SUPPLEMENT TO

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WELLINGTON: TUESDAY, 25 JANUARY 2005 — ISSUE NO. 27

VECTOR LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

Vector

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

We, Brian Plimmer and Bryan Leyland, directors of Vector Limited certify that, having made all reasonable enquiry, to the best of our knowledge, –

(a) The attached audited financial statements of Vector Limited prepared for the purposes of 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 2004.

Signature of Directors:

Date: 17 DEC 04

KPMG

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

We have audited the accompanying 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 2004. 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 2004, 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.

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 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 2004 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 17 December 2004 and our opinion is expressed as at that date.

KPMG

KPMG

Auckland

KPMG

Auditors Opinion of Performance Measures
Vector Limited – Electricity Lines Business

We have examined the attached information, being:

(a) a derivation table in requirement 15; and
(b) an annual ODV reconciliation report in requirement 16; 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 17 December 2004 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

Auckland
17 December 2004.

Vector Limited
Electricity Lines Business

Statement of Financial Performance
For the year ended 31 March 2004

	Notes	2004 $000	2003 $000
Operating revenue	1	**529,382**	381,591
Operating expenditure	2	**(327,574)**	(250,252)
Operating surplus before interest and income tax		**201,808**	131,339
Interest expense	3	**(108,034)**	(68,206)
Operating surplus before income tax		**93,774**	63,133
Income tax	4	**(49,143)**	(31,611)
Net surplus after tax		**44,631**	31,522

Statement of Movements in Equity
For the year ended 31 March 2004

	Notes	2004 $000	2003 $000
Net surplus after tax		**44,631**	31,522
Movement in asset revaluation reserve	9	**-**	209,450
Total recognised revenues and expenses		**44,631**	240,972
Adjustment to notional share capital	8	**(167,000)**	-
Distribution to owners – dividends	7	**(32,200)**	(42,800)
Movements in equity for the year		**(154,569)**	198,172
Equity at beginning of year		**935,472**	737,300
Equity at end of year		**780,903**	935,472

Vector Limited
Electricity Lines Business

Statement of Financial Position
As at 31 March 2004

	Notes	2004 $000	2003 $000
Equity			
Notional share capital	8	**133,000**	300,000
Asset revaluation reserve	9	**548,407**	548,407
Retained earnings	10	**99,496**	87,065
Total shareholders' equity		**780,903**	935,472
Total equity		**780,903**	935,472
Total capital funds		**780,903**	935,472
Non-current liabilities			
Borrowings	11	**1,478,060**	1,412,821
Mark to market adjustment	13	**2,498**	6,598
Deferred tax	6	**205,923**	182,261
Total non-current liabilities		**1,686,481**	1,601,680
Current liabilities			
Payables and accruals	13	**69,971**	70,309
Provision for income tax		**25,130**	11,227
Short-term borrowings	11	**44,883**	4,000
Total current liabilities		**139,984**	85,536
Total liabilities		**1,826,465**	1,687,216
Total equity and liabilities		**2,607,368**	2,622,688
Current assets			
Cash and bank balances		**-**	886
Short-term investments	17	**8,220**	8,220
Capitalised finance costs	18	**6,984**	71
Accounts receivable	16	**52,596**	58,956
Total current assets		**67,800**	68,133
Non-current assets			
Property, plant and equipment (total fixed assets)	15	**1,975,837**	1,944,985
Capitalised finance costs	18	**9,933**	22,596
Total non-current assets		**1,985,770**	1,967,581
Total tangible assets		**2,053,570**	2,035,714
Intangible assets			
Goodwill	25	**553,798**	586,974
Total intangible assets		**553,798**	586,974
Total assets		**2,607,368**	2,622,688

