SUPPLEMENT TO

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VECTOR LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

Vector

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

We, MICHAEL STIASSNY and BRIAN PLIMMER, 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 2005.

Signature of Directors: ______________________

____

Date: 19 AUG 05

KPMG

Auditors Report

To the readers of the financial statements of Vector Limited – Electricity Lines Business

We have audited the accompanying Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cash Flows, Statement of Accounting Policies and Notes 1 to 27 to the Financial Statements of Vector Limited – Electricity Lines Business. The financial statements provide information about the past financial performance of Vector Limited – Electricity Lines Business and its financial position as at 31 March 2005. This information is stated in accordance with the accounting policies set out in the Statement of Accounting Policies.

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 Limited – Electricity Lines Business as at 31 March 2005, and 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 financial statements presented by the Directors and report our opinion to you.

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

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

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

Our firm has also provided other services to the company in relation to taxation and other audit related services. KPMG Transaction Services Limited, a related company, has performed financial advisory services for the company. Partners and employees of our firm may also deal

KPMG

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.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been maintained by Vector Limited – Electricity Lines Business as far as appears from our examination of those records; and
- the financial statements referred to above-
  - comply with generally accepted accounting practice; and
  - give a true and fair view of the financial position of Vector Limited – Electricity Lines Business as at 31 March 2005 and the results of its operations and cash flows for the year then ended; and
  - comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 19 August 2005 and our opinion is expressed as at that date.

KPMG

KPMG

18 Viaduct Harbour Avenue
Auckland

KPMG

Auditors Opinion of Performance Measures

Vector Limited – Electricity Lines Business

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 Limited – Electricity Lines Business and dated 19 August 2005 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

KPMG

18 Viaduct Harbour Avenue
Auckland

19 August 2005

Vector Limited
Electricity Lines Business

Statement of Financial Performance
For the year ended 31 March 2005

	Note	2005 $000	2004 $000
Operating revenue	2	**558,648**	529,382
Operating expenditure	3	**(342,884)**	(327,574)
Operating surplus before interest and income tax		**215,764**	201,808
Interest expense	4	**(111,830)**	(108,034)
Operating surplus before income tax		**103,934**	93,774
Income tax expense	5	**(50,230)**	(49,143)
Net surplus after tax		**53,704**	44,631

Statement of Movements in Equity
For the year ended 31 March 2005

	Note	2005 $000	2004 $000
Net surplus after tax		**53,704**	44,631
Movement in asset revaluation reserve	10	**(3,525)**	-
Total recognised revenues and expenses		**50,179**	44,631
Adjustment to notional share capital	9	**-**	(167,000)
Distribution to owners – dividends	8	**(49,100)**	(32,200)
Movements in equity for the year		**1,079**	(154,569)
Equity at beginning of year		**780,903**	935,472
Equity at end of year		**781,982**	780,903

Vector Limited
Electricity Lines Business

Statement of Financial Position
As at 31 March 2005

	Note	2005 $000	2004 $000
Current assets			
Cash and bank balances		**1,239**	-
Short-term investments	**12**	**-**	8,220
Inventories		**-**	-
Accounts receivable	**14**	**52,972**	52,596
Other current assets	**13**	**2,074**	6,984
Total current assets		**56,285**	67,800
Non-current assets			
Total fixed assets (property, plant and equipment)	**15**	**2,000,913**	1,975,837
Other tangible assets	**13**	**5,767**	9,933
Total non-current assets		**2,006,680**	1,985,770
Total tangible assets		**2,062,965**	2,053,570
Intangible assets			
Goodwill	**16**	**531,890**	553,798
Other intangible assets		**-**	-
Total intangible assets		**531,890**	553,798
Total assets		**2,594,855**	2,607,368

Vector Limited
Electricity Lines Business

Statement of Financial Position (continued)
As at 31 March 2005

	Note	2005 $000	2004 $000
Current liabilities			
Bank overdraft		-	-
Short-term borrowings	19	25,046	44,883
Payables and accruals	17	76,233	68,014
Provision for dividends payable		-	-
Provision for income tax	6	31,958	25,130
Other current liabilities	18	1,422	1,957
Total current liabilities		134,659	139,984
Non-current liabilities			
Payables and accruals		-	-
Borrowings	19	1,447,627	1,478,060
Deferred tax	7	229,511	205,923
Other non-current liabilities	18	1,076	2,498
Total non-current liabilities		1,678,214	1,686,481
Total liabilities		1,812,873	1,826,465
Equity			
Share capital (notional)	9	133,000	133,000
Retained earnings	11	104,100	99,496
Reserves (asset revaluation)	10	544,882	548,407
Total shareholders' equity		781,982	780,903
Minority interests in subsidiaries		-	-
Total equity		781,982	780,903
Capital notes		-	-
Total capital funds		781,982	780,903
Total equity and liabilities		2,594,855	2,607,368

