SUPPLEMENT TO

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VECTOR LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

KPMG

Auditors Report

To the readers of the financial statements of Vector Electricity Lines Business.

We have audited the accompanying special purpose information disclosure statements of Vector Electricity Lines Business. The special purpose information disclosure statements provide information about the past financial performance of Vector Electricity Lines Business and its financial position as at 31 March 2006. This information is stated in accordance with the accounting policies set out in the special purpose financial statements.

Directors' Responsibilities

The Commerce Commission's Electricity Information Disclosure Requirements 2004 made under section 57T of the Commerce Act 1986 require the Directors to prepare financial statements which give a true and fair view of the financial position of Vector Electricity Lines Business as at 31 March 2006, and the results of operations and cash flows for the year then ended.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the special purpose information disclosure statements presented by the Directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the special purpose information disclosure statements. It also include assessing-

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

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

Our firm has also provided other services to the company in relation to other audit related services. Partners and employees of our firm may also deal with the company on normal terms within the ordinary course of trading activities of the business of the company. These matters have not impaired our independence as auditors of the electricity lines business. The firm has no other relationship with, or interest in Vector Limited – Electricity Lines Business.

KPMG

Unqualified Opinion

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

In our opinion-

- proper accounting records have been maintained by Vector Electricity Lines Business as far as appears from our examination of those records; and
- the special purpose information disclosure statements referred to above-
- comply with generally accepted accounting practice; and
- give a true and fair view of financial position of Vector Electricity Lines Business as at 31 March 2006 and the results of its operations and cash flows for the year ended; and
- comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 9 November 2006 and our opinion is expressed as at that date.

KPMG

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PO Box 1584
Auckland

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Auditor's Opinion of Performance Measures

We have examined the attached information, being:

(a) a derivation table per Schedule 1 Part 7; and
(b) an annual ODV reconciliation report per Schedule 1 Part 8; and
(c) financial performance measures in clause 1 of Part 3 of Schedule 1; and
(d) financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1,

that were prepared by Vector Electricity Line Business and dated 9 November 2006 for the purposes of the Commerce Commission's Electricity Information Disclosure Requirements 2004.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, that information has been prepared in accordance with those Electricity Information Disclosure Requirements 2004.

KPMG

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CERTIFICATION OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND STATISTICS DISCLOSED BY DISCLOSING ENTITIES (OTHER THAN TRANSPOWER)

We, Robert Thomson and Shale Chambers, directors of Vector Limited, certify that, having made all reasonable enquiry, to the best of our knowledge, –

(a) The attached audited financial statements of Vector Limited's electricity lines business prepared for the purposes of requirement 6 of the Commerce Commission's Electricity Information Disclosure Requirements 2004 comply with those Requirements; and

(b) The attached information, being the derivation table, financial performance measures, efficiency performance measures, energy delivery efficiency performance measures, statistics and reliability performance measures in relation to Vector Limited, and having been prepared for the purposes of requirements 14, 15, 20 and 21 of the Electricity Information Disclosure Requirements 2004, comply with those Requirements.

The valuations on which those financial performance measures are based are as at 31 March 2006.

Signature of Directors:

Date: 9 November 2006

Vector Limited
Electricity Lines Business

Statement of Financial Performance
For the year ended 31 March 2006

	Note	2006 $000	2005 $000
Operating revenue	2	**588,516**	558,648
Operating expenditure	3	**(360,650)**	(342,884)
Operating surplus before interest and income tax		**227,866**	215,764
Interest expense	4	**(125,944)**	(111,830)
Operating surplus before income tax		**101,922**	103,934
Income tax expense	5	**(48,153)**	(50,230)
Net surplus after tax		**53,769**	53,704

Statement of Movements in Equity
For the year ended 31 March 2006

	2006 $000	2005 $000
Net surplus after tax	**53,769**	53,704
Movement in asset revaluation reserve	**450,475**	(3,525)
Total recognised revenues and expenses	**504,244**	50,179
Adjustment to notional share capital	**(336,338)**	-
Distribution to owners – dividends	**(70,200)**	(49,100)
Movements in equity for the year	**97,706**	1,079
Equity at beginning of year	**781,982**	780,903
Equity at end of year	**879,688**	781,982

Vector Limited
Electricity Lines Business

Statement of Financial Position
As at 31 March 2006

	Note	2006 $000	2005 $000
Current assets			
Cash and bank balances		-	1,239
Short-term investments		-	-
Inventories		-	-
Accounts receivable	12	56,682	52,972
Other current assets	11	3,371	2,074
Total current assets		60,053	56,285
Non-current assets			
Total fixed assets (property, plant and equipment)	13	2,535,630	2,000,913
Other tangible assets	11	15,719	5,767
Total non-current assets		2,551,349	2,006,680
Total tangible assets		2,611,402	2,062,965
Intangible assets			
Goodwill	14	499,470	531,890
Other intangible assets		-	-
Total intangible assets		499,470	531,890
Total assets		3,110,872	2,594,855
Current liabilities			
Bank overdraft		-	-
Short-term borrowings	17	22,744	25,046
Payables and accruals	15	85,478	76,233
Provision for dividends payable		-	-
Provision for income tax	6	29,256	31,958
Other current liabilities	16	832	1,422
Total current liabilities		138,310	134,659
Non-current liabilities			
Payables and accruals	15	507	-
Borrowings	17	1,824,387	1,447,627
Deferred tax	7	267,665	229,511
Other non-current liabilities	16	315	1,076
Total non-current liabilities		2,092,874	1,678,214
Total liabilities		2,231,184	1,812,873
Equity			
Share capital (notional)	9	-	133,000
Retained earnings		(115,669)	104,100
Reserves (asset revaluation)	10	995,357	544,882
Total shareholders equity (notional)		879,688	781,982
Minority interests in subsidiaries		-	-
Total equity		879,688	781,982
Capital notes		-	-
Total capital funds		879,688	781,982
Total equity and liabilities		3,110,872	2,594,855

Vector Limited
Electricity Lines Business

Statement of Cash Flows
For the year ended 31 March 2006

	Note	2006 $000	2005 $000
Operating activities			
Cash provided from:			
Receipts from customers		**558,677**	541,874
Interest received on deposits		**94**	1,254
		558,771	543,128
Cash applied to:			
Payments to suppliers and employees		**(235,618)**	(230,751)
Income tax paid		**(31,958)**	(19,814)
Interest paid		**(121,924)**	(112,211)
		(389,500)	(362,776)
Net cash from operating activities		**169,271**	180,352
Investing activities			
Cash provided from:			
Proceeds from sale of investments		**-**	9,525
Proceeds from sale of property, plant and equipment		**-**	101
Refund of security deposits		**-**	237
		-	9,863
Cash applied to:			
Purchase and construction of property, plant and equipment		**(125,458)**	(86,997)
		(125,458)	(86,997)
Net cash used in investing activities		**(125,458)**	(77,134)
Financing activities			
Cash provided from/(applied to):			
Net loan facilities*		**40,294**	(50,270)
Increase in capitalised finance costs		**(15,146)**	(2,609)
Dividends paid	8	**(70,200)**	(49,100)
Net cash used in financing activities		**(45,052)**	(101,979)
Net (decrease)/increase in cash balances		**(1,239)**	1,239
Cash balances at beginning of the year		**1,239**	-
Cash balances at end of the year		**-**	1,239