Vector Limited
Electricity Lines Business

Statement of Cash Flows
For the year ended 31 March 2004

	Notes	2004 $000	2003 $000
Operating activities			
Cash provided from:			
Receipts from customers		**512,294**	370,547
Interest received on deposits		**411**	11,495
Income tax refund received		**1,382**	-
		514,087	382,042
Cash applied to:			
Payments to suppliers and employees		**206,469**	192,487
Income tax paid		**11,200**	16,839
Interest paid		**107,383**	59,435
		325,052	268,761
Net cash from operating activities		**189,035**	113,281
Investing activities			
Cash provided from:			
Proceeds from sale of Eastern electricity lines business		**-**	777,503
Proceeds from sale of other property, plant and equipment		**250**	1,706
		250	779,209
Cash applied to:			
Purchase and construction of property, plant and equipment		**96,871**	62,205
Acquisition of UnitedNetworks Limited	24	**-**	1,433,582
		96,871	1,495,787
Net cash used in investing activities		**(96,621)**	(716,578)
Financing activities			
Cash provided from / (applied to):			
Net loan facilities*		**105,900**	614,133
Adjustment to notional share capital		**(167,000)**	-
Dividends paid	7	**(32,200)**	(42,800)
Net cash from / (used in) financing activities		**(93,300)**	571,333
Net decrease in cash balances		**(886)**	(31,964)
Cash balances at the beginning of the year		**886**	32,850
Cash balances at the end of the year		**-**	886

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

Vector Limited
Electricity Lines Business

Statement of Cash Flows – continued
Reconciliation of net surplus after tax to net cash from operating activities
For the year ended 31 March 2004

	2004 $000	2003 $000
Net surplus after tax	**44,631**	31,522
Non-cash items		
Depreciation and amortisation	**95,991**	63,472
Amortisation of the mark to market adjustment	**(2,623)**	(2,144)
Amortisation of capitalised finance costs	**5,750**	18,857
Increase in deferred tax	**23,662**	6,419
	122,780	86,604
Items classified as investing activities		
Loss / (gain) on sale of property, plant and equipment	**2,519**	(813)
Capitalised costs	**(1,817)**	(1,632)
Other	**(558)**	-
	144	(2,445)
Movement in working capital		
Increase/(decrease) in payables and accruals	**980**	(25,388)
Increase in accounts receivable	**6,597**	14,635
Increase in provision for income tax	**13,903**	8,353
	21,480	(2,400)
Net cash from operating activities	**189,035**	113,281

Vector Limited
Electricity Lines Business

Statement of Accounting Policies
For the year ended 31 March 2004

Reporting entity

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

All prior year comparative numbers are as disclosed for the electricity lines business activity of Vector Limited for the year ended 31 March 2003 and the period 11 October 2002 to 31 March 2003 of the electricity lines business activity of UnitedNetworks Limited.

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

These financial statements are prepared for the year ended 31 March 2004 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".

Statutory base

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993, Financial Reporting Act 1993 and the Electricity Information 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

Comparatives were prepared in accordance with the Electricity (Information Disclosure) Regulations 1999 as amended by the Electricity (Information Disclosure) Amendment Regulations 2000 and the Electricity (Information Disclosure) Amendment Regulations 2001 and also the Electricity Information Disclosure Handbook 30 June 2000.

b) Basis of consolidation

The purchase method of consolidation is used.

Acquisition or disposal during the year

Where an entity becomes or ceases to be a part of the Vector group, of which the electricity lines business is the predominant activity, during the year, the results of the entity 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 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, of which the electricity lines business is the predominant activity. Where an entity that is part of the Vector group, of which the electricity lines business is the predominant activity, 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.

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.

Transactions eliminated on consolidation

The effects of intra-group transactions are eliminated in preparing the consolidated financial statements.

Vector Limited
Electricity Lines Business

Statement of Accounting Policies - continued
For the year ended 31 March 2004

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) 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. Distribution systems are valued on the basis of depreciated replacement cost, while land and buildings are valued by reference to market information. 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.

e) Depreciation

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

Buildings	50 - 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

f) Accounts receivable

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

g) 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 that exceed the deferred tax liability, is recognised in the financial statements only where there is the virtual certainty that the benefit of the timing differences, or losses, will be utilised.

