689	3,373
accumulated depreciation	(2,727)	(2,613)
	<u>962</u>	<u>760</u>

Office Furniture and Equipment

at cost	2,285	2,175
accumulated depreciation	(1,969)	(1,898)
	<u>316</u>	<u>277</u>

Information Technology

at cost	7,093	6,152
accumulated depreciation	(3,842)	(3,259)
	<u>3,251</u>	<u>2,893</u>

Net Carrying Value, Other items of Property, Plant and Equipment	10,430	9,650
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TOTAL NET CARRYING VALUE	286,604	128,636
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Reconciliation:

Balance at beginning of reporting period	128,636	124,578
Plus revaluations	48,520	(15)
Plus acquisitions of property, plant and equipment	106,307	-
Plus other property, plant and equipment additions	10,742	9,631
Less depreciation	(7,601)	(5,558)
Balance at end of reporting period	<u>286,604</u>	<u>128,636</u>

This is represented by:

Property, plant and equipment at valuation	281,017	121,194
Property, plant and equipment at cost	16,268	21,688
Accumulated depreciation	(10,681)	(14,246)
	<u>286,604</u>	<u>128,636</u>

Valuations

The Electrical distribution network is valued at Optimised Depreciated Replacement Cost (ODRC) as determined by PricewaterhouseCoopers (based on technical support provided by Meritec Consultants Ltd) as at 31 March 2003. This valuation is based on fair value as defined under Financial Reporting Standard 3 based on current equivalent construction costs.

The impact of this change in valuation methodology is detailed in Note 17

Surplus non network land and buildings have been transferred to current assets pending sale, at the amounts independently valued by Logan Stone Ltd of Hastings as at 31 March 2000.

The Directors consider the carrying value of properties intended for sale as at 31 March 2003 to be an indication of fair value.

All other Land and Buildings have been independently valued by Telfer Young Ltd of Napier as at 31 March 2002. They have been adjusted for additions at cost and depreciation at appropriate rates to 31 March 2003

All other items of property, plant and equipment are recorded at cost.

8	RECEIVABLES AND PREPAYMENTS	2003	2002
		\$000	\$000
	Trade Debtors	6,948	2,063
	Provision For Doubtful Debts	(115)	(111)
		<u>6,833</u>	<u>1,952</u>

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2003

	2003	2002
	\$000	\$000
9 TERM DEBT		
Term borrowings		
Payable within 1 - 2 years	54,500	-
Payable between 2 and 3 years	40,000	-
Payable between 3 and 4 years	50,000	-
Payable between 4 and 5 years	50,000	-
	<u>194,500</u>	<u>-</u>
Related party borrowings		
Maturing within 1 year	1,000	-
Maturing 1 to 2 years	-	1,000
	<u>1,000</u>	<u>1,000</u>
Total borrowings	<u>195,500</u>	<u>1,000</u>
	2003	2002
	%	%
Weighted average interest rate on term borrowings	6.89%	-
Effective interest rate related party	6.00%	6.00%

All term borrowings are bank loans and interest rates for these borrowings are based on the bank bill plus a margin. The Company utilises a multi tranche bank facility arrangement for a total of \$200m. Components of this facility will be routinely renewed on maturity date. For this reason all borrowings under this facility are reported as term borrowings.

These term borrowings are secured over the property, plant and equipment of the Company and are subject to lender covenants

The related party loan is from the Hawke's Bay Power Consumers Trust and is unsecured. This loan is renewable on 01 June 2003 and will be renewed for a further ten years on this date

10 RELATED PARTY TRANSACTIONS

The establishment plan of the Company provided for the formation of the Hawke's Bay Power Consumers Trust (the object of which is to hold the shares of the Company on behalf of the consumers in their capacity as owners) and the issue of a \$1,000,000 debt security from the Company to the Trust. The debt security is repayable on 1 June, 2003 and carries an interest rate of 6% per pa. As reported in Note 9, this debt will be renewed for a further period of ten years

A fully imputed dividend of \$167,000 was paid to the Hawke's Bay Power Consumers Trust during the year.

There were no other related party transactions.

11 COMMITMENTS

The value of contractual capital commitments as at 31 March 2003 is estimated at \$1,750,000 (2002:\$1,055,000).

The Company has entered into fixed term contracts with Siemens Limited for the provision of maintenance and non-customer generate capital works over the electricity networks in the Taupo and Rotorua regions. These contracts are for a period of up to 6 years.

12 CONTINGENT LIABILITIES

A contingent liability exists for future customer service guarantee payments in relation to continuity of supply.