Vector Limited
Electricity Lines Business

Statement of Cash Flows
For the year ended 31 March 2005

	Note	2005 $000	2004 $000
Operating activities			
Cash provided from:			
Receipts from customers		**541,874**	512,294
Interest received on deposits		**1,254**	411
Income tax refund received		**-**	1,382
		543,128	514,087
Cash applied to:			
Payments to suppliers and employees		**(230,751)**	(206,469)
Income tax paid		**(19,814)**	(11,200)
Interest paid		**(112,211)**	(107,383)
		(362,776)	(325,052)
Net cash from operating activities		**180,352**	189,035
Investing activities			
Cash provided from:			
Proceeds from sale of property held for resale		**9,525**	-
Proceeds from sale of property, plant and equipment		**101**	250
Refund of security deposits		**237**	-
		9,863	250
Cash applied to:			
Purchase and construction of property, plant and equipment		**(86,997)**	(96,871)
		(86,997)	(96,871)
Net cash used in investing activities		**(77,134)**	(96,621)
Financing activities			
Cash provided from/(applied to):			
Net loan facilities*		**(50,270)**	105,900
Adjustment to notional share capital		**-**	(167,000)
Increase in capitalised finance costs		**(2,609)**	-
Dividends paid	8	**(49,100)**	(32,200)
Net cash used in financing activities		**(101,979)**	(93,300)
Net increase/(decrease) in cash balances		**1,239**	(886)
Cash balances at beginning of the year		**-**	886
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 2005

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

	2005 $000	2004 $000
Net surplus after tax	**53,704**	44,631
Non-cash items		
Depreciation and amortisation	**92,759**	95,991
Amortisation of the mark to market adjustment	**(1,957)**	(2,623)
Amortisation of capitalised finance costs	**3,270**	5,750
Increase in deferred tax	**23,588**	23,662
	117,660	122,780
Items classified as investing and financing activities		
Net loss on sale of property, plant and equipment	**4,626**	2,519
Gain on sale of property held for resale	**(1,143)**	-
Capitalised costs	**(2,033)**	(1,817)
Other	**-**	(558)
	1,450	144
Movement in working capital		
Increase in payables and accruals	**1,323**	980
(Increase)/decrease in accounts receivable	**(613)**	6,597
Increase in provision for income tax	**6,828**	13,903
	7,538	21,480
Net cash from operating activities	**180,352**	189,035

Vector Limited
Electricity Lines Business

Statement of Accounting Policies
For the year ended 31 March 2005

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 2005 of the electricity lines business activity of Vector Limited and are Special Purpose Financial Reports as defined in the 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 2004.

Statutory base

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

Measurement base

The financial 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.

The avoidable cost allocation methodology (ACAM) used for allocating revenues, costs, assets and liabilities between "lines" and "other" activities is in accordance with the Electricity Information Disclosure Handbook 31 March 2004.

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 statements has been made during the period, comparative figures have been restated accordingly.

b) Acquisitions and disposals of an entity or business

Acquisition or disposal during the year

Where an entity or business becomes or ceases to be a part of the Vector group during the year, the results of the entity or business are included in the consolidated results from the date that control or significant influence commenced or until the date that control or significant influence ceased. When an entity or business 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 Vector group. Where an entity or business that is part of the Vector 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 entity or the assets and liabilities of the business.

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 of a subsidiary 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.

Vector Limited
Electricity Lines Business

Statement of Accounting Policies (continued)
For the year ended 31 March 2005

c) Income recognition

Income from the provision of electricity lines network services is recognised as services are delivered. Interest 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 the accounts receivable and accounts payable, 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 tax 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.

g) Investments

Non-current investments are stated at cost.

h) 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.

i) 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

Vector Limited
Electricity Lines Business

Statement of Accounting Policies (continued)
For the year ended 31 March 2005

j) Leased property, plant and equipment

Finance leases

Property, plant and equipment under finance leases are recognised as non-current assets in the statement of financial position. Leased property, plant and equipment are recognised initially at the lower of the present value of the minimum lease payments or their fair value. A corresponding liability is established and each lease payment allocated between the liability and the interest expense. Leased property, plant and equipment are depreciated on the same basis as equivalent owned property, plant and equipment.

Operating leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased property, plant and equipment, are included in the determination of the net surplus or deficit 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.

k) Provisions

Employee entitlements

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

Onerous contracts

Where the benefits expected to be derived from a contract are lower than the unavoidable costs of meeting the obligation under the contract, a provision is recognised. The provision is stated at the present value of the future net cash outflows expected to be incurred in respect of the contract. The provision is expensed to the statement of financial performance as the services under the contract are delivered.

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.

l) 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.

Vector Limited
Electricity Lines Business

Statement of Accounting Policies (continued)
For the year ended 31 March 2005

m) 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.

n) 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

With effect from 1 July 2004, the board of directors elected to change the accounting policy applied to fees and other costs incurred in raising debt finance directly attributable to the acquisition of subsidiary companies. As allowed by NZ GAAP, such fees and other costs are now recognised as part of the cost of acquisition within goodwill at the date of acquisition of the subsidiary and amortised over a period up to a maximum of 20 years. This change is necessary to give a true and fair view of the period over which benefits are expected to be derived from these debt raising costs which may exceed the term of the debt facilities themselves.

