



New Zealand Gazette

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WESTPOWER LIMITED

INFORMATION FOR DISCLOSURE

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

**Westpower Limited
146 Tainui Street
GREYMOUTH**

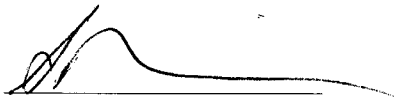
In accordance with the Electricity (Information Disclosure) Regulations 1999.

Certification of Financial Statements, Performance Measures, and Statistics Disclosed by Line Owners Other Than Transpower for the year ended 31 March 2003.

We, Suzanne Peta Merriman and Hugh Robert Little, Directors of Westpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge,—

- (a) The attached audited financial statements of Westpower 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 Westpower 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 2001.



Suzanne Peta Merriman
Director



Hugh Robert Little
Director

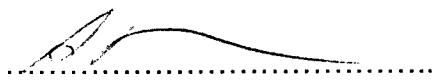
Date : 29 August 2003

WESTPOWER**FORM 7****ELECTRICITY (INFORMATION DISCLOSURE) REGULATIONS
1999****CERTIFICATION OF VALUATION REPORT OF LINE OWNERS**

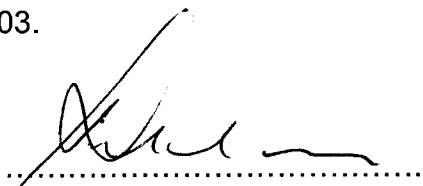
We, Suzanne Peta Merriman, director, and Robert Thomas Caldwell, Chief Executive Officer of Westpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:

- (a) The attached valuation report of Westpower Limited, prepared for the purposes of the Electricity (Information Disclosure) Regulations 1999, complies with the requirements of those regulations; and
- (b) The Replacement Cost of the line business system fixed assets of Westpower Limited is \$87,935,888; and
- (c) The Depreciation Replacement Cost of the line business system fixed assets of Westpower Limited is \$55,653,572; and
- (d) The Optimised Depreciated Replacement Cost of the line business system fixed assets of Westpower Limited is \$55,166,944; and
- (e) The Optimised Deprival Valuation of the line business system fixed assets of Westpower Limited is \$54,798,913; and
- (f) The values in (b), (c), (d) and (e) have been prepared in accordance with the ODV Handbook.

These valuations are as at 31 March 2003.



S P Merriman



R T Caldwell

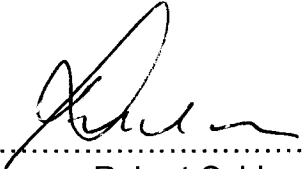
Dated: 29 August 2003

FORM 8

**STATUTORY DECLARATION IN RESPECT OF FURTHER INFORMATION
REQUESTED BY SECRETARY**

I, Robert Caldwell, of Rutherglen Greymouth, being a principal of Westpower 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.


.....
Robert Caldwell
Chief Executive

Declared at Greymouth this day of 2003

Signed in the Presence of:

Alan Thomas O'Connell
.....
(Name)


.....
(Signature)

ALAN T O'CONNELL, JP
55 ALEXANDER STREET
..... GREYMOUTH
03 768 9244
(Title)

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

WESTPOWER LIMITED

STATEMENT OF ACCOUNTING POLICIES

For The Year Ended 31 March 2003

The financial statements presented are for the reporting entity Westpower Limited. Westpower Limited is a Lines Company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the requirements of the Electricity (Information Disclosure) Regulations 1999, the Financial Reporting Act 1993, the Companies Act 1993 and section 44 of the Energy Companies Act 1992.

The measurement base adopted is that of historical cost except for the revaluation of certain fixed assets.

(a) **Sales**

Sales shown in the Statement of Financial Performance comprise the amounts received and receivable by the Group for goods and services supplied to customers in the ordinary course of business.

Lines Charges represent income charged to Energy Retailers based on their meter readings during the period. An allowance is made for unbilled Lines Charges from Energy Retailers to the end of the period.

(b) **Investments**

The parent company's investment in ElectroNet Services Limited is stated at cost.

Sinking Fund Investments are shown at cost plus accumulated interest.

Other Investments are stated at cost.

Dividend income is accounted for on a cash basis. Interest income is accounted for as earned.

(c) **Fixed Assets and Depreciation**

(i) **Valuation**

Fixed Assets comprise:

Distribution System Assets (being the network system consisting of distribution and transmission lines and cables, zone substations, distribution transformers, protection and control equipment, communications equipment and metering).

Other Assets (being land, buildings, plant and equipment, motor vehicles, furniture and fittings).

Distribution System Assets have been revalued to Optimised Deprival Value which incorporates a valuation based on the engineering optimisation of the system and its components after allowing for depreciation and is based on the value to the company of being deprived of the assets. The valuation was conducted by **KPMG** in conjunction with **Kerslake and Partners**, Registered Valuers, as at 31 March 2003.

Land and Buildings have been revalued to market value as at 31 March 2000. The valuation was conducted by Coast Valuations Limited, registered valuers.

All other fixed assets are valued at cost less accumulated depreciation where applicable.

Distribution equipment is revalued on a cyclical basis with no individual asset being included at a valuation made more than three years previously.

Additions between revaluations are recorded at cost.

(ii) **Depreciation**

Distribution Assets are depreciated using the straight line method at rates which amortise the cost or valuation less estimated residual value over their economic lives.

The main basis are periods not exceeding:

Electricity Distribution System 15 – 70 years

The electricity distribution system economic lives have been set consistent with the Ministry of Commerce's revised ODV Handbook. The economic lives range from 15 – 70 years for the different components of the distribution system.

Other Assets are depreciated using rates which write off the cost or valuation of the fixed assets over their expected economic lives as below:

Buildings	1% to 2.5% SL
Motor Vehicles	25% DV
Plant and equipment	10% to 50% DV
Furniture and fittings including computers	20% to 48% DV

Profits and losses on disposal are calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds of the disposal. Any depreciation recovered and any loss on sale is included in the operating result of the Group in the year of the disposal.

(d) **Inventories**

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

The cost of stocks is determined on a weighted average basis.