Vector Limited
Electricity Lines Business

Statement of Accounting Policies - continued

For the year ended 31 March 2004

h) 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.

i) 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 amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is the shorter.

j) 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.

k) Financial instruments

The Vector group, of which the electricity lines business is the predominant activity, uses derivative financial instruments within predetermined policies and limits in order to manage its 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, of which the electricity lines business is the predominant activity, does not engage in speculative transactions or hold derivative financial instruments for trading purposes.

Fees and other costs incurred in raising debt finance 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 payables and accruals or separately disclosed. 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 over the period of the underlying derivative.

l) 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 Vector group's, of which the electricity lines business is the predominant activity, 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.

Vector Limited
Electricity Lines Business

Statement of Accounting Policies – continued
For the year ended 31 March 2004

Provision for claims

A provision for claims is recognised as a liability where the Vector group, of which the electricity lines business is the predominant activity, considers that a constructive or legal obligation to settle items under litigation or dispute may exist in the foreseeable future. A provision for claims is recognised where the likelihood of a resultant liability is considered more probable than not. Other claims where the likelihood of a resultant liability is more than remote but insufficient to warrant a provision are disclosed as contingent liabilities.

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 and other events that are not investing or financing activities.

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

n) Dividends

Dividends are brought to account in the period in which they are declared.

o) Investments

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

Changes in accounting policy

There have been no changes in accounting policies during the year and all policies have been applied on a basis consistent with those used in the prior period.

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

	2004 $000	2003 $000
1. OPERATING REVENUE		
Revenue from line/access charges	**476,952**	338,927
Interest on cash, bank balances and short-term investments	**411**	11,495
Other operating revenue	**37,465**	18,568
AC loss-rental rebates	**14,307**	11,567
Gain on sale of property, plant and equipment	**247**	1,034
Total operating revenue	**529,382**	381,591
2. OPERATING EXPENDITURE		
Depreciation		
System fixed assets	**60,257**	40,737
Other assets	**5,759**	7,005
Total depreciation	**66,016**	47,742
Amortisation		
Goodwill	**29,975**	15,730
Total amortisation of intangibles	**29,975**	15,730
Expense to entities that are not related parties		
Asset maintenance	**41,145**	32,225
Meter data	**4**	32
Total of specified expenses to non-related parties	**41,149**	32,257
Cost of offering credit		
Bad debts written off	**52**	256
Increase / (decrease) in estimated doubtful debts	**538**	(136)
Total cost of offering credit	**590**	120
Auditors' fees		
Audit fees paid to principal auditors - KPMG	**217**	-
Audit fees paid to principal auditors - PwC	**-**	120
Fees paid for other services provided by principal and other auditors	**394**	126
Total auditors' fees	**611**	246

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

	2004 $000	2003 $000
2. OPERATING EXPENDITURE - CONTINUED		
Payment for transmission charges	**113,770**	80,749
Avoided transmission charges on account of embedded generation	**3,099**	3,442
Employee salaries, wages and redundancies	**19,018**	17,562
Consumer billing and information system expense	**3,288**	1,576
Net loss on sale of property, plant and equipment	**2,766**	221
Corporate and administration	**8,812**	5,995
Human resource expenses	**1,843**	365
Directors' fees	**423**	252
Marketing / advertising	**3,550**	1,425
Consultancy and legal expenses	**5,492**	4,405
Rental expense on operating leases	**1,654**	1,200
Donations	**10**	10
AC loss – rental rebates (distribution to retailers/customers) expense	**14,307**	11,567
Local authority rates expense	**4,640**	3,297
Other expenditure	**6,561**	22,091
Total operating expenditure	**327,574**	250,252

3. INTEREST EXPENSE

	2004 $000	2003 $000
Interest expense		
Interest expense on borrowings	**108,034**	68,206
Total interest expense	**108,034**	68,206