The effect of this change in accounting policy for the nine months ended 31 March 2005 has been to increase intangible assets by $8.1 million and decrease capitalised finance costs by $3.6 million in the statement of financial position, and to decrease net interest expense by $4.8 million and increase amortisation of goodwill by $0.3 million in the statement of financial performance.

The cumulative impact, after adjusting for the consequent increase in tax expense of $1.5 million, is a $3.0 million increase in net surplus for the period.

With the exception of the above, all policies have been applied on a basis consistent with those used in the prior year.

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2005

1. SEGMENT INFORMATION

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

2. OPERATING REVENUE	2005 $000	2004 $000
Revenue from line/access charges	**515,028**	476,952
Revenue from "other" business for services carried out by the line business (transfer payment)	**-**	-
Interest on cash, bank balances and short-term investments	**1,254**	411
AC loss-rental rebates	**9,856**	14,307
Gain on sale of property, plant and equipment	**1,192**	247
Other operating revenue	**31,318**	37,465
Total operating revenue	**558,648**	529,382

3. OPERATING EXPENDITURE	2005 $000	2004 $000
Depreciation		
System fixed assets	**58,011**	60,257
Other assets	**4,428**	5,759
Total depreciation	**62,439**	66,016
Amortisation		
Goodwill	**30,320**	29,975
Other intangibles	**-**	-
Total amortisation of intangibles	**30,320**	29,975
Expense to entities that are not related parties		
Asset maintenance	**53,350**	41,145
Consumer disconnection/reconnection services	**-**	-
Meter data	**4**	4
Consumer-based load control services	**-**	-
Royalty and patent expense	**-**	-
Total of specified expenses to non-related parties	**53,354**	41,149
Cost of offering credit		
Bad debts written off	**557**	52
Increase/(decrease) in estimated doubtful debts	**(1,158)**	538
Total cost of offering credit	**(601)**	590

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2005

3. OPERATING EXPENDITURE (CONTINUED)	2005 $000	2004 $000
Auditors' fees		
Audit fees paid to principal auditors - KPMG	**354**	217
Audit fees paid to other auditors	-	-
Fees paid for other services provided by principal and other auditors	**257**	394
Total auditors' fees	**611**	611
Payment for transmission charges	**127,684**	116,869
Employee salaries, wages and redundancies	**22,366**	19,018
Consumer billing and information system expense	**2,132**	3,288
Loss on sale of property, plant and equipment	**4,675**	2,766
Corporate and administration	**8,279**	8,812
Human resource expenses	**1,897**	1,843
Marketing / advertising	**3,892**	3,550
Merger and acquisition expenses	-	-
Takeover defence expenses	-	-
Research and development expenses	-	-
Consultancy and legal expenses	**4,479**	5,492
Donations	-	10
Directors' fees	**628**	423
Local authority rates expense	**4,696**	4,640
AC loss – rental rebates (distribution to retailers/customers) expense	**9,856**	14,307
Rebates to consumers due to ownership interest	-	-
Subvention payments	-	-
Unusual expenses	-	-
Rental expense on operating leases	**1,736**	1,654
Other expenditure	**4,441**	6,561
Total operating expenditure	**342,884**	327,574

Transfer payments to the "other" business	2005 $000	2004 $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 2005

4. INTEREST EXPENSE	2005 $000	2004 $000
Interest expense		
Interest expense on borrowings	**111,830**	108,034
Financing charges related to finance leases	-	-
Other interest expense	-	-
Total interest expense	**111,830**	108,034

5. INCOME TAX	Note	2005 $000	2004 $000
Operating surplus before income tax		**103,934**	93,774
Prima facie tax at 33%		**34,298**	30,945
Plus/(less) tax effect of permanent differences:			
Prior period adjustment		-	(1,463)
Other permanent differences		**15,932**	19,661
Income tax expense		**50,230**	49,143
The income tax expense is represented by:			
Current tax		**26,642**	25,481
Deferred tax	7	**23,588**	23,662
Total		**50,230**	49,143

6. INCOME TAX	2005 $000	2004 $000
Balance at beginning of year	**25,130**	11,227
Tax paid	**(19,814)**	(11,200)
On net surplus for the year	**26,642**	25,481
Loss offset benefit	-	(378)
Balance at end of year	**31,958**	25,130

7. DEFERRED TAX	Note	2005 $000	2004 $000
Balance at beginning of year		**205,923**	182,261
Prior period adjustment		-	(325)
On net surplus for the year	5	**23,588**	23,987
Balance at end of year		**229,511**	205,923

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2005

8. DIVIDENDS

The 2004 final dividend of $49.1 million was paid in August 2004. A 2005 final dividend of $53.6 million was recommended by the Directors of Vector Limited and paid on 10 August 2005 but has not been provided for in these financial statements.