The Company has received notice that it will be prosecuted under Occupational Health and Safety regulations in relation to an incident that occurred on the electrical network in late January 2002. The maximum penalty is \$14,000 inclusive of court costs.

On 6 June 2003 the Commerce Commission published the final gazette notice in relation to the regulation of electricity lines business. These draft regulations focus primarily on quality and pricing of services and will be fully effective by April 2004. In relation to the interim measures contained within these regulations, the Company has a potential revenue exposure in relation to price increases made in April 2002.

The Company is currently in discussions with Trustpower Limited of Tauranga in relation to the embedded generation contract covering the Rotokawa generation plant near Rotorua. Although there is the potential for damages to be claimed by Trustpower Limited during the negotiating period for this contract, the Company considers it highly unlikely that this will occur.

The Company is currently being audited by the Inland Revenue Department for the tax year ending 31 March 2001 and at balance date there was one remaining issue under discussion with the Department. The Company has not received any notification of intention to reassess the tax year under review.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2003

13 Reconciliation of Reported Net Operating Surplus After Tax With Net Cash Flows From Operating Activities

	2003 \$000	2002 \$000
Net Surplus	4,113	1,209
(Gain) loss on sale of property, plant and equipment	(2)	(58)
Amortisation	1,844	-
Debtenture and working capital write-down	-	-
Depreciation	7,601	5,558
	<u>13,556</u>	<u>6,709</u>
(Increase) decrease in receivables and prepayments	(4,881)	1,525
(Increase) decrease in inventories	(318)	34
Increase (decrease) in accounts payable, accruals and employee entitlements	3,964	917
Decrease (increase) in electricity price hedging instruments	-	-
(Decrease) increase in taxation payable	(1,683)	(920)
	<u>10,638</u>	<u>8,265</u>

14 FINANCIAL INSTRUMENTS**a) Interest rate risk**

The Company has a comprehensive treasury policy approved by the Board of Directors to manage the risks of financial instruments.

The Company manages interest rate exposure in accordance with treasury policy by hedging no less than 90% of all borrowings with interest rate hedge instruments.

The weighted average rates of interest rate swaps are as follows:

	2003 %	2003 \$000	2002 %	2002 \$000
Maturing in less than 1 year	5.90%	24,000	-	-
Maturing between 1 and 2 years	6.11%	24,000	-	-
Maturing between 2 and 5 years	6.38%	72,000	-	-
Maturing after 5 years	6.60%	60,000	-	-
		<u>180,000</u>	-	-

The mark to market valuation of these hedges at 31 March 2003 is \$177,536,000 - 2002 (\$0)

b) Credit risk

Financial instruments which potentially subject the Company to credit risk principally consist of bank balances and accounts receivables. No collateral is held on these amounts.

Maximum exposure to credit risk is the amount stated in the Financial Statements and is net of any recognised provision for losses on these financial instruments.

c) Concentration of credit risk

The Company has exposure to two electricity retailers that may account for 70% of accounts receivables. To minimise this risk, the company performs credit evaluations on all energy retailers in conjunction with the contractual requirements contained within the use of system : operating with these parties. A bond may be required where deemed necessary. At balance date one request to secure such a bond has been made.

d) Fair values

The methods and assumptions used are that carrying amounts in the Financial Statements reflect the estimated fair value of the financial instruments including receivables, bank and investments, accounts payable and term debt.

As there were no material investments at balance date, the average pre-tax interest rate on investments at balance date was 0%.

e) Currency risk

The Company enters into forward exchange contracts for any transactions conducted in currency other than the New Zealand dollar to eliminate the effects of any currency fluctuations. At balance date no forward exchange contracts were in operation (2002:nil)

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2003

15 SEGMENT INFORMATION

The Company operates predominantly in one industry - the ownership, management and operation of electricity networks within the Hawke's Bay, Rotorua and Taupo regions

16 RESERVES

	2003 \$000	2002 \$000
Asset Revaluation Reserve		
Balance at beginning of year	63,646	63,646
Revaluation Of Electrical Distribution Network	48,520	-
	<u>112,166</u>	<u>63,646</u>
Detailed As		
Land	278	278
Revaluation of electrical distribution network	111,888	63,368
	<u>112,166</u>	<u>63,646</u>

17 RETAINED EARNINGS

	2003 \$000	2002 \$000
Balance at beginning of year	2,207	1,180
Net Surplus (Deficit)	4,113	1,209
Dividends Paid	(167)	(167)
Land and Building Revaluations	-	(15)
Balance at end of year	<u>6,153</u>	<u>2,207</u>

*** As per the Transitional Provisions of Financial Reporting Standard 3

18 PROPERTIES INTENDED FOR SALE

	2003 \$000	2002 \$000
Buildings	764	764
Land	549	549
Total Properties Intended for Sale	<u>1,313</u>	<u>1,313</u>

These properties are now included in Current Assets as at 31 March 2003 at the amounts valued by Logan Stone Ltd of Hastings as at 31 March 2000, adjusted for additions at cost and depreciation to 31 March 2003. These valuations were based on market value on an existing use basis as at 31 March 2000. The Directors consider this to reflect fair value.