Some stocks may be subject to retention of title clauses on purchase.

The cost of work-in-progress includes materials, and a portion of direct labour and production overhead appropriate to the stage of completion attained.

(e) **Debtors**

Debtors are stated at estimated realisable value after providing for debts where collection is doubtful.

(f) **Taxation**

The taxation charge against the profit for the year is the estimated liability in respect of that profit and is calculated after allowance for permanent differences and timing differences not expected to reverse in future periods. This is the partial basis for the calculation of deferred taxation.

The Company follows the liability method of accounting for deferred taxation. Future taxation benefits attributable to losses carried forward or timing differences are recognised in the financial statements only where there is virtual certainty of realisation.

(g) **Goods and Services Tax**

All items in the financial statements are net of Goods and Services Tax except for Debtors and Creditors which are shown in the Statement of Financial Position inclusive of GST.

(h) **Financial Instruments**

Westpower and its subsidiaries are party to financial instrument arrangements as part of everyday operations. These instruments include bank accounts, debtors, creditors, borrowings and interest rate swaps.

Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Unrealised revenue and expenses associated with electricity hedges are not recognised in the financial statements. Realised revenue and expenses are recognised in the Statement of Financial Performance on maturity of the hedging contracts and are incorporated as part of the cost of electricity.

All financial instruments are recognised in the Statement of Financial Position, with the exceptions of contingent liabilities and interest rate swaps which are disclosed by way of a note to the financial statements.

(i) **Changes in Accounting Policies**

There have been no changes in accounting policies. All other policies have been applied on a basis consistent with the previous year.

WESTPOWER LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2003

	Note	2003 \$ '000	2002 \$ '000
Revenue	1	14,872	11,953
Total Expenses	2	7,934	7,276
Net Surplus before Interest and Tax		6,938	4,677
Interest		451	746
Net Surplus before Income Tax		6,487	3,931
Less Taxation Expense	3	1,216	985
NET SURPLUS AFTER TAX		<u><u>5,271</u></u>	<u><u>2,946</u></u>

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2003

Equity as at 1 April 2002	50,345	40,869
Net Surplus for Year	5,271	2,946
Revaluation of Assets	(867)	435
Total Recognised Revenue and Expenses	<u>4,404</u>	<u>3,381</u>
Inclusion of Investment in Subsidiary		-
Inclusion of Other Business due to below 5%		1,095
Contributions by Owners	-	5,000
Dividend Paid	(156)	-
Equity as at 31 March 2003	<u><u>54,593</u></u>	<u><u>50,345</u></u>

The accompanying notes form part of these financial statements

WESTPOWER LIMITED - LINES BUSINESS

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2003

	Note	2003 \$ '000	2002 \$ '000
EQUITY			
Share Capital		30,300	30,300
Reserves		18,790	19,657
Retained Earnings		5,503	388
TOTAL EQUITY	7	<u>54,593</u>	<u>50,345</u>
Represented By:			
CURRENT ASSETS			
Cash and Bank		353	1,207
Short Term Investments			
Sundry Debtors	4	2,085	1,510
Tax refund due		10	473
Other Current Assets		-	-
		<u>2,448</u>	<u>3,190</u>
NON CURRENT ASSETS			
Fixed Assets	5	55,820	52,179
Investments		1,183	1,352
		<u>57,003</u>	<u>53,531</u>
TOTAL ASSETS		59,451	56,721
CURRENT LIABILITIES			
Sundry Creditors		1,168	1,861
Accrued Interest		38	113
Provision for dividend		-	-
		<u>1,206</u>	<u>1,974</u>
NON CURRENT LIABILITIES			
Employee Entitlements		-	-
Long - term Debt	6	3,652	4,402
		<u>3,652</u>	<u>4,402</u>
TOTAL LIABILITIES		<u>4,858</u>	<u>6,376</u>
NET ASSETS		<u>54,593</u>	<u>50,345</u>

Authorised for issue on 29 August 2003 for and on behalf of the Directors.



M J Newcombe
CHAIRMAN



S P Merriman
Director

The accompanying notes form part of these financial statements

WESTPOWER LIMITED - LINES BUSINESS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2003

	Note	2003 \$ '000	2002 \$ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		14,306	11,786
Interest received		55	72
		<u>14,361</u>	<u>11,858</u>
Cash was applied to:			
Payments to suppliers & employees		6,702	6,007
Interest paid		437	746
Taxes paid		753	1,428
Net GST		149	(48)
		<u>8,041</u>	<u>8,133</u>
Net cash flows from operating activities	11	6,320	3,725
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of assets		64	-
Sale of Investments		200	-
		<u>264</u>	<u>-</u>
Cash was applied to:			
Purchase of fixed assets		6,501	3,990
Purchase of investments		31	21
		<u>6,532</u>	<u>4,011</u>
Net cash flows from investing activities		(6,268)	(4,011)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Term Loan		-	-
Contributions from Owners		-	5,000
		<u>-</u>	<u>5,000</u>
Cash was applied to:			
Repayment of Term Loan		750	4,600
Dividends paid		156	97
		<u>906</u>	<u>4,697</u>
Net cash flows from financing activities		(906)	303
Net increase in cash held		(854)	17
Add opening cash brought forward		1,207	95
Transfer of Cash from "Other Business"			1,095
Ending cash carried forward		<u>353</u>	<u>1,207</u>
CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION			
Cash and Bank		<u>353</u>	<u>1,207</u>

The accompanying notes form part of these financial statements

WESTPOWER LIMITED - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

	2003 \$ '000	2002 \$ '000
Note 1. Revenue		
Line Charges	11,902	11,217
Special Discount on Line Charges		
Interest	55	72
AC loss-rental rebates	280	368
Sundry Income	2,635	296
	<u>14,872</u>	<u>11,953</u>

Note 2. Expenses

Audit fees for Companies financial statements	24	28
Other services provided by Auditors	5	12
Directors' Fees	37	35
Depreciation	1,617	1,490
Loan Interest	451	746
Bad debts written off		
Increase (decrease) in estimated doubtful debts		
Loss (Profit) on Sale of Fixed Assets	312	0
Write Down in Valuation of Buildings and Land		

Note 3. Taxation

Net Surplus before taxation	6,487	3,931
Prima facie taxation at 33%	2,141	1,297
Plus Tax effect of permanent differences		489
Imputation Credits	(1)	(1)
Taxation adjustment previous year		(140)
Timing differences not Recognised	(924)	(660)
Total Taxation Expense	<u>1,216</u>	<u>985</u>
The Taxation charge comprises		
- current taxation	1,216	985
- deferred taxation	0	0
	<u>1,216</u>	<u>985</u>

Timing differences of the Company have not been recognised in the Statements of Financial Position because they are not likely to reverse within the foreseeable future. At 31 March 2003 such timing differences amount to \$21,039,296 (2002 \$20,662,485) deferred taxation assessed at the current corporate taxation rate of 33 cents in the dollar is a liability of \$6,942,968 (2002 \$6,818,620).