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

	Notes	2004 $000	2003 $000
4. INCOME TAX			
Operating surplus before income tax		**93,774**	63,133
Prima facie tax at 33%		**30,945**	20,834
Plus / (less) tax effect of permanent differences:			
Prior period adjustment		**(1,463)**	(223)
Other permanent differences		**19,661**	11,000
Income tax expense		**49,143**	31,611
The income tax expense is represented by:			
Current tax		**25,481**	46,044
Deferred tax	6	**23,662**	(14,433)
		49,143	31,611

Some tax benefits in Vector Limited, of which the electricity lines business is the predominant activity, are not included in the calculation of the lines business tax expense as these arise from prior period transactions incurred by "other" activities. Only those taxation items directly attributable to the lines business are taken into account in determining the income tax balances in these financial statements.

5. IMPUTATION CREDIT BALANCES

	2004 $000	2003 $000
Balance at beginning of year	**4,341**	17,687
Purchase of subsidiary	**-**	(19,106)
Prior year adjustment	**838**	176
Net income tax payments during year	**9,603**	21,275
Imputation credits received	**1,089**	1,996
Imputation credits attaching to dividends paid	**(15,860)**	(17,687)
Balance at end of year	**11**	4,341

At balance date the imputation credits available to the shareholders of the Vector group, of which the lines business is the predominant activity were:

	2004 $000	2003 $000
Through the parent company Vector Limited, of which the electricity lines business is the predominant activity	**11**	3,752
Through indirect shareholding in subsidiaries	**-**	589
	11	4,341

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

	Notes	2004 $000	2003 $000
6. DEFERRED TAX			
Balance at beginning of year		**182,261**	80,079
Purchase of subsidiary	24	**-**	95,763
Prior period adjustment		**(325)**	20,852
On net surplus for the year		**23,987**	(14,433)
Balance at end of year		**205,923**	182,261

7. DIVIDENDS

The 2003 final dividend of $32.2 million was paid in August 2003. A 2004 final dividend of $49.1 million was recommended by the Directors of Vector Limited, of which the electricity lines business is the predominant activity, on 30 August 2004 but has not been provided for in these financial statements.

8. NOTIONAL SHARE CAPITAL

		2004 $000	2003 $000
Balance at beginning of year		**300,000**	300,000
Adjustment to notional share capital		**(167,000)**	-
Balance at end of year		**133,000**	300,000

Vector Limited's electricity lines business is not a company and therefore has no share capital. The notional share capital has been determined on the basis that the electricity lines business' debt / equity ratio be comparable to that of the Vector group, of which the electricity lines business is the predominant activity.

9. ASSET REVALUATION RESERVE

		2004 $000	2003 $000
Asset revaluation			
Balance at beginning of year		**548,407**	338,957
Increase arising from revaluation of distribution fixed assets		**-**	209,450
Balance at end of year		**548,407**	548,407

10. RETAINED EARNINGS

		2004 $000	2003 $000
Balance at beginning of year		**87,065**	98,343
Net surplus after tax for the year		**44,631**	31,522
Net surplus attributable to the electricity lines business		**131,696**	129,865
Dividends	7	**(32,200)**	(42,800)
Balance at end of year		**99,496**	87,065

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

11. BORROWINGS

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	-
	6.82%	1,522,943	44,883	567,387	698,961	211,712

As at 31 March 2003	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 $000
Bank loans	6.31%	700,864	-	-	700,864	-
Working capital loan	6.18%	4,000	4,000	-	-	-
Medium term notes – fixed rate NZ$	6.50%	109,792	-	-	109,792	-
Medium term notes – floating rate A$	5.33%	314,155	-	-	176,130	138,025
Capital bonds	8.25%	288,010	-	-	288,010	-
	6.35%	1,416,821	4,000	-	1,274,796	138,025

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

Interest rates for all bank loans are floating based on the bank bill rate plus a margin. The bank loans are arranged through a syndicated facility. The facility expires in September 2005. The working capital facility expired in September 2004 and has been renewed.