19 EMPLOYEE ENTITLEMENTS

Employee entitlements expected to be taken within the 12 months following Balance Date are recorded as Current Liabilities. All other Employee Entitlements are recorded as Term Liabilities.

20 GOODWILL ARISING FROM ACQUISITION

	2003 \$000	2002 \$000
Opening balance	-	-
Goodwill purchased during the year	89,888	-
Amortised during the year	(1,844)	-
Closing balance	<u>88,044</u>	-

Goodwill arising on acquisition is the result of accounting allocations and represents the balance of the purchase price for the Rotorua and Taupo electrical distribution networks after assigning fair values for financial reporting purposes to the appropriate asset classes. The valuation assigned for financial reporting purposes to the most significant category of the purchase price (namely the electrical distribution network) has been established using an optimised depreciated replacement cost methodology on an individual component basis, in accordance with Financial Reporting Standard 3, Property, Plant and Equipment.

This valuation approach appears to be gaining acceptance as one of the more objective valuation practices within the still evolving process for financial reporting purposes. However, it does have limitations as it takes minimal account of the integrated systemic value of the infrastructure in place, the value of consents, existing use rights, easements etc. These important elements of total system value remain under the generic heading "Goodwill arising on acquisition".

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2003

	2003	2002
	\$000	\$000
21 CAPITAL WORK IN PROGRESS		
Electrical Distribution Network	7,391	2,638
	<u>7,391</u>	<u>2,638</u>

	2003	2002
	\$000	\$000
22 ACCOUNTS PAYABLE AND ACCRUALS		
Trade creditors	6,589	3,808
Interest payable	1,090	-
	<u>7,679</u>	<u>3,808</u>

23 EVENTS SUBSEQUENT TO BALANCE DATE

The Commerce Commission has published (on 6 June 2003) in the New Zealand gazette the final determination for the future regulation of electricity lines businesses within New Zealand.

Note 12 details the potential exposure that the Company faces in relation to the retrospective nature of the Commissions price path determin

A winter task force has been established to co-ordinate nationwide measures to conserve electricity as a direct result of reduced supply levels at hydro generation stations. If these measures extend to lengthy water heating controlling and rolling blackouts, the Company will see a reduction in network charges.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended 31 March 2003

24 MANDATORY SPECIFIC DISCLOSURE

The following information is required to be disclosed in the financial statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999.

Statement of Financial Position Disclosure (Schedule 1, Part 2)

	2003 \$000	2002 \$000
Current assets		
(a) Cash and bank balances:	0	1,000
(b) Short-term investments:	0	2,500
(c) Inventories:	887	569
(d) Accounts receivable:	8,476	1,952
(e) Other current assets not listed in (a) to (d):	1,313	1,313
(f) Total current assets	10,676	7,334
Fixed assets		
(a) System fixed assets:	276,174	118,983
(b) Consumer billing and information system assets:	0	0
(c) Motor vehicles:	949	877
(d) Office equipment:	316	277
(e) Land and buildings:	4,952	4,843
(f) Capital works under construction:	7,391	2,638
(g) Other fixed assets not listed in (a) to (f):	4,213	3,653
(h) Total fixed assets	293,995	131,271
Other tangible assets not listed above	0	0
Total tangible assets	304,671	138,605
Intangible assets		
(a) Goodwill:	88,044	0
(b) Other intangibles not listed in (a) above:	0	0
(c) Total intangible assets	88,044	0
Total assets	392,715	138,605
Current liabilities		
(a) Bank overdraft:	3,217	0
(b) Short-term borrowings:	0	0
(c) Payables and accruals:	8,569	4,616
(d) Provision for dividends payable:	0	0
(e) Provision for income tax:	0	40
(f) Other current liabilities not listed in (a) to (e) above:	0	0
(g) Total current liabilities	11,786	4,656
Non-current liabilities		
(a) Payables and accruals:	0	0
(b) Borrowings:	195,500	1,000
(c) Deferred tax:	0	0
(d) Other non-current liabilities not listed in (a) to (c) above:	449	438
(e) Total non-current liabilities	195,949	1,438
Equity		
(a) Shareholders' equity:		
Share capital:	66,661	66,661
Retained earnings:	6,153	2,207
Reserves:	112,166	63,643
Total Shareholders' equity:	184,980	132,511
(b) Minority interests in subsidiaries:	0	0
(c) Total equity:	184,980	132,511
(d) Capital notes:	0	0
(e) Total capital funds:	184,980	132,511
Total equity and liabilities	392,715	138,605

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2003

25 FURTHER INFORMATION CONTINUED

The following information is required to be disclosed in the financial statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999.