	2003 \$ '000	2002 \$ '000
Note 4. Sundry Debtors		
Line Charge & Sundry Debtors	2085	1510
	<u>2085</u>	<u>1510</u>

Note 5. Fixed Assets

	Cost/ Valuation \$ '000	Accumulated Depreciation \$ '000	Book Value 2003 \$ '000	Book Value 2002 \$ '000
At Cost:				
Distribution System	0	0	0	1,734
Land and Buildings	274	2	272	229
Other	364	93	271	241
Capital Work In Progress				2,694
	<u>638</u>	<u>95</u>	<u>543</u>	<u>4,898</u>
At Valuation:				
Distribution System	54,799	0	54,799	46,811
Land and Buildings	498	20	478	470
Total	<u>55,935</u>	<u>115</u>	<u>55,820</u>	<u>52,179</u>

Note 6. Borrowings

	2003 \$ '000	2002 \$ '000
Term Liabilities - Repayable 1-2 years	3,250	4,000
- Repayable 2-5 years		
- Repayable later than 5 years	402	402
	<u>3,652</u>	<u>4,402</u>
Loans are secured as follows:		
Short Term Advance Facility \$13,000,000 *	3,250	4,000
Various (No Security)	402	402
	<u>3,652</u>	<u>4,402</u>

* Secured by a charge over all assets.

The interest rates payable on these loans are:

Floating Rate - based on 90 day bill rate

Fixed Rates 6.1% - 10.5%

	2003 \$ '000	2002 \$ '000
Note 7. Share Capital		
Share Capital (issued and fully paid)		
- 25,000,000 ordinary shares	25,000	25,000
- 300,000 7.25% Redeemable Preference Shares	300	300
- 5,000,000 Preference Shares	5,000	5,000
Capital Reserve	102	102
Transition Reserve	418	418
Asset Revaluation Reserve	18,270	19,137
Retained Earnings	5,503	388
	<u>54,593</u>	<u>50,345</u>

Note 8. Financial Instruments**Credit Risk**

Financial instruments which potentially subject the Company to credit risk principally consist of bank accounts, accounts receivable and investments.

The Company places its cash with high quality financial institutions and limits the amount of exposure to any one financial institution. There is a high concentration of credit risk to Trustpower.

The maximum exposure to credit risk at balance date is the fair value of the instruments as stated in the Statement of Financial Position.

Fair Values

For all financial instruments other than the interest rate swaps and the shareholding in International Panel and Lumber (West Coast) Limited the fair value is equivalent to the carrying amount as stated in the Statement of Financial Position. Borrowings are planned to be run to maturity. The fair value of the interest rate swaps at 31 March 2003 is \$0 (2002 \$132,874).

The fair value of the shares in International Panel and Lumber (West Coast) Limited is \$71,856 (2002 \$63,654). This represents the value of the 30,000 shares based on the value of net assets as at 31 January 2003.

Currency Risk

The Company has minimal currency risk given that financial instruments are principally transacted in New Zealand dollars. Forward exchange contracts may be employed by the Company to manage exposure to currency fluctuations.

Interest Rate Risk

Interest rate risk is low as borrowings have fixed interest rates except for the Short Term Advance Facility for \$13,000,000 (2002 \$13,000,000) .
The contract amount of interest rates swaps held at 31 March 2003 is \$0 (2002 10,600,000).

Note 9. Contingent Liabilities and Capital Commitments

Capital Commitments

	2003 \$ '000	2002 \$ '000
The total amount committed at balance date was	85	40

Operating Lease Commitments

These are long-term operating leases relating to land occupied by the Company.

Period	2003 \$ '000	2002 \$ '000
Not later than 1 year	7	7
1 - 2 years	0	7
2 - 5 years	0	22
Later than 5 years	0	65
	7	101

Contingent Liabilities	2003 \$'000	2002 \$'000
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A number of warranties have been granted to TrustPower as part of the sale of the Company's generation assets in respect of:

- deficiencies in land titles, licences and resource consents	0	5,000
- warranties in general	0	5,000

Note 10. Related Parties

At balance date the West Coast Electric Power Trust held 100 per cent of the shares in Westpower Limited. Material transactions (dividends) have been disclosed in the financial statements.

All related party transactions of Westpower Limited have been conducted on a commercial arms length basis.

The Contracting and Management Subsidiary of Westpower Limited, ElectroNet Services, has provided the following services for the period 1 April 2002 to 31 March 2003.

	2003 \$ '000	2002 \$ '000
Construction of subtransmission assets	1,070	767
Construction of zone substations	1,888	456
Construction of distribution lines and cables	474	723
Construction of medium voltage switchgear	346	127
Construction of distribution transformers	396	66
Construction of substations	235	114
Construction of low voltage lines and cables	107	219
Construction of other fixed assets	562	69
Maintenance of assets	1,869	1,857
Consumer connections and reconnections		
Asset Management Service	507	512
Other Services	502	503

At year end there was an outstanding balance of \$763,578 (2002 \$892,767) for such services.

No related party debts have been written off or forgiven during the year.