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

Vector Limited
Electricity Lines Business

Statement of Cash Flows (continued)
For the year ended 31 March 2006

Reconciliation of net surplus after tax to net cash from operating activities

	2006 $000	2005 $000
Net surplus after tax	53,769	53,704
Non-cash items		
Depreciation and amortisation	94,818	92,759
Amortisation of the mark to market adjustment	(1,351)	(1,957)
Amortisation of capitalised finance costs	3,899	3,270
Movement in deferred tax	18,897	23,588
Movement in provisions	1,719	-
	117,982	117,660
Items classified as investing and financing activities		
Net (gain)/loss on sale of property, plant and equipment	(110)	4,626
Gain on sale of investments	-	(1,143)
Capitalised costs	-	(2,033)
	(110)	1,450
Movement in working capital		
Increase in payables and accruals	4,042	1,323
Increase in accounts receivable	(3,710)	(613)
(Decrease)/increase in provision for income tax	(2,702)	6,828
	(2,370)	7,538
Net cash from operating activities	169,271	180,352

Vector Limited
Electricity Lines Business

Statement of Accounting Policies
For the year ended 31 March 2006

Reporting entity

The reporting entity is the electricity lines business of Vector Limited and therefore the electricity lines business adheres to the accounting policies of the Vector group. Those policies as they relate to the electricity lines business are detailed below.

Vector Limited is a company registered under the Companies Act 1993. Vector Limited is an issuer for the purpose of the Financial Reporting Act 1993 and its financial statements comply with that Act.

These financial statements are prepared for the year ended 31 March 2006 of the electricity lines business activity of Vector Limited and are Special Purpose Financial Reports as defined in the New Zealand Institute of Chartered Accountants' "framework for differential reporting".

All prior year comparative numbers are as disclosed for the electricity lines business activity of Vector Limited for the year ended 31 March 2005.

Statutory base

These financial information disclosure statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Electricity Information Disclosure Requirements 2004.

Measurement base

The financial information disclosure statements are prepared on the basis of historical cost modified by the revaluation of certain items of property, plant and equipment as identified in specific accounting policies below.

Vector group has adopted a policy to apply the avoidable cost allocation methodology (ACAM) described in the Electricity Information Disclosure Handbook 31 March 2004, for the allocation of revenues, costs, assets and liabilities between the regulated businesses and other activities of the company.

The electricity lines business is treated as separate regulated standalone business.

The costs have been allocated on the following basis:

- Direct allocation of all components of financial statement items which are directly attributable to the specific businesses.
- For any components of financial statement items that are not directly attributable to a specific business:
  - By assessing the proportions of those components which are avoidable and non-avoidable; and
  - Allocating those components amongst the businesses on the basis of those proportions using an appropriate cost allocator.

The two main allocators used are the number of employees and the book value of property plant and equipment. Some costs like integration costs, IT costs and non-system asset depreciation are separately analysed and are allocated using allocators specific to those costs.

All costs not allocated to the standalone electricity lines business, are allocated to other businesses within the Vector group. Other businesses are not disclosed within these financial information disclosure statements.

Allocators are also utilised to allocate balance sheet assets and liabilities that are not directly attributable to the standalone business (for instance accounts payable related to allocated cost items and goodwill). Debt and equity are allocated to the standalone business on the basis of the debt to equity ratio of the Vector group.

The Vector group has undertaken a review of the application of the ACAM methodology in the current year and adjusted some allocators used to ensure that ACAM is applied across the group in a consistent manner. These changes have not had a material impact on the results of the electricity lines business.

Specific accounting policies

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The following specific accounting policies that materially affect the measurement of financial performance, financial position and cash flows have been applied.

a) Comparatives

Where a change in the presentational format of the financial information disclosure statements has been made during the period, comparative figures have been restated accordingly.

Vector Limited
Electricity Lines Business

Statement of Accounting Policies (continued)
For the year ended 31 March 2006

b) Acquisitions and disposals of an entity or business

Acquisition or disposal during the year

Where an entity becomes or ceases to be a part of the group during the period, the results of the entity are included in the results from the date that control or significant influence commenced or until the date that control or significant influence ceased. When an entity is acquired all identifiable assets and liabilities are recognised at their fair value at acquisition date. The fair value does not take into consideration any future intentions by the group. Where an entity that is part of the group is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying amount of the identifiable assets and liabilities and related goodwill of that entity.

Goodwill arising on acquisition

Goodwill arising on acquisition of a subsidiary or associate represents the excess of the purchase consideration over the fair value of the identifiable net assets acquired. Goodwill is amortised to the statement of financial performance on a straight line basis over the period during which benefits are expected to be derived up to a maximum of 20 years.

Fees and other costs incurred in raising debt finance directly attributable to the acquisition are recognised as part of the cost of acquisition within goodwill and amortised on a straight line basis over a period of up to 20 years.

c) Income recognition

Income from the provision of services is recognised as services are delivered. Interest and rental income is accounted for as earned. Income from customer contributions is typically recognised on an as-invoiced or percentage of completion basis to match the conditions of the underlying contract.

d) Goods and services tax (GST)

The statement of financial performance and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

e) Accounts receivable

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

f) Income tax

The income tax expense recognised for the year is based on the operating surplus before taxation, adjusted for permanent differences between accounting and tax rules.

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

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

Vector Limited
Electricity Lines Business

Statement of Accounting Policies (continued)

For the year ended 31 March 2006

g) Property, plant and equipment

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the property, plant and equipment and the value of other directly attributable costs, which have been incurred in bringing the property, plant and equipment to the location and condition necessary for the intended service. All feasibility costs are expensed as incurred.

The cost of self-constructed property, plant and equipment includes the cost of all materials used in construction, direct labour on the project, costs of obtaining resource management consents, financing costs that are attributable to the project and an appropriate proportion of the variable and fixed overheads. Costs cease to be capitalised as soon as the item of property, plant and equipment is ready for productive use and do not include any inefficiency costs.

Subsequent expenditure relating to an item of property, plant and equipment is added to its gross carrying amount when such expenditure either increases the future economic benefits beyond its existing service potential, or is necessarily incurred to enable future economic benefits to be obtained, and that expenditure would have been included in the initial cost of the item had the expenditure been incurred at that time.

Distribution systems and some land and buildings are revalued by independent experts on the basis of depreciated replacement cost, while land and buildings are valued by reference to market information. Other classes of property, plant and equipment are not revalued. Valuations are performed based on highest and best use in accordance with New Zealand Financial Reporting Standard No. 3. If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the statement of financial performance.

Estimated recoverable amount is the greater of the estimated amount from the future use of property, plant and equipment and its ultimate disposal, and its net market value. Annual impairment reviews are undertaken for all property, plant and equipment not subject to revaluations. Revaluations of distribution systems and distribution land and buildings are carried out at least every three years.

h) Depreciation

Depreciation of property, plant and equipment, is calculated on a straight line basis so as to expense the cost of the property, plant and equipment, or the revalued amounts, to their residual values over their useful lives as follows:

Buildings	40 - 100 years
System fixed assets	15 - 100 years
Motor vehicles and mobile equipment	3 - 20 years
Consumer billing and information systems	3 - 40 years
Other plant and equipment	5 - 20 years

i) Leased property, plant and equipment

Operating leases

Lease payments under operating leases, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased property, plant and equipment are expensed to the statement of financial performance in equal instalments over the lease term.