	2003 \$000	2002 \$000
Operating revenue		
(a) Revenue from line/access charges:	48,554	30,188
(b) Revenue from "Other" business for services carried out by the line business (transfer payment):	0	0
(c) Interest on cash, bank balances and short term investments:	213	529
(d) AC loss-rental rebates:	4,091	2,512
(e) Other revenue not listed in (a) to (d):	58	1,165
(f) Total operating revenue pre Discounts	52,916	34,394

Expenditure (Schedule 1, Part 2)

	2003 \$000	2002 \$000
Operating expenditure		
(a) Payment for Transmission Charges	13,758	10,142
	13,758	10,142
(b) Transfer payments to the "other" business for:		
(i) Asset maintenance:	0	0
(ii) Consumer disconnection/reconnection services:	0	0
(iii) Meter data:	0	0
(iv) Consumer-based load control services:	0	0
(v) Royalty and patent expenses:	0	0
(vi) Avoided transmission charges on account of own generation	0	0
(vii) Other goods and services not listed in (i) to (vi) above	0	0
(viii) Total transfer payment to the "Other" business	0	0
(c) Expense to entities that are not related parties for:		
(i) Asset maintenance:	4,419	3,185
(ii) Consumer disconnection/reconnection services	0	0
(iii) Meter data	0	0
(iv) Consumer-based load control services	0	0
(v) Royalty and patent expenses	0	0
(vi) Total of specified expenses to non-related parties (sum of (i) to (v))	4,419	3,185
(d) Employee salaries, wages and redundancies	3,486	2,488
(e) Consumer billing and information system expense	0	0
(f) Depreciation on:		
(i) System fixed assets:	6,493	4,640
(ii) Other assets not listed in (i)	1,108	918
(iii) Total depreciation	7,601	5,558
(g) Amortisation of:		
(i) Goodwill:	1,844	0
(ii) Other intangibles:	0	0
(iii) Total amortisation of intangibles	1,844	0
(h) Corporate and administration:	619	620
(i) Human resource expenses:	44	100
(j) Marketing/advertising:	487	94
(k) Merger and acquisition expenses:	2,457	0
(l) Takeover defence expenses:	0	0
(m) Research and development expenses:	35	68
(n) Consultancy and legal expenses:	406	330
(o) Donations:	0	0
(p) Directors' fees:	130	140
	4,178	1,352

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2003

25 FURTHER INFORMATION CONTINUED

The following information is required to be disclosed in the financial statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999.

	2003 \$000	2002 \$000
(q) Auditors' fees:		
(i) Audit fees paid to principal auditors:	41	23
(ii) Audit fees paid to other auditors:	0	0
(iii) Fees paid for other services provided by principal and other auditors:	0	4
(iv) Total auditors' fees:	41	27
(r) Costs of offering credit:		
(i) Bad debts written off:	145	40
(ii) Increase in estimated doubtful debts:	4	11
(iii) Total cost of offering credit:	149	51
(s) Local authority rates expense:	83	68
(t) AC loss-rentals (distribution to retailers/customers) expense:	4,091	2,512
(u) Rebates to consumers due to ownership interest:	3,461	7,670
(v) Subvention payments:	0	0
(w) Unusual expenses:	0	40
(x) Other expenditure not listed in (a) to (w)	278	526
	7,913	10,816
Total operating expenditure	43,388	33,619
Operating surplus before interest and income tax	9,528	775
Interest expense		
(a)		
(b) Interest expense on borrowings	5,859	0
(c) Financing charges related to finance leases	0	0
(d) Other interest expense	0	60
Total interest expense	5,859	60
Operating surplus before income tax	3,669	715
Income tax	(444)	(494)
Net Surplus after Tax	4,113	1,209

UNISON NETWORKS LIMITED - LINES BUSINESS**ELECTRICITY (INFORMATION DISCLOSURE)
REGULATIONS 1999****Regulation 15****Disclosure by line owners of financial and efficiency performance measures**

Financial Measures	2003	2002	2001	2000	1999
Return On Funds	5.41%	0.23%	2.83%	3.10%	4.98%
Return On Equity	6.13%	0.93%	2.18%	3.21%	2.50%
Return On Investment	14.24%	0.74%	14.62%	3.07%	46.62%

Note: These measures are net of Line Discounts.