Note 11. Cash Flows

Reconciliation of Net Cash Flows from Operating Activities

	2003 \$ '000	2002 \$ '000
Net surplus After Income Tax	5,271	2,946
Plus Non Cash Items:		
Depreciation	1,617	1,490
Writedown of Buildings	0	0
	<u>1,617</u>	<u>1,490</u>
Movements in Working Capital:		
Decrease in Debtors	(575)	(107)
Increase in Creditors, Accrued Interest	(81)	526
Working Capital Transferred from Other Business	(687)	(687)
Increase in Income Tax Refund	463	(443)
	<u>(880)</u>	<u>(711)</u>
Other		
Decrease in Gratuities Provision		
(Gain) Loss on Disposal of Assets	312	0
	<u>312</u>	<u>0</u>
Operating Cashflow	<u>6,320</u>	<u>3,725</u>

Note 12. ODV Reconciliation Report

	2003 \$ '000	2002 \$ '000
System fixed assets at ODV at beginning of year	48,545	47,381
Adjustment following Commerce Commission comprehensive audit process	0	746
Restated System Fixed Assets at ODV	48,545	48,127
Add system fixed assets acquired during the year at ODV	9,016	2,201
Less system fixed assets disposed of during the year at ODV	(312)	0
Less depreciation system fixed assets at ODV	(1,583)	(1,472)
Less revaluations of system fixed assets	(867)	(311)
System fixed assets at ODV at end of year	<u>54,799</u>	<u>48,545</u>

WESTPOWER LIMITED - LINES BUSINESS

Disclosure of Information to be Disclosed in Financial Statements under regulation 6 of the Electricity (Information Disclosure) Regulations 1999 Schedule 1 Part 2 as amended.

	2003	2002
	\$ '000	\$ '000
Statement of Financial Position Disclosure (Schedule 1, Part 2)		
1 Current Assets		
(a) Cash and Bank Balances	353	1,207
(b) Short-term Investments		
(c) Inventories		
(d) Accounts receivable	2,085	1,510
(e) Other current assets not listed in (a) to (d)	10	473
(f) Total current assets	2,448	3,190
2 Fixed Assets		
(a) System fixed assets	54,799	48,545
(b) Consumer billing and information system assets		
(c) Motor Vehicles		
(d) Office Equipment	271	241
(e) Land & Buildings	750	699
(f) Capital works under construction		2,694
(g) Other fixed assets not listed in (a) to (f)		
(h) Total fixed assets	55,820	52,179
3 Other tangible assets not listed above	1,183	1,353
4 Total tangible assets	59,451	56,722
5 Intangible assets		
(a) Goodwill		
(b) Other intangible not listed in (a)		
(c) Total intangible assets		
6 Total Assets	59,451	56,722
7 Current Liabilities		
(a) Bank Overdraft		
(b) Short-term borrowings		
(c) Payables and accruals	1,206	1,974
(d) Provision for dividends payable		
(e) Provision for income tax		
(f) Other Current Liabilities not listed in (a) to (e)		
(g) Total Current Liabilities	1,206	1,974
8 Non-current Liabilities		
(a) Payables and accruals		
(b) Borrowings	3,652	4,402
(c) Deferred tax		
(d) Other Non-current Liabilities not listed in (a) to (c)		
(e) Total Non-current Liabilities	3,652	4,402

WESTPOWER LIMITED - LINES BUSINESS

	2003 \$ '000	2002 \$ '000
9 Equity		
(a) Shareholders equity		
(i) Share Capital	30,300	30,300
(ii) Retained Earnings	5,503	388
(iii) Reserves	18,790	19,657
(iv) Total Shareholders equity	54,593	50,345
(b) Minority interests in subsidiaries		
(c) Total Equity	54,593	50,345
(d) Capital notes;		
(e) Total capital funds	54,593	50,345
10 Total equity and liabilities	59,451	56,721
Statement of Financial Performance Disclosure (Schedule 1, Part 2)		
11 Operating Revenue		
(a) Revenue from line/access charges	11,902	11,217
(b) Revenue from "Other" business (transfer payment)		
(c) Income from interest on bank and short-term investments	55	72
(d) AC loss-rental rebates	280	368
(e) Other operating revenue not listed in (a) to (d)	2,635	296
(f) Total operating revenue	14,872	11,953
12 Operating expenditure		
(a) Transmission Charges	2,208	2,023
(b) Transfer payments to "Other" business		
(i) Asset maintenance	1,869	1,857
(ii) Consumer disconnections and reconnections		
(iii) Meter data		
(iv) Consumer-based load control		
(v) Royalty and patent expenses		
(vi) Avoided transmission charges for own generation		
(vii) Other goods & services not listed in (i) to (vi) above	507	512
(viii) Total transfer payment to the "Other" business	2,376	2,369
(c) Payments to non-related entities		
(i) Asset maintenance	64	20
(ii) Consumer disconnections and reconnections		
(iii) Meter data		
(iv) Consumer-based load control		
(v) Royalty and patent expenses		
(vi) Total of specified expenses to non-related parties	64	20
(d) Employee salaries, wages and redundancies		
(e) Consumer billing and information system expense		
(f) Depreciation on		
(i) System fixed assets	1,583	1,472
(ii) Other assets not listed in (i)	34	18
(iii) Total depreciation expense	1,617	1,490
(g) Amortisation of		
(i) Goodwill		-
(ii) Other intangibles		-
(iii) Total amortisation of intangibles		-

WESTPOWER LIMITED - LINES BUSINESS

	2003 \$ '000	2002 \$ '000
(h) Corporate and administration	742	767
(i) Human resource expenses		
(j) Marketing and advertising		
(k) Merger and acquisition expenses		
(l) Takeover defence expenses		
(m) Research and development expenses		
(n) Consultancy and legal expenses	251	225
(o) Donations		
(p) Directors fees	37	35
(q) Audit fees		
(i) Audit fees paid to principal auditors	24	28
(ii) Audit fees paid to other auditors		
(iii) Fees paid for other services provided by auditors	5	12
(iv) Total auditors fees	29	40
(r) Costs of offering credit		
(i) Bad debts written off		
(ii) Increase in estimated doubtful debts		
(iii) Total costs of offering credit		
(s) Local authority rates	48	14
(t) AC loss-rental (distribution of) expense		
(u) Rebates to Consumers due to ownership interest		
(v) Subvention payments		
(w) Unusual expenses		
(x) Other expenditure not listed in (a) to (w)	562	293
13 Total operating expenditure	7,934	7,276
14 Operating surplus before interest and income tax	6,938	4,677
15 Interest		
(a) Interest expense on borrowings	451	746
(b) Financing charges related to finance leases		
(c) Other interest expense		
(d) Total interest expense	451	746
16 Operating surplus before income tax	6,487	3,931
17 Income Tax	1,216	985
18 Net Surplus after tax	5,271	2,946

PERFORMANCE MEASURES

Disclosure of financial performance measures and efficiency performance measures under Regulation 15 of the Electricity (Information Disclosure) Regulations 1999 as amended.