Leasehold improvements

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

j) Provisions

Employee entitlements

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

Vector Limited
Electricity Lines Business

Statement of Accounting Policies (continued)
For the year ended 31 March 2006

j) Provisions (continued)

Other provisions

A provision is recognised as a liability where a constructive or legal obligation exists to settle items in the foreseeable future. A provision is recognised where the likelihood of a resultant liability is considered more probable than not. Where the likelihood of a resultant liability is more than remote but insufficient to warrant a provision, such events are disclosed as contingent liabilities.

k) Financial instruments

Derivative financial instruments are used within predetermined policies and limits in order to manage the exposure to fluctuations in foreign currency exchange rates and interest rates.

Derivative financial instruments that are designated as hedges of specific items are recognised on the same basis as the underlying hedged items. The Vector group does not engage in speculative transactions or hold derivative financial instruments for trading purposes.

Fees and other costs incurred in raising debt finance not directly attributable to the acquisition of subsidiaries are capitalised and amortised over the term of the debt instrument or debt facility.

Interest income and expenses are recognised on an accrual basis. Where a debt instrument is issued at a discount or premium, the discount or premium is capitalised and amortised over the life of the instrument.

Fair value adjustments on derivative transactions acquired are capitalised to goodwill and the mark to market adjustment included in the statement of financial position. The component relating to goodwill is accounted for in accordance with the accounting policy for goodwill arising on acquisition. The mark to market adjustment is amortised to the statement of financial performance over the period of the underlying derivative.

The allocation of debt and equity items is in accordance with the principles and rules of ACAM. The debt and equity balances have been determined based on the debt to equity ratio of the Vector group.

l) Foreign currencies

Transactions in foreign currencies are translated at the New Zealand rate of exchange ruling at the date of the transaction. At balance date foreign monetary assets and liabilities not hedged by foreign currency derivative instruments are translated at the closing rate, and exchange variations arising from these translations are included in the statements of financial performance as operating items.

Monetary assets and liabilities in foreign currencies at balance date hedged by foreign currency derivative instruments are translated at contract rates.

m) Statement of cash flows

The following are the definitions of the terms used in the statement of cash flows:

Operating activities include all transactions that are not investing or financing activities.

Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments.

Investments can include securities not falling within the definition of cash.

Financing activities are those that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.

Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

Changes in accounting policy

All policies have been applied on a basis consistent with those applied for the year ended 31 March 2005.

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2006

1. SEGMENT INFORMATION

The electricity lines business operates within the electricity distribution sector. All operations are carried out within New Zealand.

2. OPERATING REVENUE	2006 $000	2005 $000
Revenue from line/access charges	**534,453**	515,028
Revenue from "other" business for services carried out by the line business (transfer payment)	**-**	-
Interest on cash, bank balances and short-term investments	**94**	1,254
AC loss-rental rebates	**22,353**	9,856
Other operating revenue	**31,506**	31,318
Gain on sale of property, plant and equipment	**110**	1,192
Total operating revenue	**588,516**	558,648

3. OPERATING EXPENDITURE	2006 $000	2005 $000
Depreciation		
System fixed assets	**60,165**	58,011
Other assets	**4,409**	4,428
Total depreciation	**64,574**	62,439
Amortisation		
Goodwill	**30,244**	30,320
Other intangibles	**-**	-
Total amortisation of intangibles	**30,244**	30,320
Expense to entities that are not related parties		
Asset maintenance	**63,723**	53,350
Consumer disconnection/reconnection services	**-**	-
Meter data	**9**	4
Consumer-based load control services	**-**	-
Royalty and patent expense	**-**	-
Total of specified expenses to non-related parties	**63,732**	53,354
Cost of offering credit		
Bad debts written off	**103**	557
Decrease in estimated doubtful debts	**(549)**	(1,158)
Total cost of offering credit	**(446)**	(601)

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2006

3. OPERATING EXPENDITURE (continued)	2006 $000	2005 $000
Auditors' fees		
Audit fees paid to principal auditors	346	354
Audit fees paid to other auditors	43	-
Fees paid for other services provided by principal and other auditors	207	257
Total auditors' fees	596	611
Payment for transmission charges	127,402	127,684
Employee salaries, wages and redundancies	20,956	22,366
Consumer billing and information system expense	3,248	2,132
Loss on sale of property, plant and equipment	-	4,675
Corporate and administration	8,639	8,279
Human resource expenses	1,937	1,897
Marketing / advertising	3,221	3,892
Merger and acquisition expenses	-	-
Takeover defence expenses	-	-
Research and development expenses	-	-
Consultancy and legal expenses	4,154	4,479
Donations	22	-
Directors' fees	718	628
Local authority rates expense	5,054	4,696
AC loss – rental rebates (distribution to retailers/customers) expense	22,353	9,856
Rebates to consumers due to ownership interest	-	-
Subvention payments	-	-
Unusual expenses	-	-
Rental expense on operating leases	2,074	1,736
Other expenditure	2,172	4,441
Total operating expenditure	**360,650**	**342,884**

Transfer payments to the "other" business	2006 $000	2005 $000
Asset maintenance	-	-
Consumer disconnection/reconnection services	-	-
Meter data	-	-
Consumer-based load control services	-	-
Royalty and patent expenses	-	-
Avoided transmission charges on account of own generation	-	-
Other goods and services	-	-
Total transfer payment to the "other" business	-	-

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2006

4. INTEREST EXPENSE	2006	2005
	$000	$000
Interest expense on borrowings	125,944	111,830
Financing charges related to finance leases	-	-
Other interest expense	-	-
Total interest expense	125,944	111,830

5. INCOME TAX		2006	2005
	Note	$000	$000
Operating surplus before income tax		101,922	103,934
Prima facie tax at 33%		33,634	34,298
Plus/(less) tax effect of permanent differences:			
Prior period adjustment		-	-
Other permanent differences		14,519	15,932
Income tax expense		48,153	50,230
The income tax expense is represented by:			
Current tax		29,256	26,642
Deferred tax	7	18,897	23,588
Total		48,153	50,230

6. INCOME TAX LIABILITIES	2006	2005
	$000	$000
Current liability	29,256	31,958

7. DEFERRED TAX		2006	2005
	Note	$000	$000
Balance at beginning of year		229,511	205,923
Prior period adjustment		-	-
Increase on revaluation of property, plant & equipment		19,257	-
On net surplus for the year	5	18,897	23,588
Balance at end of year		267,665	229,511

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2006

8. DIVIDENDS

The 2005 final dividend of $49.1 million was paid in August 2005. For the 2006 financial information disclosure, it is assumed that the electricity lines business has paid a notional dividend of $70.2 million, equating to 83.5% of net profit after tax and before intangible asset amortisation (NPATA), which is based on the NPATA payout ratio of the group.

9. SHARE CAPITAL (NOTIONAL)	2006 $000	2005 $000
Balance at beginning of year	**133,000**	133,000
Movement during the year	**(133,000)**	-
Balance at end of year	**-**	133,000

Notional equity is determined by adjusting notionally debt and equity balances such that the debt to equity ratio is maintained the same as the Vector group.