The regulatory calculation for ROI includes adds back revaluations into Operating Surplus. If revaluations are excluded from the operating surplus the ROI would be 5.86%

Efficiency Measures	2003	2002	2001	2000	1999
Direct Line Cost Per Kilometre	\$1,055	\$1,293	\$1,339	\$1,443	\$1,880
Indirect Line Cost Per Customer	\$45	\$48	\$60	\$46	\$40

Note: Both Financial Measures and efficiency measures have been calculated on a time weighted basis to reflect the acquisition of Taupo and Rotorua Networks from United Networks on 1 November 2002. Time weighted averages have been calculated for assets, system lengths, customer numbers and for all non financial measures reported under regulation 22. The time weighting is calculated by adding the averages of assets, capital employed, customers and system lengths and other components for the seven months prior to the acquisition and for the five months post acquisition.

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

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Operating surplus before interest and income tax from financial statements (OS _{IT})	9,528,311				
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	9,528,311	a	9,315,311		9,315,311
Interest on cash, bank balances, and short-term investments (ISTI)	213,000				
OSBIIT minus ISTI	9,315,311				
Net surplus after tax from financial statements	4,112,828	n		4,112,828	
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	4,112,828				
Amortisation of goodwill and amortisation of other intangibles	1,844,000	g	add	add	add
Subvention payment	0	s	add	add	add
Depreciation of SFA at BV (x)	6,493,000				
Depreciation of SFA at ODV (y)	6,829,000				
ODV depreciation adjustment	-336,000	d	add	add	add
Subvention payment tax adjustment	0	s ^t			
Interest tax shield	1,863,180	q		deduct	deduct
Revaluations	17,798,000	r			deduct
Income tax	-444,247	p			deduct
Numerator			OSBIIT ^{Adj} = a + g + s + d	NSAT ^{Adj} = n + g + s - s ^t + d	OSBIIT ^{Adj} = a + g - q + r + s + d - p - s ^t
Fixed assets at end of previous financial year (FA ₀)	131,271,000				
Fixed assets at end of current financial year (FA ₁)	382,039,000				
Adjusted net working capital at end of previous financial year (ANWC ₀)	-2,095,000				
Adjusted net working capital at end of current financial year (ANWC ₁)	-849,000				
Average total funds employed (ATFE)	230,271,500 (or regulation 33 time-weighted average)	c	230,271,500		230,271,500
Total equity at end of previous financial year (TE ₀)	132,511,000				
Total equity at end of current financial year (TE ₁)	184,979,828				
Average total equity	158,745,414 (or regulation 33 time-weighted average)	k		158,745,414	
WUC at end of previous financial year (WUC ₀)	2,638,000				
WUC at end of current financial year (WUC ₁)	7,391,000				
Average total works under construction	4,388,833 (or regulation 33 time-weighted average)	e	deduct	deduct	deduct
			4,388,833	4,388,833	4,388,833

FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI
Revaluations	17,798,000	r			
Half of revaluations	8,899,000	r/2			deduct 8,899,000
Intangible assets at end of previous financial year (IA ₀)	0				
Intangible assets at end of current financial year (IA ₁)	0				
Average total intangible asset	36,685,000 (or regulation 33 time-weighted average)	m		add 36,685,000	
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 _{book})	118,983,000				
System fixed assets at end of current financial year at book value (SFA _{book})	276,174,156				
Average value of system fixed assets at book value	190,250,199 (or regulation 33 time-weighted average)	f	deduct 190,250,199	deduct 190,250,199	deduct 190,250,199
System Fixed assets at year beginning at ODV value (SFA _{odv})	118,983,000				
System Fixed assets at end of current financial year at ODV value (SFA _{odv})	223,392,635				
Average value of system fixed assets at ODV value	164,262,333 (or regulation 33 time-weighted average)	h	add 164,262,333	add 164,262,333	add 164,262,333
Denominator			199,894,801 ATFE ^{ADJ} = c - e - f + h	91,683,715 Ave TE ^{ADJ} = k - e - m + v - f + h	190,995,801 ATFE ^{ADJ} = c - e - 1/2r - f + h
Financial Performance Measure:			ROF = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100 5.41	ROE = NSAT ^{ADJ} /ATE ^{ADJ} x 100 6.13	ROI = OSBIT ^{ADJ} /ATFE ^{ADJ} x 100 14.24