	2003	2002	2001	2000
1 Financial performance measures				
(a) Return on funds	13.02%	9.49%	8.56%	4.64%
(b) Return on equity	10.31%	6.69%	5.74%	2.22%
(c) Return on investment	8.76%	7.93%	-0.33%	3.19%

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2 Efficiency performance measures:

(a) Direct lines costs per kilometre	\$	1,232.30	\$	1,297.85	\$	1,120.23	\$	1,185.66
Direct Expenditure		2,441,192		2,558,061		2,199,004		2,277,659
System Length		1,981		1,971		1,963		1,921
(b) Indirect lines costs per electricity Consumer *	\$	100.79	\$	99.87	\$	74.94	\$	165.36
Indirect Expenditure		1,217,210		1,205,653		898,996		1,939,469
Total consumers *		12,077		12,072		11,996		11,729

* Number of consumers based on ICP connections

Disclosure of energy delivery efficiency performance measures under regulation 21 of the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000.

1 Energy Delivery efficiency performance measures:

(a) Load factor (a/b*c*100)		63.1%		63.4%		66.3%		65.3%
a = kWh of electricity entering system		211,261,285		197,992,332		201,936,757		196,169,073
b = Maximum demand		38,232		35,650		34,776		34,174
c = Total number of hours in year		8,760		8,760		8,760		8,784
(b) Loss ratio (=a/b*100)		4.5%		5.6%		5.7%		5.5%
a = losses in electricity in kWh		9,603,837		11,102,063		11,421,041		10,735,185
b = kWh of electricity entering system		211,261,285		197,992,332		201,936,757		196,169,073
(c) Capacity utilisation (=a/b*100)		35%		34%		32%		34%
a = Maximum demand		38,232		35,650		34,776		34,174
b = Transformer Capacity		109,003		104,363		107,127		99,705

2 Statistics

	2003	2002	2001	2000
(a) System Length				
Circuit Kilometres 66kV	56	47	47	47
Circuit Kilometres 33kV	230	230	230	190
Circuit Kilometres 11kV	1,492	1,492	1,484	1,482
Circuit Kilometres 230/400V	203	202	202	202
Total	1,981	1,971	1,963	1,921
(b) System Length - Overhead				
Circuit Kilometres 66kV	56	47	47	47
Circuit Kilometres 33kV	230	230	230	190
Circuit Kilometres 11kV	1458	1,458	1,452	1,452
Circuit Kilometres 230/400V	142	142	142	142
Total Overhead	1886	1,877	1,871	1,831

WESTPOWER LIMITED - LINES BUSINESS

(c) System Length - Underground

Circuit Kilometres 66kV	0	0	0	0
Circuit Kilometres 33kV	0	0	0	0
Circuit Kilometres 11kV	34	34	32	29
Circuit Kilometres 230/400V	61	61	60	60
Total Underground	95	95	92	89

(d) Transformer Capacity (In Kilovolt Amperes)

District (zone) Substations	96,000	76,000	76,000	71,000
Distribution Substations	109,003	104,363	107,127	99,705
Total Substations	205,003	180,363	183,127	175,705

(e) Maximum Demand

38,232	35,650	34,776	34,174
--------	--------	--------	--------

(f) Total electricity supplied from the system before losses (in Kilowatt Hours)

211,261,285	197,992,332	201,936,757	196,169,073
-------------	-------------	-------------	-------------

(g) Electricity conveyed for each retailer after losses

Retailer 1	-	397,192	952,328	644,216
Retailer 2	-	2,729,400	2,363,401	2,960,016
Retailer 3	8,631,685	8,734,611	7,110,756	6,765,144
Retailer 4	25,028,359	20,382,630	20,261,024	14,542,545
Retailer 5	9,053,917	8,663,199	7,243,965	7,321,102
Retailer 6	158,943,487	145,983,237	152,584,243	153,200,865
Retailer 7			-	-
	201,657,448	186,890,269	190,515,716	185,433,888

(h) Total Consumers *

12,077	12,072	11,996	11,729
--------	--------	--------	--------

* Number of consumers based on ICP connections

Disclosure of reliability performance measures under regulation 22 of the Electricity (Information Disclosure) Regulations 1999 as amended.

	2003	2002	2001	2000
1 Total number of interruptions				
Class A - Planned - by Transpower	0	1	1	0
Class B - Planned - by Line Owners	63	53	73	80
Class C - Unplanned - by Line Owners	57	62	111	83
Class D - Unplanned - by Transpower	0	0	4	0
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other generation	0	0	0	3
Class G - Unplanned - by other line owner	0	0	0	0
Class H - Planned - by other line owner	0	0	0	0
Class I - Any other loss of supply	0	0	0	0
Total	120	116	189	166
2 Interruption targets for 2003 / 2004				
Class B - Planned - by Line Owners	60			
Class C - Unplanned - by Line Owners	60			

WESTPOWER LIMITED - LINES BUSINESS

3 Average interruption targets for 2003/2004 to 2007/2008 years

Class B - Planned - by Line Owners	60
Class C - Unplanned - by Line Owners	60

4 Proportion of Class C interruptions not restored within: (=a/b*100)

3 Hours	14.0%
a = number of interruptions not restored within 3 hours	8
b = total number of Class C interruptions	57
24 Hours	0.0%
a = number of interruptions not restored within 24 hours	0
b = total number of Class C interruptions	57