10. RESERVES	2006 $000	2005 $000
Asset revaluation		
Balance at beginning of year	**544,882**	548,407
Revaluation of property, plant and equipment	**450,475**	(3,525)
Balance at end of year	**995,357**	544,882

11. OTHER ASSETS	2006 $000	2005 $000
Capitalised finance costs		
Current	**3,371**	2,074
Non-current	**15,719**	5,767
Total	**19,090**	7,841

12. ACCOUNTS RECEIVABLE	2006 $000	2005 $000
Trade receivables	**54,082**	51,182
Provision for doubtful debts	**(134)**	(602)
	53,948	50,580
Other receivables	**2,734**	2,392
Total	**56,682**	52,972

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2006

13. PROPERTY, PLANT AND EQUIPMENT 2006	Cost/ Valuation $000	Accumulated Depreciation $000	Net Book Value $000
System fixed assets			
Distribution systems	2,357,243	-	2,357,243
Distribution land	51,699	-	51,699
Distribution buildings	33,420	-	33,420
Total system fixed assets	2,442,362	-	2,442,362
Consumer billing and information system assets	53,755	(32,991)	20,764
Motor vehicles	125	(108)	17
Office equipment	-	-	-
Land	295	-	295
Buildings	271	(19)	252
Leasehold improvements	3,375	(1,963)	1,412
Capital works under construction	69,730	-	69,730
Other fixed assets	1,978	(1,180)	798
Total	2,571,891	(36,261)	2,535,630

2005	Cost/ Valuation $000	Accumulated Depreciation $000	Net Book Value $000
System fixed assets			
Distribution systems	1,927,787	(112,162)	1,815,625
Distribution land	51,549	-	51,549
Distribution buildings	36,070	(2,213)	33,857
Total system fixed assets	2,015,406	(114,375)	1,901,031
Consumer billing and information system assets	58,966	(33,108)	25,858
Motor vehicles	126	(103)	23
Office equipment	-	-	-
Land	396	-	396
Buildings	34	(15)	19
Leasehold improvements	4,442	(2,133)	2,309
Capital works under construction	70,415	-	70,415
Other fixed assets	2,026	(1,164)	862
Total	2,151,811	(150,898)	2,000,913

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2006

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The directors consider that the fair value of the land and buildings is equal to their net book value.

As stated in the statement of accounting policies, interest and other costs are capitalised to property, plant and equipment while under construction. During the year $1.6 million (2005: $2.0 million) of interest and other costs were capitalised.

The system fixed assets were revalued to $2,442.4 million as at 31 March 2006 consistent with the group's accounting policy to revalue property, plant and equipment at least every three years. The basis of this valuation is the lesser of depreciated replacement cost and the estimated amount from the future use of these system fixed assets. This valuation was undertaken in conjunction with the following parties:

	FIRM	*QUALIFICATION*
Eric Lucas	PricewaterhouseCoopers	CA; BA (Hons)
Lynne Taylor	PricewaterhouseCoopers	BSoc.Sci (Hons) Economics
Trevor Walker	Telfer Young Ltd	Dip Val; ANZIV; SNZP; Registered Valuer
Jeffrey Wilson	Wilson Cook & Co Ltd	ME; BCom; CEng; FIEE; FIPENZ; MIEEE

14. GOODWILL

	2006 $000	2005 $000
Balance at beginning of year	**531,890**	553,798
Arising from change in accounting policy	**-**	8,412
Prior period adjustment	**(2,176)**	-
Amortisation in the financial year	**(30,244)**	(30,320)
Balance at end of year	**499,470**	531,890

Goodwill is amortised over a period up to 20 years in accordance with the Vector group's accounting policy. Prior period adjustment is in respect of the amendment to the goodwill allocation methodology. Goodwill is allocated based on the acquired property, plant and equipment of the business.

15. PAYABLES AND ACCRUALS

	Note	2006 $000	2005 $000
Current			
Trade payables and other creditors		**62,323**	54,878
Provisions	18	**231**	148
Interest payable		**20,789**	19,315
Employee entitlements		**2,135**	1,892
Total		**85,478**	76,233
Non-current			
Other non-current payables		**507**	-
Total		**507**	-

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2006

16. OTHER LIABILITIES	2006	2005
Market to market adjustment	$000	$000
Current	832	1,422
Non-current	315	1,076
Total	1,147	2,498

17. BORROWINGS

As at 31 March 2006	Weighted average interest rate	Total $000	Payable within 1 year $000	Payable between 1 and 2 years $000	Payable between 2 and 5 years $000	Payable after 5 years $000
Bank loans	7.86%	200,367	-	-	200,367	-
Working capital loan	7.45%	22,744	22,744	-	-	-
Medium term notes - fixed rate NZ$	6.51%	166,211	-	166,211	-	-
Medium term notes - floating rate A$	6.13%	475,053	-	-	475,053	-
Capital bonds	8.25%	256,474	-	256,474	-	-
Private placement senior notes	5.65%	349,236	-	-	-	349,236
NZ floating rate notes	7.97%	377,046	-	-	-	377,046
		1,847,131	22,744	422,685	675,420	726,282

As at 31 March 2005	Weighted average interest rate	Total $000	Payable within 1 year $000	Payable between 1 and 2 years $000	Payable between 2 and 5 years $000	Payable after 5 years $000
Bank loans	7.22%	200,367	-	-	200,367	-
Working capital loan	6.90%	25,046	25,046	-	-	-
Medium term notes - fixed rate NZ$	6.50%	166,497	-	-	166,497	-
Medium term notes - floating rate A$	5.92%	475,053	-	-	266,337	208,716
Capital bonds	9.75%	256,474	-	256,474	-	-
Private placement senior notes	5.65%	349,236	-	-	-	349,236
		1,472,673	25,046	256,474	633,201	557,952

All borrowings are unsecured with all bank loans and medium term notes being subject to negative pledge arrangements.

Interest rates for all bank loans are floating based on the bank bill rate plus a margin. Bank loans are arranged through various facility agreements. Facilities with total committed amount of $700 million will expire in October 2008. The working capital facility with total commitment of $70 million is due to expire in October 2006.

Medium term notes - fixed rate NZ$ mature April 2007 and are shown at the value of proceeds received after deducting the discount on issue of $1.7 million and adjusting for the amount amortised to 31 March 2006 of $1.4 million. The interest on NZ$ medium term notes is fixed at 6.5% per annum and is paid semi-annually.

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2006

17. BORROWINGS (continued)

Medium term notes - floating rate A$ mature April 2008 and April 2011. The interest on A$ medium term notes is paid quarterly, based on BBSW plus a margin.

Capital bonds are subordinated debt and have a first election date of 15 December 2006. The interest is currently fixed at 8.25% per annum and is paid semi-annually. The board are currently considering options and intend to extend the term of the capital bonds beyond the first election date.

Private placement senior notes of US$15 million, US$65 million and US$195 million, with maturity periods of 8, 12 and 15 years respectively were placed with US investors in September 2004 at a contract exchange rate of 0.6574 US$ for every NZ$.

Borrowings are classified between current and non-current dependent on expected repayment dates. Borrowings are subject to various lending covenants. These have all been met for the years ended 31 March 2006 and 31 March 2005.

18. PROVISIONS	2006 $000	2005 $000
Balance at beginning of year	**148**	2,780
Additions	**83**	-
Used	**-**	(2,632)
Balance at end of year	**231**	148

Provisions include provisions for various commercial matters expected to be settled during the next two financial years but which could require settlement at any time.

19. COMMITMENTS

The following amounts have been committed to but not recognised in the financial statements.

	2006 $000	2005 $000
Capital expenditure commitments		
Estimated capital expenditure contracted for at balance date but not provided	**47,085**	46,660
Operating lease commitments		
Within one year	**1,889**	2,565
One to two years	**1,784**	2,410
Two to five years	**4,934**	7,089
Beyond five years	**1,117**	2,812
Total	**9,724**	14,876

The majority of the operating lease commitments relate to premises leases. Operating leases held over properties give the lessee the right to renew the lease.