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

UNISON NETWORKS LIMITED - LINES BUSINESS**ELECTRICITY (INFORMATION DISCLOSURE)
REGULATIONS 1999****Regulation 16A****Annual Valuation Reconciliation Report****For The Year Ending 31 March 03:****2003
\$000****2002
\$000**

System fixed assets at ODV - end of the previous financial year	118,983	116,348
Add system fixed assets acquired during the year at ODV	93,441	7,275
Less system fixed assets disposed of during the year at ODV	-	-
Less depreciation on system fixed assets at ODV	(6,829)	(4,640)
Add revaluation of system fixed assets	17,798	-
Equals system fixed assets at ODV - end of financial year	223,393	118,983

REGULATION 22
RELIABILITY PERFORMANCE MEASURES
YEAR ENDED 31 MARCH 2003

Interruptions	2004/8 Target	2004 Target	2003	2002	2001	2000
Total Interruptions			583	476	553	494
a) Planned Interruptions (Class B)	290	300	324	281	360	342
b) Unplanned Interruptions (Class C)	145	240	259	195	193	152
Unplanned Interruptions not restored within:						
a) 3 Hours (%)			3.68%	29.70%	15.50%	13.15%
b) 24 Hours (%)			0.03%	1.00	7.00	NIL

Faults	2004/8 Target	2004 Target	2003	2002	2001	2000
Faults/100km						
a) Total No. of faults	7.50	8.00	8.96	7.51	7.50	5.98
d) i) 33kV Line Voltage						
a) Total no. of faults	2.00	3.00	3.58	2.57	6.96	1.90
ii) 11kV Line Voltage						
a) Total no. of faults	7.6	8	8.89	7.91	7.48	6.45
Faults/100km of Underground Line						
a) Total			10.06	11.65	10.60	14.56
b) 33kV						
c) 11kV			10.06	11.46	10.87	15.27
Faults/100km of Overhead Line						
a) Total			12.52	6.73	7.10	4.55
b) 33kV			3.20	2.82	7.70	2.03
c) 11kV			9.31	7.21	6.90	4.87

RELIABILITY MEASURES	2004/8 Target	2004 Target	2003	2002	2001	2000
TOTAL SAIDI OVERALL			96.61	101.63	385.03	103.99
SAIDI						
a) Planned Interruptions (Class B)	29	31	24.52	31.60	62.68	56.60
b) Unplanned Interruptions (Class C)	86	94	72.08	69.10	81.27	47.30
TOTAL SAIFI OVERALL			2.02	2.14	4.75	1.48
SAIFI						
a) Planned Interruptions (Class B)	0.5	0.6	0.22	0.25	0.41	0.41
b) Unplanned Interruptions (Class C)	1.81	1.9	1.80	1.89	2.34	1.06
b) Unplanned Interruptions TransPower (Class D)				0.39	2.00	
Total CAIDI OVERALL			66.6	47.49	81.06	70.3
CAIDI						
a) Planned Interruptions (Class B)	58	52	172.33	126.6	143	136.7
b) Unplanned Interruptions (Class C)	48	49	56.25	36.56	34.8	44.5
b) Unplanned Interruptions TransPower(Class D)				2.23	123	

Note: Reliability measures above are calculated on a time weighted basis to reflect the the acquisition of Taupo and Rotorua Networks from United Networks on 1 November 2002. All performance targets for 2004 onwards reflect the ownership of the assets for a twelve month period.

**REGULATION 21
YEAR ENDED 31 MARCH 2003**

Energy Delivery Efficiency Performance Measures	2003	2002	2001	2000
a) Load Factor	59.11	58.62	59.57	61.13
b) Loss Ratio	5.17	5.5	5.47	5.39
c) Capacity Utilisation	29.96	30.3	30.1	28.81