	2003	2002	2001	2000
5 (a) The total number of faults per 100 circuit kilometres of prescribed voltage electric line				
66kV	2	0	0	2
33kV	3	5	7	4
11kV	8	3	7	5
Total	<u>6</u>	<u>3</u>	<u>7</u>	<u>4</u>
(b) Target for 2003 / 2004 year				
66kV	1			
33kV	3			
11kV	7			
Total	<u>5.3</u>			
(c) Average Target for 2003 / 2004 to 2006 / 2008 years				
66kV	1			
33kV	3			
11kV	7			
Total	<u>5.3</u>			
6 The total number of faults per 100 circuit kilometres of underground prescribed voltage electric line				
33kV	0	0	0	0
11kV	9	6	0	28
Total	<u>9</u>	<u>6</u>	<u>0</u>	<u>28</u>
7 The total number faults per 100 circuit kilometres of overhead prescribed voltage electric line				
66kV	2	2	0	0
33kV	2	5	7	4
11kV	8	3	7	5
Total	<u>6</u>	<u>3</u>	<u>7</u>	<u>4</u>
8 The SAIDI for the total number of interruption	122.02	140.27	235.18	156.46
9 SAIDI targets for 2003 / 2004				
Class B - Planned - by Line Owners	40			
Class C - Unplanned - by Line Owners	70			

WESTPOWER LIMITED - LINES BUSINESS**10 Average SAIDI target for 2003 / 2004 to 2007 / 2008 years**

Class B - Planned - by Line Owners	40
Class C - Unplanned - by Line Owners	70

11 The SAIDI for the total number of interruptions within each interruption class

Class A - Planned - by Transpower	0	13.41	0.68	0.64
Class B - Planned - by Line Owners	66.76	41.35	63.99	66.27
Class C - Unplanned - by Line Owners	55.26	85.51	155.88	86.94
Class D - Unplanned - by Transpower	0	0	14.63	0
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other generation	0	0	0	2.62
Class G - Any other loss of supply	0	0	0	0
	122.02	140.27	235.18	156.47
	2003	2002	2001	2000

12 The SAIFI for the total number of interruption 1.16 1.41 2.52 1.32

13 SAIFI target for 2003 / 2004

Class B - Planned - by Line Owners	0.25
Class C - Unplanned - by Line Owners	1.1

14 Average SAIFI target for 2003 / 2004 to 2007 / 2008 years

Class B - Planned - by Line Owners	0.25
Class C - Unplanned - by Line Owners	1

15 The SAIFI for the total number of interruptions within each interruption class

Class A - Planned - by Transpower	0	0.08	0	0.02
Class B - Planned - by Line Owners	0.27	0.2	0.39	0.32
Class C - Unplanned - by Line Owners	0.89	1.13	2.08	0.9
Class D - Unplanned - by Transpower	0	0	0.05	0
Class E - Unplanned - by ECNZ	0	0	0	0
Class F - Unplanned - by other generation	0	0	0	0.08
Class G - Any other loss of supply	0	0	0	0
	1.16	1.41	2.52	1.32

16 The CAIDI for the total number of interruption 105 99.59 93 110

17 CAIDI targets for 2003 / 2004

Class B - Planned - by Line Owners	160
Class C - Unplanned - by Line Owners	70

18 Average CAIDI target for 2003 / 2004 to 2007 / 2008 years

Class B - Planned - by Line Owners	160
Class C - Unplanned - by Line Owners	70

WESTPOWER LIMITED - LINES BUSINESS**19 The CAIDI for the total number of interruptions within each interruption class**

Class A - Planned - by Transpower	0	177	450	33
Class B - Planned - by Line Owners	247	210	166	207
Class C - Unplanned - by Line Owners	62	76	75	97
Class D - Unplanned - by Transpower	0		269	0
Class E - Unplanned - by ECNZ	0		0	0
Class F - Unplanned - by other generation	0		0	29
Class G - Any other loss of supply	0		0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	132	100	93	110