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 2004 ($0.8million). The interest on NZ$ 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 subordinated debt and have a first election date of 15 December 2006. The interest is currently fixed at 9.75% per annum and is paid semi-annually.

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

Bank loans are subject to covenants. These have all been met for the years ended 31 March 2004 and 31 March 2003.

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

12. CAPITAL BONDS

On 5 November 2002, Vector Limited, of which the electricity lines business is the predominant activity, 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 certain 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 of Vector Limited 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.

	Notes	2004 $000	2003 $000
13. PAYABLES AND ACCRUALS			
Current			
Trade payables and other creditors		**43,612**	48,024
Provisions	**14**	**2,780**	513
Interest payable		**19,696**	19,045
Mark to market adjustment		**1,957**	480
Employee entitlements		**1,926**	2,247
Balance at end of year		**69,971**	70,309
Non-current			
Mark to market adjustment		**2,498**	6,598
Balance at end of year		**2,498**	6,598
14. PROVISIONS			
Balance at beginning of year		**513**	200
Additions		**3,359**	333
Used		**(1,092)**	(20)
Reversed		**-**	-
Balance at end of year		**2,780**	513

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

	2004 $000	2003 $000
15. PROPERTY, PLANT AND EQUIPMENT		
System fixed assets		
Distribution systems at valuation	**1,850,952**	1,792,966
Distribution land at valuation	**40,015**	42,603
Distribution buildings at valuation	**29,308**	36,684
	1,920,275	1,872,253
Accumulated depreciation:		
Distribution systems	**(58,159)**	-
Distribution buildings	**(1,583)**	-
	(59,742)	-
Net book value	**1,860,533**	1,872,253
Consumer billing and information system assets		
Consumer billing and information system assets at cost	**45,562**	44,765
Accumulated depreciation	**(21,634)**	(17,747)
Net book value	**23,928**	27,018
Motor vehicles		
Motor vehicles at cost	**126**	351
Accumulated depreciation	**(99)**	(244)
Net book value	**27**	107
Other fixed assets		
Other fixed assets at cost	**15,273**	10,979
Accumulated depreciation	**(8,499)**	(1,650)
Net book value	**6,774**	9,329
Land at valuation	**1,487**	1,169
Buildings		
Buildings at cost	**34**	544
Accumulated depreciation	**(14)**	(35)
Net book value	**20**	509
Buildings at valuation	**-**	257
Accumulated depreciation	**-**	-
Net book value	**-**	257
Leasehold improvements	**2,565**	3,347
Accumulated depreciation	**(1,303)**	(1,497)
Net book value	**1,262**	1,850
Capital works under construction	**81,806**	32,493
Total net book value	**1,975,837**	1,944,985

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

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 indicated in the accounting policies, finance costs are capitalised to property, plant and equipment while under construction.

During the year $1.3 million (2003: $0.5 million) of finance 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.

The independent valuation of property assets based on market values was under taken by Trevor Walker, a registered valuer with Telfer Young (Auckland) Limited on 31 March 2003.

All valuations are based on the highest and best use.

16. ACCOUNTS RECEIVABLE

	2004 $000	2003 $000
Accounts receivable	**54,119**	57,091
Provision for doubtful debts	**(1,760)**	(1,222)
	52,359	55,869
Other receivables	**237**	3,087
Balance at end of year	**52,596**	58,956

17. SHORT TERM INVESTMENTS

Surplus property held for sale	**8,220**	8,220
Balance at end of year	**8,220**	8,220

Property held for resale was independently valued on 31 March 2003 by Trevor Walker, a registered valuer with Telfer Young (Auckland) Limited. Trevor Walker is a member of the New Zealand Institute of Valuers. The basis of valuation was market value less the estimated costs of disposal, based on the properties' highest and best use. The property was sold for $9.5 million (before selling costs) in April 2004.