Energy Delivery Efficiency Performance Measures	2003	2002	2001	2000
a) Systems Length (kms)				
~ 33kV	337	271	271	263
~ 11kV	3145	2325	2,311	2,273
~ 230/400V	2561	1307	1,290	1,282
Total	6043	3,903	3,872	3,824
b) Circuit Length (Overhead) (kms)				
~ 33kV	312	248	247	246
~ 11kV	2692	1941	1,937	1,932
~ 230/400V	675	480	479	474
Total	3679	2,669	2,663	2,652
c) Circuit Length (Underground) (kms)				
~ 33kV	25	24	24	17
~ 11kV	453	384	374	347
~ 230/400V	1886	826	811	808
Total	2364	1,234	1,209	1,172
d) Transformer Capacity (kVA)	727,931	557,000	538,831	536,485
e) Maximum Demand (kW)	218,070	168,896	162,200	154,587
f) Total Electricity Supplied (kWh)	1,110,069,995	819,612,086	801,999,537	783,161,169
g) Total electricity conveyed for each Retailer including losses (kWh)	1,170,556,066	867,332,224	848,445,966	828,806,626
Contact Retailer A	631,593,356	578,215,470	563,985,132	583,355,709
Mercury Retailer B	18,766,889	16,294,788	98,491,123	98,444,884
Meridian Retailer C	96,762,760	84,246,438	74,172,364	66,824,649
Transalta Retailer D	-	102,569,770	60,083,396	54,210,978
Trustpower Retailer E	204,046,522	18,104,242	30,331,255	25,441,206
Genesis Retailer F	156,844,938	52,586,265	7,224,965	486,864
Waikato Retailer G	-	9,356,797	12,928,576	21,168
Empower Retailer H	-	0	887,729	21,168
Phoenix Retailer I	-	0	11,904	-
Todd Retailer K	15,083,599	2,349,605	329,522	-
Energy Online Retailer J	47,458,002	3,608,849	-	-
	1,170,556,066	867,332,224	848,445,966	828,806,626
h) Total customers	76,469	58,070	57,331	56,594

Note:

The information from (a) to (e) as disclosed above has been time-weighted to reflect the acquisition of Taupo and Rotorua distribution assets from United Networks. This is calculated by averaging the acquired component of the information in (a) to (e) for the five month period and adding this to data held by the Company for the twelve month period. An example of the time weighting of System Lengths is calculated as follows:

System Lengths Owned by Unison from 1 April to 31 March 03 (A)	4660 km
System Lengths Acquired by from 1 November to 31 March 03 (B)	3366 km
Average System Lengths = $A + ((B \div 365) \times 150)$	$4660 + (3038 \div 12 \times 5)$
Average System Lengths Result (as per (a) above)	6,043



**AUDITOR-GENERAL'S OPINION
ON THE PERFORMANCE MEASURES OF
UNISON NETWORKS LIMITED**

We have examined the information on pages 20 to 21 and 23 to 24 being –

- (a) the derivation table in regulation 16; and
- (b) the annual ODV reconciliation report in regulations 16A; and
- (c) the time weighted averages calculations in regulation 33
- (d) the financial performance measures in clause 1 of Part 3 of Schedule 1; and
- (e) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, –

that were prepared by Unison Networks Limited and dated 31 March 2003 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 black ink, appearing to read "R L Tomlinson", written over a horizontal line.

R L Tomlinson
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

25 August 2003



REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF UNISON NETWORKS LIMITED FOR THE YEAR ENDED 31 MARCH 2003

We have audited the financial statements of Unison Networks Limited on pages 2 to 19. The financial statements provide information about the past financial performance of Unison Networks Limited and its financial position as at 31 March 2003. This information is stated in accordance with the accounting policies set out on pages 2 to 5.

Directors' Responsibilities

The Electricity (Information Disclosure) Regulations 1999 require the Directors to prepare financial statements that give a true and fair view of the financial position of Unison Networks Limited as at 31 March 2003, and results of operations and cash flows for the year ended on that date.

Auditor's responsibilities

Section 15 of the Public Audit Act 2001 and Regulation 31 of the Electricity (Information Disclosure) Regulations 1999 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed R L Tomlinson, of Audit New Zealand, to undertake the audit.

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 Unison Networks Limited's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order 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 capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Unison Networks Limited.

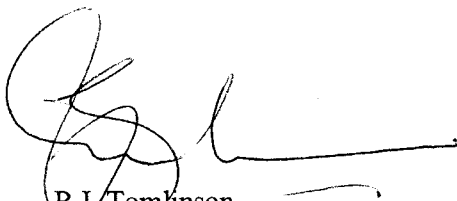
Unqualified opinion

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

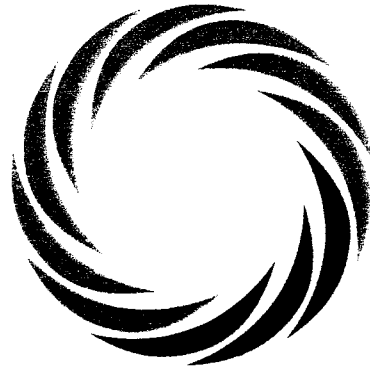
In our opinion:

- ▲ proper accounting records have been kept by Unison Networks Limited as far as appears from our examination of those records *and*
- ▲ the financial statements on pages 2 to 19:
 - (a) comply with generally accepted accounting practice in New Zealand *and*
 - (b) give a true and fair view of the financial position of Unison Networks Limited as at 31 March 2003 and the results of its operations and cash flows for the year ended on that date; *and*
 - (c) comply with the Electricity (Information Disclosure) Regulations 1999.