9. SHARE CAPITAL (NOTIONAL)

	2005 $000	2004 $000
Balance at beginning of year	**133,000**	300,000
Adjustment to share capital (notional)	**-**	(167,000)
Balance at end of year	**133,000**	133,000

10. RESERVES

	2005 $000	2004 $000
Asset revaluation		
Balance at beginning of year	**548,407**	548,407
Reversal of revaluation of property, plant and equipment	**(3,525)**	-
Balance at end of year	**544,882**	548,407

11. RETAINED EARNINGS

	Note	2005 $000	2004 $000
Balance at beginning of year		**99,496**	87,065
Net surplus after tax for the year		**53,704**	44,631
Net surplus attributable to the electricity lines business		**153,200**	131,696
Dividends	8	**(49,100)**	(32,200)
Balance at end of year		**104,100**	99,496

12. SHORT-TERM INVESTMENTS

	2005 $000	2004 $000
Surplus property held for sale	**-**	8,220
Balance at end of year	**-**	8,220

The surplus property was sold for $9.5 million (before selling costs) in April 2004.

13. OTHER ASSETS

	2005 $000	2004 $000
Capitalised finance costs		
Current	**2,074**	6,984
Non-current	**5,767**	9,933
Total	**7,841**	16,917

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2005

14. ACCOUNTS RECEIVABLE	2005 $000	2004 $000
Trade receivables	**51,182**	52,167
Provision for doubtful debts	**(602)**	(1,760)
	50,580	50,407
Other receivables	**2,392**	2,189
Total	**52,972**	52,596

15. PROPERTY, PLANT AND EQUIPMENT 31 March 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**

31 March 2004	Cost/ Valuation $000	Accumulated Depreciation $000	Net Book Value $000
System fixed assets			
Distribution systems	1,850,952	(58,159)	1,792,793
Distribution land	40,015	-	40,015
Distribution buildings	29,308	(1,583)	27,725
Total system fixed assets	1,920,275	(59,742)	1,860,533
Consumer billing and information system assets	59,155	(29,197)	29,958
Motor vehicles	126	(99)	27
Office equipment	-	-	-
Land	1,487	-	1,487
Buildings	34	(14)	20
Leasehold improvements	2,565	(1,303)	1,262
Capital works under construction	81,806	-	81,806
Other fixed assets	1,680	(936)	744
Total	2,067,128	(91,291)	1,975,837

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2005

15. 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 $2.0 million (2004: $1.8 million) of interest and other costs were capitalised.

The system fixed assets were revalued to $1,872 million as at 31 March 2003. Subsequent additions are stated at cost. The basis of valuation was depreciated replacement cost. This valuation was undertaken in conjunction with Meritec Limited consulting engineers.

16. GOODWILL	2005 $000	2004 $000
Balance at beginning of year	**553,798**	586,974
Acquired in the year	**-**	(3,201)
Arising on change of accounting policy	**8,412**	-
Amortisation in the financial year	**(30,320)**	(29,975)
Balance at end of year	**531,890**	553,798

Goodwill is amortised over a period up to 20 years in accordance with the Vector group's accounting policy.

17. PAYABLES AND ACCRUALS	Note	2005 $000	2004 $000
Current			
Trade payables and other creditors		**54,878**	43,612
Provisions	**20**	**148**	2,780
Interest payable		**19,315**	19,696
Employee entitlements		**1,892**	1,926
Total		**76,233**	68,014

18. OTHER LIABILITIES	2005 $000	2004 $000
Mark to market adjustment		
Current	**1,422**	1,957
Non-current	**1,076**	2,498
Total	**2,498**	4,455

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2005

19. BORROWINGS

As at 31 March 2005	Weighted average interest rates	Total $000	Repayable within 1 year $000	Repayable between 1 and 2 years $000	Repayable between 2 and 5 years $000	Repayable after 5 years $000
Bank loans	7.22%	200,367	-	-	200,367	-
Working capital loans	6.90%	25,046	25,046	-	-	-
Medium term notes – fixed rate NZ$	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

As at 31 March 2004	Weighted average interest rates	Total $000	Repayable within 1 year $000	Repayable between 1 and 2 years $000	Repayable between 2 and 5 years $000	Repayable after 5 years $000
Bank loans	6.00%	567,387	-	567,387	-	-
Working capital loan	5.62%	44,883	44,883	-	-	-
Medium term notes – fixed rate NZ$	6.50%	168,647	-	-	168,647	-
Medium term notes – floating rate A$	6.02%	481,871	-	-	270,159	211,712
Capital bonds	9.75%	260,155	-	-	260,155	-
		1,522,943	44,883	567,387	698,961	211,712

Interest rates for all bank loans are floating based on the bank bill rate plus a margin. The bank loans are arranged through various facility agreements.

Facilities with a total committed amount of $600 million will expire in October 2008.

The working capital facility with total commitment of $70 million which is due to expire in October 2005.

Medium term notes - fixed rate NZ$ mature April 2007 and are shown at the value of proceeds received after deducting the discount on issue ($1.4 million) and adjusted for the amount amortised to 31 March 2005 of ($0.9 million).

The interest on NZ$ medium term notes is fixed at 6.5% per annum and is paid semi-annually.

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 unsecured, subordinated debt and have a first election date of 15 December 2006. The interest as at 31 March 2005 is fixed at 9.75% per annum and is paid semi-annually. Upon the quotation of Vector Limited's shares on the New Zealand Stock Exchange and the issue of at least 24.9% of the total share capital of Vector Limited to persons other than the AECT, the interest rate on the capital bonds will be reset to 8.25% per annum.