18. CAPITALISED FINANCE COSTS

Current	**6,984**	71
Non-current	**9,933**	22,596
Balance at end of year	**16,917**	22,667

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

19. FINANCIAL INSTRUMENTS

The Vector group, of which the electricity lines business is the predominant activity, has a comprehensive treasury policy approved by the board of directors to manage the risks of financial instruments. The policy outlines the objectives and approach that the 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

The Vector group, of which the electricity lines business is the predominant activity, has long-term borrowings, which are used to fund ongoing activities. The Vector group, of which the electricity lines business is the predominant activity, actively manages interest rate exposures in accordance with treasury policy. In this respect, at least 40% of all term debt must be at fixed interest rates or effectively fixed using interest rate swaps, forward rate agreements, options and other derivative instruments.

Borrowings	2004 Weighted average interest rate	2004 Face value $000	2003 Weighted average interest rate	2003 Face value $000
Bank loans	**6.00%**	**567,387**	6.31%	700,864
Working capital loan	**5.62%**	**44,883**	6.18%	4,000
Medium term notes – fixed rate NZ$	**6.50%**	**168,647**	6.50%	109,792
Medium term notes – floating rate A$	**6.02%**	**481,871**	5.33%	314,155
Capital bonds	**9.75%**	**260,155**	8.25%	288,010
Balance at end of year	**6.82%**	**1,522,943**	6.34%	1,416,821

Interest rate swaps	2004 Weighted average interest rate	2004 Face value $000	2003 Weighted average interest rate	2003 Face value $000
Maturing in less than 1 year	**7.06%**	**135,431**	7.16%	85,243
Maturing between 1 and 2 years	**9.71%**	**105,806**	6.97%	103,441
Maturing between 2 and 5 years	**6.80%**	**622,136**	6.94%	415,679
Maturing after 5 years	**6.70%**	**237,005**	6.69%	132,174
Balance at end of year	**7.09%**	**1,100,378**	6.92%	736,537

Cross currency swaps	**6.02%**	**481,871**	5.33%	314,155

Bank loans, working capital loans and 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 notes.

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

19. FINANCIAL INSTRUMENTS - CONTINUED

Foreign exchange risk

The Vector group, of which the electricity lines business is the predominant activity, has, in this reporting period, conducted transactions in foreign currencies for the purposes of protecting the NZ$ value of capital expenditure.
At balance date the Vector group, of which the electricity lines business is the predominant activity, has no significant exposure to foreign currency risk.

Credit risk

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

As part of this policy, the Vector group, of which the electricity lines business is the predominant activity, 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, of which the electricity lines business is the predominant activity, minimises its credit risk by spreading such exposures across a range of institutions. The Vector group, of which the electricity lines business is the predominant activity, does not anticipate non-performance by any of these financial institutions.

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

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

	2004 $000	2003 $000
Cash and bank overdraft	-	886
Trade receivables	**52,359**	55,869
Interest rate swaps	-	-
Cross currency swaps	-	-

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

19. FINANCIAL INSTRUMENTS - CONTINUED

Fair values

The estimated fair value of financial instruments at balance date is:

	2004 Carrying Amount $000	2004 Fair Value $000	2003 Carrying Amount $000	2003 Fair Value $000
Financial assets				
Cash and bank overdraft	-	-	886	886
Trade receivables	**52,359**	**52,359**	55,869	55,869
Financial liabilities				
Trade payables and other creditors	**43,612**	**43,612**	48,024	48,024
Bank loans	**567,387**	**567,387**	700,864	700,864
Working capital facility	**44,883**	**44,883**	4,000	4,000
Medium term notes – fixed rate NZ$	**168,647**	**175,214**	109,792	112,330
Medium term notes – floating rate A$	**481,871**	**451,200**	314,155	283,206
Capital bonds	**260,155**	**271,070**	288,010	300,970
Financial derivative liabilities/(assets)				
Interest rate swaps	**7,973**	**20,114**	-	16,784
Cross currency swaps	**-**	**20,996**	-	25,286

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

Trade receivables, trade payables, cash and short term deposits and bank loans

The carrying amount of these items is equivalent to their fair value. 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$ notes is based on quoted market prices.
The fair value of A$ notes is based on the face value converted at the exchange rate prevailing at balance date.