Our audit was completed on 25 August 2003 and our unqualified opinion is expressed as at that date.



R I Tomlinson
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand




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**STATUTORY DECLARATION IN RESPECT OF STATEMENTS
AND INFORMATION SUPPLIED TO SECRETARY**

I, John Richard Palairt, 153 Avenue Road, Napier being a Director of Unison Networks Limited, solemnly and sincerely declare that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public under the Electricity (Information Disclosure) Regulations 1999.

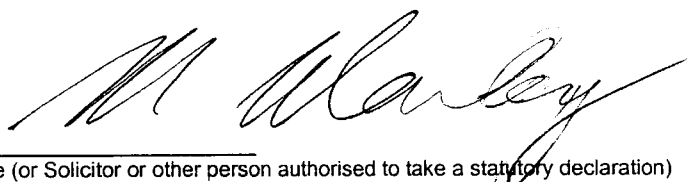
And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Act 1957.

Declared at *Hastings* this *22nd* day of *August* 2003.



Director

Before me:



Justice of the Peace (or Solicitor or other person authorised to take a statutory declaration)



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**CERTIFICATION OF VALUATION REPORT
OF LINE OWNERS**

We, Forrest Miller and John Richard Palairet, Directors of Unison Networks Limited, certify that, having made all reasonable enquiry, to the best of our knowledge –

- a. The attached valuation report of Unison Networks Limited, prepared for the purposes of regulation 20 of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of that regulation; and
- b. The replacement cost of the lines business system fixed assets of Unison Networks Limited is \$411,661,678; and
- c. The depreciated replacement cost of the line business system fixed assets of Unison Networks Limited is \$226,717,220; and
- d. The optimised depreciated replacement cost of the line business system fixed assets of Unison Networks Limited is \$223,439,930; and
- e. The optimised deprival valuation of the line business system fixed assets of Unison Networks Limited is \$223,392,635; and
- f. The values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2003.

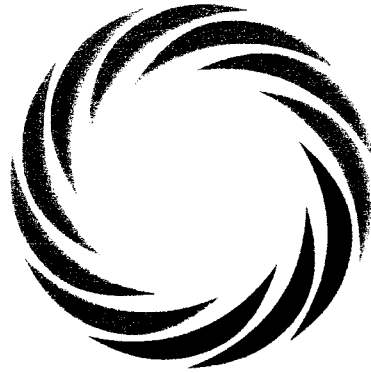
Declared at Hastings this 22nd day of August 2003.

[Signature]
Director F. Miller

22nd August 2003
Date

[Signature]
Director JR PALAIRET

22nd August 2003
Date



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

We, Forrest Miller and John Richard Palairet, Directors of Unison Networks Limited, certify that, having made all reasonable enquiry, to the best of our knowledge –

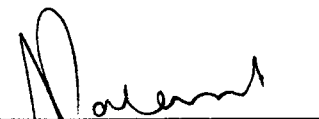
- a. The attached audited financial statements of Unison Networks Limited, prepared for the purposes of Regulation 6 of the Electricity (Information Disclosure) Regulations 1999 comply with the requirements of those regulations; and
- b. The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics, and reliability performance measures in relation to Unison Networks 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 2003.

Declared at Hastings this 22nd day of August 2003.


 Director F Miller

22nd August 2003
 Date


 Director JR PALAIRET

22nd August 2003
 Date



PricewaterhouseCoopers
188 Quay Street
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Auckland, New Zealand
DX CP24073
Telephone +64 9 355 8000
Facsimile +64 9 355 8001

CERTIFICATION BY AUDITOR IN RELATION TO VALUATION

We have examined the valuation report of Unison Networks Limited and dated 7 August 2003, which report contains valuations of system fixed assets as at 31 March 2003.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report, including the total valuation of system fixed assets of \$223,392,635, have been made in accordance with the ODV Handbook.

A handwritten signature in black ink that reads "PricewaterhouseCoopers". The signature is written in a cursive, flowing style and is underlined with a single horizontal line.

PricewaterhouseCoopers
Chartered Accountants
Auckland
19 August 2003