Vector Limited privately placed senior notes worth US$15 million, US$65 million and US$195 million for 8, 12 and 15 years respectively with US investors in September 2004 at a contract exchange rate of 0.6574 US$ for every NZ$.

Borrowings are classified between current and non-current dependent on repayment dates.

Borrowings are subject to various covenants. These have all been met for the years ended 31 March 2005 and 31 March 2004.

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2005

20. PROVISIONS	2005 $000	2004 $000
Balance at beginning of year	**2,780**	513
Additions	**-**	3,359
Used	**(2,632)**	(1,092)
Balance at end of year	**148**	2,780

The amounts used in 2005 all related to matters provided for in prior periods.

The balance includes provisions for various commercial matters.

21. COMMITMENTS

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

	2005 $000	2004 $000
Capital expenditure commitments		
Estimated capital expenditure contracted for at balance date but not provided	**46,660**	17,086
Operating lease commitments		
Within one year	**2,565**	1,995
One to two years	**2,410**	1,879
Two to five years	**7,089**	5,198
Beyond five years	**2,812**	2,019
Total commitments	**14,876**	11,091

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.

22. CAPITAL BONDS

On 5 November 2002 Vector Limited issued 307,205,000 capital bonds for $307,205,000. The capital bonds have an initial term of four years from the date of issue. The capital bonds are convertible into Vector Limited ordinary shares in limited circumstances and have a principal amount of $1.00 each. The capital bonds are unsecured debt obligations of Vector Limited, which are subordinated to all other creditors presented in these financial statements and are constituted by a trust deed entered into by Vector Limited and The New Zealand Guardian Trust Company Limited as trustee, dated 25 September 2002.

Vector Limited
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Notes to the Financial Statements
For the year ended 31 March 2005

23. FINANCIAL INSTRUMENTS

A comprehensive treasury policy approved by the board of directors is used to manage financial instrument 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.

	2005 Weighted average interest rate	2005 Face value $000	2004 Weighted average interest rate	2004 Face value $000
Bank Loans	**7.22%**	**200,367**	6.00%	567,387
Working Capital loans	**6.90%**	**25,046**	5.62%	44,883
Medium term notes – fixed rate NZ$	**6.50%**	**166,497**	6.50%	168,647
Medium term notes – floating rate A$	**5.92%**	**475,053**	6.02%	481,871
Capital bonds	**9.75%**	**256,474**	9.75%	260,155
Private placement senior notes	**5.65%**	**349,236**	-	-
		1,472,673		1,522,943

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2005

23. FINANCIAL INSTRUMENTS (CONTINUED)

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

	2005 Weighted average interest rate	2005 Face value $000	2004 Weighted average interest rate	2004 Face value $000
Interest rate swaps floating to fixed				
Maturing in less than 1 year	**7.11%**	**87,452**	7.06%	135,431
Maturing between 1 and 2 years	**7.30%**	**104,109**	7.00%	105,806
Maturing between 2 and 5 years	**6.87%**	**291,506**	6.91%	452,848
Maturing after 5 years	**5.71%**	**33,315**	6.69%	67,715
		516,382		761,800
Interest rate swaps fixed to floating				
Maturing between 2 and 5 years	**6.50%**	**166,575**	-	-
Forward starting interest rate swaps				
Floating to fixed maturing between 2 and 5 years	**6.70%**	**166,575**	6.70%	169,369
Floating to fixed maturing after 5 years	**6.61%**	**116,602**	-	-
Fixed to floating maturing between 2 and 5 years	**-**	**-**	6.50%	169,369
		283,177		338,738
Cross currency swaps (pay leg) - floating	**7.56%**	**825,968**	6.04%	481,871
Cross currency swaps (receive leg) - floating	**5.81%**	**825,968**	6.02%	481,871

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.

The NZ$ medium term notes are fixed interest rate notes.

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) are to convert the fixed interest rate borrowings to floating rates.

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

FOREIGN EXCHANGE RISK

During the year, Vector Limited privately placed US$ senior notes with US investors. These notes are hedged with cross currency swaps thereby eliminating the foreign exchange currency risk.

In this reporting period, transactions have been conducted in foreign currencies for the purposes of protecting the NZ$ value of capital expenditure.

At balance date there is no significant exposure to foreign currency risk.

Vector Limited
Electricity Lines Business

Notes to the Financial Statements

For the year ended 31 March 2005

23. FINANCIAL INSTRUMENTS (CONTINUED)

CREDIT RISK

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

As part of these policies, the Vector group can only have exposure 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. There is no anticipated 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 electricity customers. To minimise this risk credit evaluations are performed on all energy retailers and large electricity customers and requires that a bond or other form of security is obtained where deemed necessary.