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2006

20. FINANCIAL INSTRUMENTS

A comprehensive treasury policy approved by the board of directors is used to manage financial instruments risks. The policy outlines the objectives and approach that the Vector group will adopt in its treasury management processes. The policy covers, among other things, management of credit risk, interest rate risk, funding risk, liquidity risk, currency risk and operational risk.

Interest rate risk

Interest rate exposures are actively managed in accordance with treasury policy. In this respect, at least forty percent of all debt must be at fixed interest rates or effectively fixed using interest rate swaps, forward rate agreements, options and other derivative instruments.

The weighted average rates of borrowings are as follows.

	2006 Weighted average interest rate	2006 Face value $000	2005 Weighted average interest rate	2005 Face value $000
Bank loans	7.86%	200,367	7.22%	200,367
Working capital loan	7.45%	22,744	6.90%	25,046
Medium term notes - fixed rate NZ$	6.51%	166,211	6.50%	166,497
Medium term notes - floating rate A$	6.13%	475,053	5.92%	475,053
Capital bonds	8.25%	256,474	9.75%	256,474
Private placement senior notes	5.65%	349,236	5.65%	349,236
NZ floating rate notes	7.97%	377,046	-	-
Total		1,847,131		1,472,673

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2006

20. FINANCIAL INSTRUMENTS (continued)

The weighted average interest rates of interest rate swaps and cross currency swaps are as follows.

	2006 Weighted average interest rate	2006 Notional amount $000	2005 Weighted average interest rate	2005 Notional amount $000
Interest rate swaps floating to fixed				
Maturing in less than 1 year	**7.30%**	**57,612**	7.11%	87,452
Maturing between 1 and 2 years	**7.19%**	**215,468**	7.30%	104,109
Maturing between 2 and 5 years	**6.79%**	**194,728**	6.87%	291,506
Maturing after 5 years	**6.80%**	**230,447**	5.71%	33,315
		698,255		516,382
Interest rate swaps fixed to floating				
Maturing between 1 and 2 years	**6.50%**	**166,211**	-	-
Maturing between 2 and 5 years	**-**	**-**	6.50%	166,575
		166,211		166,575
Forward starting interest rate swaps				
Floating to fixed maturing between 2 and 5 years	**6.83%**	**77,628**	6.70%	166,575
Floating to fixed maturing after 5 years	**6.45%**	**119,030**	6.61%	116,602
		196,658		283,177
Cross currency swaps (pay leg) - floating	**8.13%**	**824,289**	7.56%	825,968
Cross currency swaps (receive leg) - floating	**5.93%**	**824,289**	5.81%	825,968

Bank loans, working capital loans, A$ medium term notes are based on floating rates. A portion of the bank loans are hedged through interest rate swaps which convert the floating rate into a fixed rate.

The A$ medium term notes are hedged through cross currency swaps (eliminating the foreign currency risk) and interest rate swaps (floating to fixed).

The NZ$ medium term notes are fixed interest rate notes. These notes are hedged by the interest rate swaps (fixed to floating).

Fixed interest rate bonds are at fixed interest rates. These notes are hedged by the interest rate swaps (fixed to floating).

The US$ privately placed senior notes are hedged through cross currency swaps (eliminating the foreign currency risk).

The forward starting interest rate swaps (fixed to floating) shall convert the fixed interest rate borrowings to floating rates.

NZ floating rate notes are hedged through interest rate swaps which convert the floating rate into a fixed rate.

The forward starting interest rate swaps (floating to fixed) are to hedge future forecasted floating rate debt.

FOREIGN EXCHANGE RISK

In this reporting period the group has conducted transactions in foreign currencies for the purpose of protecting the NZ$ value of capital expenditure.

At balance date the group has no significant exposure to foreign currency risk.

Vector Limited
Electricity Lines Business

Notes to the Financial Statements

For the year ended 31 March 2006

20. FINANCIAL INSTRUMENTS (continued)

CREDIT RISK

In the normal course of business, the Vector group is exposed to credit risks from energy retailers, financial institutions and trade debtors. The Vector group has credit policies, which are used to manage the exposure to credit risks.

As part of these policies, the Vector group can only have exposures to financial institutions having at least a credit rating of A+ long term from Standard & Poor's (or equivalent rating). In addition, limits on exposures to financial institutions have been set by the board of directors and are monitored on a regular basis. In this respect, the Vector group minimises its credit risk by spreading such exposures across a range of institutions. The Vector group does not anticipate non-performance by any of these financial institutions.

The Vector group has some concentration of credit exposures with a few large energy retailers and large energy customers. To minimise this risk, the Vector group performs credit evaluations on all energy retailers and large energy customers and requires a bond or other form of security where deemed necessary.

The Vector group places its cash deposits with a small number of banking institutions and limits the amount deposited with each institution.

The maximum exposure to credit risk is represented by the carrying value of each financial asset.

	Carrying amount 2006 $000	Carrying amount 2005 $000
Cash and bank overdraft	-	1,239
Trade receivables	53,948	50,580
Interest rate swaps	1,858	-
Cross currency swaps	1,774	2,054

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2006

20. FINANCIAL INSTRUMENTS (continued)

FAIR VALUES	2006 Carrying amount $000	2006 Fair value $000	2005 Carrying amount $000	2005 Fair value $000
Financial assets				
Cash and bank overdraft	-	-	1,239	1,239
Trade receivables	**53,948**	**53,948**	50,580	50,580
Financial liabilities				
Trade payables and other creditors	**62,323**	**62,323**	54,878	54,878
Bank loans	**201,885**	**201,885**	200,367	200,367
Working capital loan	**25,753**	**25,753**	25,046	25,046
Medium term notes - fixed rate NZ$	**165,836**	**170,702**	166,497	165,211
Medium term notes - floating rate A$	**481,392**	**457,319**	475,053	421,018
Capital bonds	**262,694**	**263,124**	256,474	274,753
Private placement senior notes	**350,095**	**380,146**	349,236	323,956
NZ floating rate notes	**382,399**	**382,399**	-	-
Financial derivative liabilities/(assets)				
Interest rate swaps	**(1,858)**	**8,370**	3,793	(55)
Cross currency swaps	**(1,774)**	**16,328**	(2,054)	88,873

The following methods and assumptions were used to estimate the carrying amount and fair value of each class of financial instrument where it is practical to estimate that value.

Trade receivables and payables, cash and short-term deposits, bank loans and working capital loans

The carrying amount of these items is equivalent to their fair value and includes the principal and interest accrued. Bank overdrafts are set-off against cash balances pursuant to right of set off. Trade receivables are net of doubtful debts provided.

Medium term notes

The fair value of NZ$ medium term notes is based on quoted market prices.

The carrying amount for the NZ$ medium term notes is based on face value less discount plus accruals.

The fair value of A$ medium term notes is based on quoted market prices.

The carrying amount for the A$ medium term notes includes the principal and interest accrued, converted at the contract rates.

Capital bonds

The fair value of capital bonds is based on quoted market prices.

The carrying amount includes the principal and interest accrued.

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2006

20. FINANCIAL INSTRUMENTS (continued)

Fair values (continued)

Private placement senior notes

The fair value of US$ privately placed senior notes is based on quoted market prices.

The carrying amount for the US$ privately placed senior notes includes the principal and interest accrued, converted at the contract rates.