WESTPOWER LIMITED - LINES BUSINESS

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

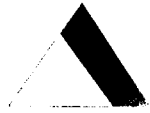
Derivation Table	Input and Calculations	Symbol in formula	ROF	ROE	ROI				
Operating surplus before interest and income tax from financial statements	6,938								
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIT)	6,938								
Interest on cash, bank balances, and short-term investments (ISTI)	55								
OSBIT minus ISTI	6,883	a	6,883		6,883				
Net Surplus after tax from financial statements	5,271								
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	5,271	n		5,271					
Amortisation of goodwill and amortisation of other intangibles									
Subvention payment									
Depreciation of SFA at BV (x)	1,583	g	add	add	add				
Depreciation of SFA at ODV (y)	1,583	s	add	add	add				
ODV depreciation adjustment		d	add	add	add				
Subvention payment tax adjustment		s't		deduct	deduct				
Interest tax shield	131	q		deduct	deduct				
Revaluations	(867)	r		add	add				
Income tax	1,216	p		deduct	deduct				
Numerator			OSBIT ¹ + NSAT ² + x + y + z + aa + ab + ac + ad + ae + af + ag + ah + ai + aj + ak + al + am + an + ao + ap + aq + ar + as + at + au + av + aw + ax + ay + az + ba + bb + bc + bd + be + bf + bg + bh + bi + bj + bk + bl + bm + bn + bo + bp + bq + br + bs + bt + bu + bv + bw + bx + by + bz + ca + cb + cc + cd + ce + cf + cg + ch + ci + cj + ck + cl + cm + cn + co + cp + cq + cr + cs + ct + cu + cv + cw + cx + cy + cz + da + db + dc + dd + de + df + dg + dh + di + dj + dk + dl + dm + dn + do + dp + dq + dr + ds + dt + du + dv + dw + dx + dy + dz + ea + eb + ec + ed + ee + ef + eg + eh + ei + ej + ek + el + em + en + eo + ep + eq + er + es + et + eu + ev + ew + ex + ey + ez + fa + fb + fc + fd + fe + ff + fg + fh + fi + fj + fk + fl + fm + fn + fo + fp + fq + fr + fs + ft + fu + fv + fw + fx + fy + fz + ga + gb + gc + gd + ge + gf + gg + gh + gi + gj + gk + gl + gm + gn + go + gp + gq + gr + gs + gt + gu + gv + gw + gx + gy + gz + ha + hb + hc + hd + he + hf + hg + hh + hi + hj + hk + hl + hm + hn + ho + hp + hq + hr + hs + ht + hu + hv + hw + hx + hy + hz + ia + ib + ic + id + ie + if + ig + ih + ii + ij + ik + il + im + in + io + ip + iq + ir + is + it + iu + iv + iw + ix + iy + iz + ja + jb + jc + jd + je + jf + jg + jh + ji + jj + jk + jl + jm + jn + jo + jp + jq + jr + js + jt + ju + jv + jw + jx + jy + jz + ka + kb + kc + kd + ke + kf + kg + kh + ki + kj + kl + km + kn + ko + kp + kq + kr + ks + kt + ku + kv + kw + kx + ky + kz + la + lb + lc + ld + le + lf + lg + lh + li + lj + lk + ll + lm + ln + lo + lp + lq + lr + ls + lt + lu + lv + lw + lx + ly + lz + ma + mb + mc + md + me + mf + mg + mh + mi + mj + mk + ml + mm + mn + mo + mp + mq + mr + ms + mt + mu + mv + mw + mx + my + mz + na + nb + nc + nd + ne + nf + ng + nh + ni + nj + nk + nl + nm + no + np + nq + nr + ns + nt + nu + nv + nw + nx + ny + nz + oa + ob + oc + od + oe + of + og + oh + oi + oj + ok + ol + om + on + oo + op + oq + or + os + ot + ou + ov + ow + ox + oy + oz + pa + pb + pc + pd + pe + pf + pg + ph + pi + pj + pk + pl + pm + pn + po + pp + pq + pr + ps + pt + pu + pv + pw + px + py + pz + qa + qb + qc + qd + qe + qf + qg + qh + qi + qj + qk + ql + qm + qn + qo + qp + qq + qr + qs + qt + qu + qv + qw + qx + qy + qz + ra + rb + rc + rd + re + rf + rg + rh + ri + rj + rk + rl + rm + rn + ro + rp + rq + rr + rs + rt + ru + rv + rw + rx + ry + rz + sa + sb + sc + sd + se + sf + sg + sh + si + sj + sk + sl + sm + sn + so + sp + sq + sr + ss + st + su + sv + sw + sx + sy + sz + ta + tb + tc + td + te + tf + tg + th + ti + tj + tk + tl + tm + tn + to + tp + tq + tr + ts + tt + tu + tv + tw + tx + ty + tz + ua + ub + uc + ud + ue + uf + ug + uh + ui + uj + uk + ul + um + un + uo + up + uq + ur + us + ut + uu + uv + uw + ux + uy + uz + va + vb + vc + vd + ve + vf + vg + vh + vi + vj + vk + vl + vm + vn + vo + vp + vq + vr + vs + vt + vu + vv + vw + vx + vy + vz + wa + wb + wc + wd + we + wf + wg + wh + wi + wj + wk + wl + wm + wn + wo + wp + wq + wr + ws + wt + wu + wv + ww + wx + wy + wz + xa + xb + xc + xd + xe + xf + xg + xh + xi + xj + xk + xl + xm + xn + xo + xp + xq + xr + xs + xt + xu + xv + xw + xx + xy + xz + ya + yb + yc + yd + ye + yf + yg + yh + yi + yj + yk + yl + ym + yn + yo + yp + yq + yr + ys + yt + yu + yv + yw + yx + yy + yz + za + zb + zc + zd + ze + zf + zg + zh + zi + zj + zk + zl + zm + zn + zo + zp + zq + zr + zs + zt + zu + zv + zw + zx + zy + zz	6,883	NSAT ² + x + y + z + aa + ab + ac + ad + ae + af + ag + ah + ai + aj + ak + al + am + an + ao + ap + aq + ar + as + at + au + av + aw + ax + ay + az + ba + bb + bc + bd + be + bf + bg + bh + bi + bj + bk + bl + bm + bn + bo + bp + bq + br + bs + bt + bu + bv + bw + bx + by + bz + ca + cb + cc + cd + ce + cf + cg + ch + ci + cj + ck + cl + cm + cn + co + cp + cq + cr + cs + ct + cu + cv + cw + cx + cy + cz + da + db + dc + dd + de + df + dg + dh + di + dj + dk + dl + dm + dn + do + dp + dq + dr + ds + dt + du + dv + dw + dx + dy + dz + ea + eb + ec + ed + ee + ef + eg + eh + ei + ej + ek + el + em + en + eo + ep + eq + er + es + et + eu + ev + ew + ex + ey + ez + fa + fb + fc + fd + fe + ff + fg + fh + fi + fj + fk + fl + fm + fn + fo + fp + fq + fr + fs + ft + fu + fv + fw + fx + fy + fz + ga + gb + gc + gd + ge + gf + gg + gh + gi + gj + gk + gl + gm + gn + go + gp + gq + gr + gs + gt + gu + gv + gw + gx + gy + gz + ha + hb + hc + hd + he + hf + hg + hh + hi + hj + hk + hl + hm + hn + ho + hp + hq + hr + hs + ht + hu + hv + hw + hx + hy + hz + ia + ib + ic + id + ie + if + ig + ih + ii + ij + ik + il + im + in + io + ip + iq + ir + is + it + iu + iv + iw + ix + iy + iz + ja + jb + jc + jd + je + jf + jg + jh + ji + jj + jk + jl + jm + jn + jo + jp + jq + jr + js + jt + ju + jv + jw + jx + jy + jz + ka + kb + kc + kd + ke + kf + kg + kh + ki + kj + kl + km + kn + ko + kp + kq + kr + ks + kt + ku + kv + kw + kx + ky + kz + la + lb + lc + ld + le + lf + lg + lh + li + lj + lk + ll + lm + ln + lo + lp + lq + lr + ls + lt + lu + lv + lw + lx + ly + lz + ma + mb + mc + md + me + mf + mg + mh + mi + mj + mk + ml + mm + mn + mo + mp + mq + mr + ms + mt + mu + mv + mw + mx + my + mz + na + nb + nc + nd + ne + nf + ng + nh + ni + nj + nk + nl + nm + no + np + nq + nr + ns + nt + nu + nv + nw + nx + ny + nz + oa + ob + oc + od + oe + of + og + oh + oi + oj + ok + ol + om + on + oo + op + oq + or + os + ot + ou + ov + ow + ox + oy + oz + pa + pb + pc + pd + pe + pf + pg + ph + pi + pj + pk + pl + pm + pn + po + pp + pq + pr + ps + pt + pu + pv + pw + px + py + pz + qa + qb + qc + qd + qe + qf + qg + qh + qi + qj + qk + ql + qm + qn + qo + qp + qq + qr + qs + qt + qu + qv + qw + qx + qy + qz + ra + rb + rc + rd + re + rf + rg + rh + ri + rj + rk + rl + rm + rn + ro + rp + rq + rr + rs + rt + ru + rv + rw + rx + ry + rz + sa + sb + sc + sd + se + sf + sg + sh + si + sj + sk + sl + sm + sn + so + sp + sq + sr + ss + st + su + sv + sw + sx + sy + sz + ta + tb + tc + td + te + tf + tg + th + ti + tj + tk + tl + tm + tn + to + tp + tq + tr + ts + tt + tu + tv + tw + tx + ty + tz + ua + ub + uc + ud + ue + uf + ug + uh + ui + uj + uk + ul + um + un + uo + up + uq + ur + us + ut + uu + uv + uw + ux + uy + uz + va + vb + vc + vd + ve + vf + vg + vh + vi + vj + vk + vl + vm + vn + vo + vp + vq + vr + vs + vt + vu + vv + vw + vx + vy + vz + wa + wb + wc + wd + we + wf + wg + wh + wi + wj + wk + wl + wm + wn + wo + wp + wq + wr + ws + wt + wu + wv + ww + wx + wy + wz + xa + xb + xc + xd + xe + xf + xg + xh + xi + xj + xk + xl + xm + xn + xo + xp + xq + xr + xs + xt + xu + xv + xw + xx + xy + xz + ya + yb + yc + yd + ye + yf + yg + yh + yi + yj + yk + yl + ym + yn + yo + yp + yq + yr + ys + yt + yu + yv + yw + yx + yy + yz + za + zb + zc + zd + ze + zf + zg + zh + zi + zj + zk + zl + zm + zn + zo + zp + zq + zr + zs + zt + zu + zv + zw + zx + zy + zz	5,271	5,271	5,271	5,271
Fixed asset at end of previous year (FA ₀)	52,179								
Fixed assets at end of current financial year (FA ₁)	55,820								
Adjusted net working capital at end of previous financial year (ANWC ₀)	-464								
Adjusted net working capital at end of current financial year (ANWC ₁)	879								
Average total funds employed (ATFE)	54,207	c	54,207	54,207	54,207				
Total equity at end of previous financial year (TE ₀)	50,345								
Total equity at end of current financial year (TE ₁)	54,593								
Average total equity	52,469	k		52,469	52,469				
WUC at end of previous financial year (WUC ₀)	2,894								