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

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

	Carrying Amount 2005 $000	Carrying Amount 2004 $000
Cash and bank overdraft	**1,239**	-
Trade receivables	**50,580**	50,407
Interest rate swaps	**-**	-
Cross currency swaps	**2,054**	3,159

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2005

23. FINANCIAL INSTRUMENTS (CONTINUED) Fair values	2005 Carrying Amount $000	2005 Fair Value $000	2004 Carrying Amount $000	2004 Fair Value $000
Financial assets				
Cash and bank overdraft	**1,239**	**1,239**	-	-
Trade receivables	**50,580**	**50,580**	50,407	50,407
Financial liabilities				
Trade payables and other creditors	**54,878**	**54,878**	43,612	43,612
Bank loans	**200,367**	**200,367**	567,387	567,387
Working capital facility	**25,046**	**25,046**	44,883	44,883
Medium term notes – fixed rate NZ$	**166,497**	**165,211**	168,647	175,214
Medium term notes – floating rate A$	**475,053**	**421,018**	481,871	451,200
Capital bonds	**256,474**	**274,753**	260,155	271,070
Private placement senior notes	**349,236**	**323,956**	-	-
Financial derivative liabilities/(assets)				
Interest rate swaps	**3,793**	**(55)**	7,977	20,124
Cross currency swaps	**(2,054)**	**88,873**	(3,159)	73,569

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

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 face value plus accruals converted at the exchange rate prevailing at balance date.

The carrying amount for the A$ medium term notes include 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 2005

23. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values (continued)

Private placement senior notes

The fair value of US$ privately placed senior notes is based on face value plus accruals converted at the exchange rate prevailing at balance date.

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

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 there 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.

24. 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 (2004: nil).

25. TRANSACTIONS WITH RELATED PARTIES

During the year Vector Limited had the following related party transactions. At balance date, the Auckland Energy Consumer Trust (AECT) is the sole shareholder of Vector Limited.

	2005 $000	2004 $000
Payment of dividends to AECT	**49,100**	32,200
Electricity line services charged to UnitedNetworks Limited	**-**	386

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

27. EVENTS AFTER BALANCE DATE

On 13 April 2004, Vector Limited announced its intention to proceed with an Initial Public Offering. A Prospectus was registered on 27 June 2005 and Vector Limited listed on the New Zealand Stock Exchange on 15 August 2005.

As at 31 March 2005 Vector Limited had pre-IPO equity securities which in limited circumstances would be convertible into equity shares in the Company. These were fully repaid on 15 August 2005.

No adjustments are required to these financial statements in respect of these events.

Vector Limited
Electricity Lines Business

Financial Performance and Efficiency Measures
For the year ended 31 March 2005

SCHEDULE 1 – PART 3

		2005	2004	2003[1]	2002
1	**Financial performance measures**				
a	Return on funds	**12.8%**	13.3%	10.6%	12.4%
b	Return on equity	**49.0%**	77.9%	13.6%	8.8%
c	Return on investment	**8.2%**	8.4%	11.2%	7.4%
2	**Efficiency performance measures**				
a	Direct line cost per kilometre	**$1,923.80**	$1,488.56[2]	$1,825.05	$2,290.01
b	Indirect line cost per consumer	**$90.99**	$92.02	$118.95	$80.43

[1] 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.

[2] Improved information has resulted in Vector reviewing its system lengths for 2004. As a result, the system length and the relevant performance measures and statistics have been restated.

Vector Limited
Electricity Lines Business

Energy Delivery Efficiency Performance Measures and Statistics
For the year ended 31 March 2005

SCHEDULE 1 – PART 4

1. Energy delivery efficiency performance measures

		2005	2004	2003	2002
(a)	Load factor	**58.81%**	59.81%	67.43%	59.41%
(b)	Loss ratio	**4.65%**	4.72%	4.55%	4.50%
(c)	Capacity utilisation	**42.29%**	40.42%	35.91%	41.84%

2. Statistics

(a) System length (in kilometres)

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
2005	**18,018.94**	**29.43**	**8,519.50**	**145.58**	**916.61**	**101.62**	**27,731.68**
2004[1]	18,000.06	33.79	8,405.33	130.92	969.00	101.55	27,640.65
2003[2]	10,526.31	65.39	6,182.68	126.36	673.28	83.07	17,657.09
2002	5,318.61	65.47	2,722.63	126.50	280.74	64.84	8,578.79

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

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
2005	**7,665.82**	**26.17**	**4,503.87**	**3.21**	**439.61**	**27.68**	**12,666.36**
2004[1]	7,993.40	26.17	4,480.65	2.91	487.48	27.67	13,018.28
2003[2]	4,683.84	26.40	3,293.11	2.91	314.94	13.84	8,335.04
2002	2,218.76	26.63	989.31	2.91	45.63	-	3,283.24

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

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
2005	**10,353.12**	**3.26**	**4,015.63**	**142.37**	**477.00**	**73.94**	**15,065.32**
2004[1]	10,006.66	7.62	3,924.67	128.02	481.52	73.88	14,622.37
2003[2]	5,842.47	38.99	2,889.57	123.45	358.34	69.23	9,322.05
2002	3,099.85	38.84	1,733.32	123.59	235.11	64.84	5,295.55

[1] Improved information has resulted in Vector reviewing its system lengths for 2004. As a result, the system length and the relevant performance measures and statistics have been restated.