NZ floating rate notes

The carrying amount of these notes is equivalent to their fair value and includes the principal and interest accrued.

Derivative instruments

The fair value of interest rate swaps, cross currency swaps, forward rate agreements, and other derivative instruments is estimated based on the quoted market prices for these instruments.

The carrying amount includes the fair value adjustments (net of amortisation) on derivative transactions acquired and interest accrued.

LIQUIDITY RISK

Liquidity risk is the risk that the Vector group may be difficulty in raising funds at short notice to meet financial commitments as they fall due. In order to reduce the exposure to liquidity risk, the Vector group has access to undrawn committed lines of credit.

21. CONTINGENT LIABILITIES

The directors are aware of claims against entities within the Vector group and, where appropriate, have recognised provisions for these within the financial statements. No other material contingencies requiring disclosure have been identified (2005: nil).

22. TRANSACTIONS WITH RELATED PARTIES

The electricity lines business has purchased vegetation management services of $8.5 million from Treescape Limited, which is an associate of Vector group.

The electricity lines business has purchased telecommunications services of $0.9 million from Vector Communications Limited.

Vector Limited
Electricity Lines Business

Financial Performance and Efficiency Measures
For the year ended 31 March 2006

SCHEDULE 1 – PART 3

		2006	2005	2004	2003
1	**Financial performance measures**				
a	Return on funds	**13.16%**	12.80%	13.30%	10.60%
b	Return on equity	**349.71%**	49.00%	77.90%	13.60%
c	Return on investment	**8.54%**	8.20%	[1]8.40%	11.20%
2	**Efficiency performance measures**				
a	Direct line cost per kilometre (including street lighting)	**$2,281.87**	$1,923.80	$1,488.56	$1,825.05
b	Direct line cost per kilometre (excluding street lighting)	**$2,949.28**	$2,492.50	$1,944.18	$2,024.11
c	Indirect line cost per consumer	**$79.28**	$90.99	$92.02	$118.95

[1] Revaluation arising from the recalibration of the ODV Handbook is excluded. Including the recalibration the ROI would be 21.9%, however, Vector considers this provides a misleading view of the return on investment for 2004 given the source of the change is a recalibration.

Vector Limited
Electricity Lines Business

Energy Delivery Efficiency Performance Measures and Statistics
For the year ended 31 March 2006

SCHEDULE 1 – PART 4

1. Energy delivery efficiency performance measures

		2006	2005	2004	2003
(a)	Load factor	**59.13%**	58.81%	59.81%	67.43%
(b)	Loss ratio	**4.91%**	4.65%	4.72%	4.55%
(c)	Capacity utilisation	**41.39%**	42.29%	40.42%	35.91%

2. Statistics

(a.1) System length including street lighting (in kilometres)

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
2006	**18,149.94**	**35.11**	**8,531.50**	**131.41**	**975.98**	**101.92**	**27,925.86**
2005	18,018.94	29.43	8,519.50	145.58	916.61	101.62	27,731.68
2004	18,000.06	33.79	8,405.33	130.92	969.00	101.55	27,640.65
[2]**2003**	10,526.31	65.39	6,182.68	126.36	673.28	83.07	17,657.09

(b.1) Total circuit length including street lighting (in kilometres) of overhead electric lines

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
2006	**7,996.43**	**26.12**	**4,483.04**	**2.91**	**487.48**	**27.67**	**13,023.65**
2005	7,665.82	26.17	4,503.87	3.21	439.61	27.68	12,666.36
2004	7,993.40	26.17	4,480.65	2.91	487.48	27.67	13,018.28
[2]**2003**	4,683.84	26.40	3,293.11	2.91	314.94	13.84	8,335.04

(c.1) Total circuit length including street lighting (in kilometres) of underground electric lines

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
2006	**10,153.51**	**8.99**	**4,048.46**	**128.50**	**488.50**	**74.25**	**14,902.21**
2005	10,353.12	3.26	4,015.63	142.37	477.00	73.94	15,065.32
2004	10,006.66	7.62	3,924.67	128.02	481.52	73.88	14,622.37
[2]**2003**	5,842.47	38.99	2,889.57	123.45	358.34	69.23	9,322.05

[2] The 2003 performance statistics have been calculated using a time-weighted average in accordance with the Electricity (Information Disclosure) Regulations 2000, Regulation 33. Vector Limited was combined with UnitedNetworks Limited in October 2002. One month (October 2002) includes the Eastern region of UnitedNetworks Limited as well as the Northern and Wellington regions. The final 5 months are for Vector Limited, plus the Northern and Wellington regions of UnitedNetworks Limited.

Vector Limited
Electricity Lines Business

Energy Delivery Efficiency Performance Measures and Statistics
For the year ended 31 March 2006

SCHEDULE 1 – PART 4

2. Statistics (continued)

(a.2) System length excluding street lighting (in kilometres)[3]

	400V	6.6kV	11kV	22kV	33kV	66kV	110kV	Total
2006	**11,747.75**	**67.43**	**8,638.40**	**144.90**	**917.31**	**0.00**	**90.63**	**21,606.42**
[4]**2005**	11,638.52	67.17	8,571.24	125.68	910.38	0.00	91.30	21,404.29
[4]**2004**	11,481.46	66.54	8,487.72	125.24	911.60	0.00	90.48	21,163.04
[2, 4]**2003**	8,783.03	66.45	6,213.92	126.37	640.64	12.53	77.69	15,920.63

(b.2) Total circuit length excluding street lighting (in kilometres) of overhead electric lines[3]

	400V	6.6kV	11kV	22kV	33kV	66kV	110kV	Total
2006	**5,371.28**	**25.92**	**4,486.26**	**7.44**	**436.35**	**0.00**	**25.74**	**10,352.99**
[4]**2005**	5,396.52	26.43	4,486.98	2.91	437.89	0.00	25.74	10,376.47
[4]**2004**	5,417.57	26.43	4,495.66	2.91	446.11	0.00	25.74	10,414.42
[2, 4]**2003**	3,957.49	26.43	3,303.91	2.91	291.69	12.53	12.86	7,607.82

(c.2) Total circuit length excluding street lighting (in kilometres) of underground electric lines[3]

	400V	6.6kV	11kV	22kV	33kV	66kV	110kV	Total
2006	**6,376.47**	**41.51**	**4,152.14**	**137.46**	**480.96**	**0.00**	**64.89**	**11,253.43**
[4]**2005**	6,242.00	40.74	4,084.26	122.77	472.49	0.00	65.56	11,027.82
[4]**2004**	6,063.89	40.11	3,992.06	122.33	465.49	0.00	64.74	10,748.62
[2, 4]**2003**	4,825.54	40.02	2,910.01	123.46	348.95	0.00	64.83	8,312.81

[2] The 2003 performance statistics have been calculated using a time-weighted average in accordance with the Electricity (Information Disclosure) Regulations 2000, Regulation 33. Vector Limited was combined with UnitedNetworks Limited in October 2002. One month (October 2002) includes the Eastern region of UnitedNetworks Limited as well as the Northern and Wellington regions. The final 5 months are for Vector Limited, plus the Northern and Wellington regions of UnitedNetworks Limited.
[3] Lengths as per energised voltage
[4] Recalculated lengths for year 2005, 2004, 2003.