WESTPOWER LIMITED - LINES BUSINESS

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

WUC at end of current financial year (WUC _t)									
Average total works under construction	1,347	e	deduct	1,347	deduct	1,347	deduct	1,347	deduct
Revaluations	(867)	r							
Half of revaluations	(434)	r/2							
Intangible assets at end of previous financial year (A _{t-1})	-								
Intangible assets at end of current financial year (A _t)	-								
Average total intangible asset	-	m			add				
Subvention payment at end of previous financial year (S _{t-1})	-								
Subvention payment at end of current financial year (S _t)	-								
Subvention payment tax adjustment at end of previous financial year	-								
Subvention payment tax adjustment at end of current financial year	-	v			add				
Average subvention payment and related tax adjustment	-								
System fixed assets at end of previous year at book value (SFA _{bov,t-1})	48,545								
System fixed assets at end of current financial year at book value (SFA _{bov,t})	54,799								
Average value of system fixed assets at book value	51,672	f	deduct	51,672	deduct	51,672	deduct	51,672	deduct
System fixed assets at year beginning at ODV value (SFA _{odv,t-1})	48,545								
System fixed assets at end of current financial year at ODV value (SFA _{odv,t})	54,799								
Average value of system fixed assets at ODV value	51,672	h	add	51,672	add	51,672	add	51,672	add
Denominator						52,860		51,122	
						Average of SFA _{bov,t-1} + SFA _{bov,t}		Average of SFA _{odv,t-1} + SFA _{odv,t}	
Financial performance measure						13.02%		10.31%	
						ROF = OSBIT _t / ATFE _t x 100		ROE = NSAT _t / ATE _t x 100	
									RO = OSBIT _t / ATFE _t x 100

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



Audit New Zealand

REPORT OF THE AUDITOR GENERAL

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

We have audited the financial statements of Westpower Limited on pages 1 to 15. The financial statements provide information about the past financial performance of Westpower Limited and its financial position as at 31 March 2003. This information is stated in accordance with the accounting policies set out on pages 1 to 4.

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 Westpower Limited as at 31 March 2003, and the results of its 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 presented by the Directors and report that opinion to you.

The Auditor-General has appointed K J Boddy, 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 Westpower 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 obtain 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 Westpower Limited.

Unqualified Opinion

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

In our opinion –

- proper accounting records have been kept by Westpower Limited as far as appears from our examination of those records; and
- the financial statements of Westpower Limited on pages 1 to 15:
 - (a) comply with generally accepted accounting practice in New Zealand; and
 - (b) give a true and fair view of Westpower Limited's financial position 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 3 September 2003 and our unqualified opinion is expressed as at that date.



K J Boddy
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



Audit New Zealand

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

We have examined the information on pages 12, 15, 16, 21 and 22, being –

- (a) the derivation table specified in regulation 16;
- (b) the annual ODV reconciliation report in regulation 16A;
- (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 Westpower Limited and dated 29 August 2003 for the purposes of regulation 15 of the Electricity (Information Disclosure) Regulations 1999.

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

K J Boddy
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
3 September 2003