[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
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Energy Delivery Efficiency Performance Measures and Statistics (continued)
For the year ended 31 March 2005

SCHEDULE 1 – PART 4 (CONTINUED)

2. Statistics - continued

		2005	2004	2003[1]	2002
(d)	Transformer capacity (MVA)	**4,930.04**	4,843.25	3,685.28	2,349.45
(e)	Maximum demand (kW)	**2,085,090**	1,957,774	1,323,472	982,910
(f)	Total electricity entering system (before losses of electricity), in kilowatt hours	**10,742,433,048**	10,257,438,450	7,818,016,002	5,115,120,438
(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	**10,243,037,361**	9,773,773,861	7,462,630,726	4,884,940,018
	Company A	**3,307,258,372**	2,850,340,301	2,619,377,061	2,728,749,951
	Company B	-	-	-	-
	Company C	-	-	52,194,205	37,776,653
	Company D	**2,053,761,415**	2,220,527,842	1,434,854,901	595,950,503
	Company E	**3,406,723,668**	3,101,604,795	1,808,784,932	390,723,653
	Company F	**858,163,539**	891,429,437	580,017,136	319,926,289
	Company G	-	-	-	-
	Company H	-	-	-	-
	Company I	-	-	-	337,161,361
	Company J	**614,060,342**	690,358,384	837,754,095	474,651,608
	Company K	-	-	-	-
	Company L	-	-	-	-
	Company M	-	-	7,274,558	-
	Company N	**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	**651,000**	644,000	467,248	

[1] 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.

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

For the year ended 31 March 2005

SCHEDULE 1 – PART 5

1. Interruptions

	2005	2004	2003[1]	2002
Total number of interruptions according to class				
Class A	-	1	1	-
Class B	**416**	610	329	26
Class C	**1,131**	1,333	896	299
Class D	**7**	7	6	6
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-
Total interruptions	**1,554**	1,951	1,232	331

2. Interruption targets

	2006
(a) Planned (class B)	400
(b) Unplanned (class C)	1,067

3. Average interruption targets

	2006-2010
(a) Planned (class B)	318
(b) Unplanned (class C)	813

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

	2005
(a) 3 hours	**26.4%**
(b) 24 hours	**0.8%**

[1] 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.

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Reliability Performance Measures to be Disclosed by Disclosing Entities (Other Than Transpower) (continued)
For the year ended 31 March 2005

SCHEDULE 1 – PART 5 (CONTINUED)

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

		2005	2004[1]	2003[2]	2002
(a)	The total number of faults	**12.63**	14.98	12.57	9.36

		2006
(b)	The total number of targeted faults	10.75

		2006-2010
(c)	The average total number of faults	9.68

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

		6.6kV	11kV	22kV	33kV	110kV	Total
(a)	**2005**	-	**13.19**	**3.43**	**10.15**	**4.92**	**12.63**
(b)	**2006**	-	11.35	3.30	7.59	-	10.75
(c)	**2006-2010**	-	10.21	3.05	6.72	-	9.68

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

	6.6kV	11kV	22kV	33kV	110kV	Total
2005	-	**4.11**	**3.51**	**3.51**	-	**3.71**
2004[1]	-	6.57	3.91	20.31	6.77	6.37
2003[2]	-	6.51	5.67	0.56	1.44	5.69
2002	-	7.90	2.43	4.68	6.17	7.06

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

	6.6kV	11kV	22kV	33kV	110kV	Total
2005	-	**21.29**	-	**20.02**	**1.14**	**21.04**
2004[1]	-	23.26	-	21.54	0.62	22.89
2003[2]	15.15	20.28	-	7.94	7.23	19.12
2002	3.76	14.15	-	8.77	23.73	14.09

[1] Improved information has resulted in Vector reviewing its system lengths for 2004. As a result, the system length and the relevant performance measures and statistics have been restated.

[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 2005

SCHEDULE 1 – PART 5 (CONTINUED)

SAIDI

8. The SAIDI for the total number of interruptions

	2005	2004	2003[1]	2002
	83.09	107.94	79.72	56.32

9. SAIDI targets for the following financial year

	2006
(a) Planned (class B)	4.60
(b) Unplanned (class C)	77.60

10. Average SAIDI targets

	2006-2010
(a) Planned (class B)	3.22
(b) Unplanned (class C)	73.07

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

	2005	2004	2003[1]	2002
Class A	-	-	-	-
Class B	**3.70**	9.16	7.19	0.68
Class C	**78.21**	94.29	72.21	50.48
Class D	**1.18**	4.50	0.32	5.15
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-

[1] 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 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 2005

SCHEDULE 1 – PART 5 (CONTINUED)

SAIFI

12. The SAIFI for the total number of interruptions

	2005	2004	2003[1]	2002
	1.25	1.54	1.32	1.05

13. SAIFI targets for the following financial year

	2006
(a) Planned (class B)	0.03
(b) Unplanned (class C)	1.24

14. Average SAIFI targets

	2006-2010
(a) Planned (class B)	0.02
(b) Unplanned (class C)	1.23

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

	2005	2004	2003[1]	2002
Class A	-	-	-	-
Class B	**0.02**	0.05	0.04	0.01
Class C	**1.12**	1.38	1.28	0.79
Class D	**0.11**	0.11	0.02	0.25
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-