Vector Limited
Electricity Lines Business

Energy Delivery Efficiency Performance Measures and Statistics (continued)
For the year ended 31 March 2006

SCHEDULE 1 – PART 4 (continued)

2. Statistics (continued)

		2006	2005	2004	2003[2]
(d)	Transformer capacity (MVA)	**5,046.67**	4,930.04	4,843.25	3,685.28
(e)	Maximum demand (kW)	**2,088,862**	2,085,090	1,957,774	1,323,472
(f)	Total electricity entering system (before losses of electricity), in kilowatt hours	**10,820,021,932**	10,742,433,048	10,257,438,450	7,818,016,002
(g)	The total amount of electricity (in kilowatt hours) supplied from the system (after losses of electricity) during the financial year on behalf of each person that is an electricity generator or an electricity retailer, or both	**10,289,040,526**	10,243,037,361	9,773,773,861	7,462,630,726
	Company A	**3,441,561,038**	3,307,258,372	2,850,340,301	2,619,377,061
	Company B	-	-	-	-
	Company C	-	-	-	52,194,205
	Company D	**1,905,575,365**	2,053,761,415	2,220,527,842	1,434,854,901
	Company E	**3,308,788,718**	3,406,723,668	3,101,604,795	1,808,784,932
	Company F	**941,139,488**	858,163,539	891,429,437	580,017,136
	Company G	-	-	-	-
	Company H	-	-	-	-
	Company I	-	-	-	-
	Company J	**671,690,116**	614,060,342	690,358,384	837,754,095
	Company K	-	-	-	-
	Company L	-	-	-	-
	Company M	-	-	-	7,274,558
	Company N	**20,285,801**	3,070,025	19,513,102	54,277,785
	Company O	-	-	-	32,339,274
	Company P	-	-	-	14,010,704
	Company Q	-	-	-	464,486
	Company R	-	-	-	1,921,774
	Company S	-	-	-	1,418,731
	Company T	-	-	-	17,941,084
(h)	Total consumers	**660,347**	651,000	644,000	467,248

[2] The 2003 performance statistics have been calculated using a time-weighted average in accordance with the Electricity (Information Disclosure) Regulations 2000, Regulation 33. Vector Limited was combined with UnitedNetworks Limited in October 2002. One month (October 2002) includes the Eastern region of UnitedNetworks Limited as well as the Northern and Wellington regions. The final 5 months are for Vector Limited, plus the Northern and Wellington regions of UnitedNetworks Limited.

Vector Limited
Electricity Lines Business

Reliability Performance Measures to be Disclosed by Disclosing Entities (Other than Transpower)

For the year ended 31 March 2006

SCHEDULE 1 – PART 5

1. **Interruptions**

	2006	2005	2004	2003[2]
Total number of interruptions according to class				
Class A	**1**	-	1	1
Class B	**532**	416	610	329
Class C	**1,400**	1,131	1,333	896
Class D	**7**	7	7	6
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-
Total interruptions	**1,940**	1,554	1,951	1,232

2. **Interruption targets**

	2007
(a) Planned (class B)	**550**
(b) Unplanned (class C)	**1,400**

3. **Average interruption targets**

	2007-2011
(a) Planned (class B)	**550**
(b) Unplanned (class C)	**1,400**

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

	2006
(a) 3 hours	**29.7%**
(b) 24 hours	**0.1%**

[2] The 2003 performance statistics have been calculated using a time-weighted average in accordance with the Electricity (Information Disclosure) Regulations 2000, Regulation 33. Vector Limited was combined with UnitedNetworks Limited in October 2002. One month (October 2002) includes the Eastern region of UnitedNetworks Limited as well as the Northern and Wellington regions. The final 5 months are for Vector Limited, plus the Northern and Wellington regions of UnitedNetworks Limited.

Vector Limited
Electricity Lines Business

Reliability Performance Measures to be Disclosed by Disclosing Entities (Other Than Transpower) (continued)
For the year ended 31 March 2006

SCHEDULE 1 – PART 5 (continued)

5. Faults per 100 circuit kilometres of prescribed voltage electric line

		2006	2005	2004	[2]2003
(a)	The total number of faults[5]	**15.22**	12.56	14.91	12.55

		2007
(b)	The total number of targeted faults	13.27

		2007-2011
(c)	The average total number of faults	10.81

(d) Breakdown of (a) to (c) according to line voltage

		6.6kV	11kV	22kV	33kV	110kV	Total
(a)	**[5]2006**	**10.38**	**15.96**	**2.07**	**11.99**	**1.10**	**15.22**
(b)	**2007**	5.70	14.42	3.64	7.64	0.98	13.27
(c)	**2007-2011**	-	12.23	3.18	6.62	0.98	10.81

6. Number of faults per 100 circuit kilometres of underground prescribed voltage electric line[5]

	6.6kV	11kV	22kV	33kV	110kV	Total
2006	**7.23**	**7.18**	**1.45**	**5.20**	**-**	**6.73**
2005	-	4.04	4.07	1.06	-	3.66
2004	-	6.46	4.09	5.59	7.72	6.28
[2]2003	-	6.46	5.67	0.57	1.54	5.68

7. Number of faults per 100 circuit kilometres of overhead prescribed voltage electric line[5]

	6.6kV	11kV	22kV	33kV	110kV	Total
2006	**15.43**	**24.10**	**13.44**	**19.48**	**3.89**	**23.53**
2005	-	21.37	-	20.10	19.43	21.12
2004	-	23.18	-	23.54	11.66	23.01
[2]2003	15.13	20.22	-	8.57	7.78	19.12

[2] The 2003 performance statistics have been calculated using a time-weighted average in accordance with the Electricity (Information Disclosure) Regulations 2000, Regulation 33. Vector Limited was combined with UnitedNetworks Limited in October 2002. One month (October 2002) includes the Eastern region of UnitedNetworks Limited as well as the Northern and Wellington regions. The final 5 months are for Vector Limited, plus the Northern and Wellington regions of UnitedNetworks Limited.
[5] Figures calculated using tables 2(a.2, b.2, c.2)

Vector Limited
Electricity Lines Business

Reliability Performance Measures to be Disclosed by Disclosing Entities (Other Than Transpower) (continued)

For the year ended 31 March 2006

SCHEDULE 1 – PART 5 (continued)

SAIDI

8. The SAIDI for the total number of interruptions

	2006	2005	2004	[2]2003
	119.81	83.09	107.94	79.72

9. SAIDI targets for the following financial year

	2007
(a) Planned (class B)	4.27
(b) Unplanned (class C)	81.18

10. Average SAIDI targets

	2007-2011
(a) Planned (class B)	4.27
(b) Unplanned (class C)	81.18

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

	2006	2005	2004	[2]2003
Class A	-	-	-	-
Class B	**4.70**	3.70	9.16	7.19
Class C	**112.57**	78.21	94.29	72.21
Class D	**2.54**	1.18	4.50	0.32
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-

[2] The 2003 performance statistics have been calculated using a time-weighted average in accordance with the Electricity (Information Disclosure) Regulations 2000, Regulation 33. Vector Limited was combined with UnitedNetworks Limited in October 2002. One month (October 2002) includes the Eastern region of UnitedNetworks Limited as well as the Northern and Wellington regions. The final 5 months are for Vector Limited, plus the Northern and Wellington regions of UnitedNetworks Limited.