[1] 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 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 2005

SCHEDULE 1 – PART 5 (CONTINUED)

CAIDI

16. The CAIDI for the total of all interruptions

	2005	2004	2003	2002
	66.62	70.05	60.61	53.89

17. CAIDI targets for the following financial year

	2006
(a) Planned (class B)	153.33
(b) Unplanned (class C)	62.58

18. Average CAIDI targets

	2006-2010
(a) Planned (class B)	134.00
(b) Unplanned (class C)	59.60

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

	2005	2004	2003	2002
Class A	-	439.00	75.00	-
Class B	**164.25**	174.18	186.75	107.55
Class C	**70.05**	68.40	56.55	64.24
Class D	**10.88**	40.93	13.19	20.38
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 2005

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	215,764				
Operating surplus before interest and income tax adjusted pursuant to requirement 18 (OSBIIT)	215,764				
Interest on cash, bank balances, and short-term investments (ISTI)	1,254				
OSBIIT minus ISTI	214,510	a	214,510		214,510
Net surplus after tax from financial statements	53,704				
Net surplus after tax adjusted pursuant to requirement 18 (NSAT)	53,704	n		53,704	
Amortisation of goodwill and amortisation of other intangibles	30,320	g	add 30,320	add 30,320	add 30,320
Subvention payment	-	s	add -	add -	add -
Depreciation of SFA at BV (x)	58,011				
Depreciation of SFA at ODV (y)	59,436				
ODV depreciation adjustment	(1,425)	d	add (1,425)	add (1,425)	add (1,425)
Subvention payment tax adjustment	-	s*t		deduct -	deduct -
Interest tax shield	37,009	q			deduct 37,009
Revaluations	-	r			add -
Income tax	50,230	p			deduct 50,230
Numerator			243,405 $OSBIIT^{ADJ} = a + g + s + d$	82,599 $NSAT^{ADJ} = n + g + s - s*t + d$	156,166 $OSBIIT^{ADJ} = a + g - q + r + s + d - p - s*t$
Fixed assets at end of previous financial year (FA_0)	1,975,837				
Fixed assets at end of current financial year (FA_1)	2,000,913				
Adjusted net working capital at end of previous financial year ($ANWC_0$)	(15,418)				
Adjusted net working capital at end of current financial year ($ANWC_1$)	(23,261)				
Average total funds employed (ATFE)	1,969,036 (or requirement 32 time-weighted average)	c	1,969,036		1,969,036
Total equity at end of previous financial year (TE_0)	780,903				
Total equity at end of current financial year (TE_1)	781,982				
Average total equity	781,443 (or requirement 32 time-weighted average)	k		781,443	
WUC at end of previous financial year (WUC_0)	81,806				
WUC at end of current financial year (WUC_1)	70,415				
Average total works under construction	76,111 (or requirement 32 time-weighted average)	e	deduct 76,111	deduct 76,111	deduct 76,111
Revaluations	-	r			
Half of Revaluations	-	r/2			deduct -
Intangible assets at end of previous financial year (IA_0)	553,798				
Intangible assets at end of current financial year (IA_1)	531,890				
Average total intangible asset	542,844 (or requirement 32 time-weighted average)	m		deduct 542,844	
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 at book value (SFA_{bv0})	1,860,533				
System fixed assets at end of current financial year at book value (SFA_{bv1})	1,901,031				
Average value of system fixed assets at book value	1,880,782 (or requirement 32 time-weighted average)	f	deduct 1,880,782	deduct 1,880,782	deduct 1,880,782
System fixed assets at year beginning at ODV value (SFA_{odv0})	1,858,398				
System fixed assets at end of current financial year at ODV value (SFA_{odv1})	1,915,102				
Average value of system fixed assets at ODV value	1,886,750 (or requirement 32 time-weighted average)	h	add 1,886,750	add 1,886,750	add 1,886,750
Denominator			1,898,893 $ATFE^{ADJ} = c - e - f + h$	168,456 $Ave\ TE^{ADJ} = k - e - m + v - f + h$	1,898,893 $ATFE^{ADJ} = c - e - ½r - f + h$
Financial Performance Measure:			12.8 $ROF = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$	49.0 $ROE = NSAT^{ADJ}/ATE^{ADJ} \times 100$	8.2 $ROI = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$

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
subscript '1' = end of the current financial year   ROF = return on funds   ROE = return on equity   ROI = return on investment

Vector Limited
Electricity Lines Business

Annual Valuation Reconciliation Report
For the year ended 31 March 2005

SCHEDULE 1 – PART 8

	2005 $000	2004 $000
System fixed assets at ODV – end of the previous financial year	**1,858,398**	1,609,940
Add system fixed assets acquired during the year at ODV	**116,374**	105,475
Less system fixed assets disposed of during the year at ODV	**(234)**	(12,716)
Less depreciation on system fixed assets at ODV	**(59,436)**	(58,143)
Add revaluations of system fixed assets	-	-
Commerce Commission handbook recalibration adjustment	-	213,842
Equals system fixed assets at ODV – end of the financial year	**1,915,102**	1,858,398

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