Vector Limited
Electricity Lines Business

Reliability Performance Measures To Be Disclosed By Disclosing Entities (Other Than Transpower) (continued)

For the year ended 31 March 2006

SCHEDULE 1 – PART 5 (continued)

SAIFI

12. The SAIFI for the total number of interruptions

	2006	2005	2004	[2]2003
	1.67	1.25	1.54	1.32

13. SAIFI targets for the following financial year

	2007
(a) Planned (class B)	0.03
(b) Unplanned (class C)	1.28

14. Average SAIFI targets

	2007-2011
(a) Planned (class B)	0.03
(b) Unplanned (class C)	1.28

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

	2006	2005	2004	[2]2003
Class A	-	-	-	-
Class B	**0.03**	0.02	0.05	0.04
Class C	**1.47**	1.12	1.38	1.28
Class D	**0.17**	0.11	0.11	0.02
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-

[2] The 2003 performance statistics have been calculated using a time-weighted average in accordance with the Electricity (Information Disclosure) Regulations 2000, Regulation 33. Vector Limited was combined with UnitedNetworks Limited in October 2002. One month (October 2002) includes the Eastern region of UnitedNetworks Limited as well as the Northern and Wellington regions. The final 5 months are for Vector Limited, plus the Northern and Wellington regions of UnitedNetworks Limited.

Vector Limited
Electricity Lines Business

Reliability Performance Measures to be Disclosed by Disclosing Entities (Other Than Transpower) (continued)

For the year ended 31 March 2006

SCHEDULE 1 – PART 5 (continued)

CAIDI

16. The CAIDI for the total of all interruptions

	2006	2005	2004	2003
	71.55	66.62	70.05	60.61

17. CAIDI targets for the following financial year

	2007
(a) Planned (class B)	142.33
(b) Unplanned (class C)	63.42

18. Average CAIDI targets

	2007-2011
(a) Planned (class B)	142.33
(b) Unplanned (class C)	63.42

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

	2006	2005	2004	2003
Class A	**273.00**	-	439.00	75.00
Class B	**150.83**	164.25	174.18	186.75
Class C	**76.47**	70.05	68.40	56.55
Class D	**15.03**	10.88	40.93	13.19
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-

Description of interruption classes as per The Electricity Information Disclosure Requirements 2004

Class A	Planned interruption by Transpower
Class B	Planned interruption by the principal
Class C	An unplanned interruption originating within the principal disclosing entity, where those works are used for carrying out lines business activities
Class D	An unplanned interruption originating within the works of Transpower, where those works are used for carrying out line business activities
Class E	An unplanned interruption origination within works used, by the principal disclosing entity, for the generation of electricity
Class F	An unplanned interruption originating within works used, by persons other than the principal disclosing entity, for the generation of electricity
Class G	An unplanned interruption caused by another disclosing entity
Class H	A planned interruption caused by another disclosing entity
Class I	An interruption not referred to in classes A to H

Vector Limited
Electricity Lines Business

Form for the Derivation of Financial Performance Measures from Financial Statements
For the year ended 31 March 2006

SCHEDULE 1 - PART 7

Derivation Table	Input and Calculation	Symbol in formula	ROF		ROE		ROI	
Operating surplus before interest and income tax from financial statements	227,866							
Operating surplus before interest and income tax adjusted pursuant to requirement 18 (OSBIIT)	227,866							
Interest on cash, bank balances, and short-term investments (ISTI)	94							
OSBIIT minus ISTI	227,772	a		227,772				227,772
Net surplus after tax from financial statements	53,769							
Net surplus after tax adjusted pursuant to requirement 18 (NSAT)	53,769	n				53,769		
Amortisation of goodwill and amortisation of other intangibles	30,244	g	add	30,244	add	30,244	add	30,244
Subvention payment	-	s	add	-	add	-	add	-
Depreciation of SFA at BV (x)	60,165							
Depreciation of SFA at ODV (y)	61,398							
ODV depreciation adjustment	(1,233)	d	add	(1,233)	add	(1,233)	add	(1,233)
Subvention payment tax adjustment	-	s*t			deduct	-	deduct	-
Interest tax shield	42,064	q					deduct	42,064
Revaluations	-	r						
Income tax	48,153	p					deduct	48,153
Numerator				256,783 $OSBIIT^{ADJ} = a + g + s + d$		82,780 $NSAT^{ADJ} = n + g + s - s^{*}t + d$		166,566 $OSBIIT^{ADJ} = a + g - q + r + s + d - p - s^{*}t$
Fixed assets at end of previous financial year (FA_0)	2,000,913							
Fixed assets at end of current financial year (FA_1)	2,535,630							
Adjusted net working capital at end of previous financial year ($ANWC_0$)	(23,261)							
Adjusted net working capital at end of current financial year ($ANWC_1$)	(28,796)							
Average total funds employed (ATFE)	2,242,243 (or requirement 32 time-weighted average)	c		2,242,243				2,242,243
Total equity at end of previous financial year (TE_0)	781,982							
Total equity at end of current financial year (TE_1)	879,688							
Average total equity	830,835 (or requirement 32 time-weighted average)	k				830,835		
WUC at end of previous financial year (WUC_0)	70,415							
WUC at end of current financial year (WUC_1)	69,730							
Average total works under construction	70,073 (or requirement 32 time-weighted average)	e	deduct	70,073	deduct	70,073	deduct	70,073
Revaluations	-	r						
Half of Revaluations	-	r/2					deduct	-
Intangible assets at end of previous financial year (IA_0)	531,890							
Intangible assets at end of current financial year (IA_1)	499,470							
Average total intangible asset	515,680 (or requirement 32 time-weighted average)	m			deduct	515,680		
Subvention payment at end of previous financial year (S_0)	-							
Subvention payment at end of current financial year (S_1)	-							
Subvention payment tax adjustment at end of previous financial year	-							
Subvention payment tax adjustment at end of current financial year	-							
Average subvention payment & related tax adjustment	-	v			add	-		
System fixed assets at end of previous financial year as book value (SFA_{bv0})	1,901,031							
System fixed assets at end of current financial year as book value (SFA_{bv1})	2,442,361							
Average value of system fixed assets at book value	2,171,696 (or requirement 32 time-weighted average)	f	deduct	2,171,696	deduct	2,171,696	deduct	2,171,696
System fixed assets at year beginning at ODV value (SFA_{odv0})	1,915,102							
System fixed assets at end of current financial year at ODV value (SFA_{odv1})	1,985,468							
Average value of system fixed assets at ODV value	1,950,285 (or requirement 32 time-weighted average)	h	add	1,950,285	add	1,950,285	add	1,950,285
Denominator				1,950,759 $ATFE^{ADJ} = c - e - f + h$		23,671 $Ave\ TE^{ADJ} = k - e - m + v - f + h$		1,950,759 $ATFE^{ADJ} = c - e - \frac{1}{2}r - f + h$
Financial Performance Measure:				13.2 $ROF = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$		349.7 $ROE = NSAT^{ADJ}/ATE^{ADJ} \times 100$		8.5 $ROI = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$

t = maximum statutory income tax rate applying to corporate entities bv = book value ave = average odv = optimised deprival valuation subscript '0' = end of the previous financial year

Vector Limited
Electricity Lines Business

Annual Valuation Reconciliation Report

For the year ended 31 March 2006

SCHEDULE 1 – PART 8

	2006 $000	2005 $000
System fixed assets at ODV - end of the previous financial year	**1,915,102**	1,858,398
Add system fixed assets acquired during the year at ODV	**139,396**	116,374
Less system fixed assets disposed of during the year at ODV	**(7,632)**	(234)
Less depreciation on system fixed assets at ODV	**(61,398)**	(59,436)
Add revaluations of system fixed assets	**-**	-
Total	**1,985,468**	1,915,102

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