Capital bonds

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

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.

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

20. COMMITMENTS

	2004 $000	2003 $000

The following amounts have been committed to by Vector group, of which the electricity lines business is the predominant activity , but not recognised in the financial statements.

Capital expenditure commitments

	2004 $000	2003 $000
Estimated capital expenditure contracted for at balance date but not provided	**17,086**	26,800
Operating lease commitments		
Within one year	**1,995**	4,112
One to two years	**1,879**	1,709
Two to five years	**5,198**	1,894
Beyond five years	**4,083**	2,487
Total	**13,155**	10,202

The majority of the operating lease commitments relate to premises leases. Operating leases held over properties give the Vector group, of which the electricity lines business is the predominant activity, the right to renew the lease.

21. CONTINGENT LIABILITIES

Certain parties have claimed against the Vector group, of which the electricity lines business is the predominant activity. Anticipated liabilities in relation to these claims have been fully accounted for. No other material contingencies requiring disclosure have been identified (2003:nil).

22. TRANSACTIONS WITH RELATED PARTIES

During the year Vector Limited, of which the electricity lines business is the predominant activity, had the following related party transactions:

	2004 $000	2003 $000
Payment of Dividends to AECT	**32,200**	42,800
Payments from AECT	**-**	100
Electricity line services charged to UnitedNetworks Limited	**386**	348

Auckland Energy Consumer Trust (AECT) is the sole shareholder of Vector Limited, of which the electricity lines business is the predominant activity.

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

The Vector group, of which the electricity lines business is the predominant activity, transacted on an arms length basis with entities in which Directors had interests, either as Directors or shareholders.

23. SEGMENT INFORMATION

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

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

24. ACQUISITION OF UNITEDNETWORKS LIMITED

On 11 October 2002 the group acquired a controlling interest in UnitedNetworks Limited, a company providing utility services in New Zealand. The acquisition of 100% of UnitedNetworks Limited was completed on 15 November 2002.

The acquisition was accounted for using the purchase method with the resulting goodwill being amortised in accordance with the Vector group's, of which the electricity lines business is the predominant activity, accounting policy.

The acquisition had the following effect on the electricity lines business of Vector Limited at acquisition date.

Summary of the effect of acquisition of UnitedNetworks Limited – electricity lines business	**2003 $000**
Lines activity assets and liabilities acquired:	
Bank balances	(16,956)
Net current assets	4,654
Deferred tax	(95,763)
Property, plant and equipment	1,580,227
Borrowings	(658,240)
	813,922
Goodwill	589,558
Cash consideration paid	1,403,480
Acquisition costs	13,146
Overdraft acquired	16,956
Net cash impact of acquisition	1,433,582

In a separate transaction immediately subsequent to the acquisition of the electricity lines business of UnitedNetworks Limited, the Eastern region electricity assets were sold to Powerco Limited and Hawkes Bay Network Limited.

	2004 $000	**2003 $000**
25. INTANGIBLE ASSETS		
Goodwill		
Balance at beginning of year	**586,974**	-
Acquired in the year	**(3,201)**	589,558
Acquisition costs	**-**	13,146
Amortisation in the financial year	**(29,975)**	(15,730)
Balance at end of year	**553,798**	586,974

Goodwill is amortised over a period up to 20 years in accordance with the Vector group's, of which the electricity lines business is the predominant activity, accounting policy.

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

26. AMALGAMATION

On 1 July 2003 UnitedNetworks Limited and Caduceus No.1 Limited were amalgamated into Vector Limited, of which the electricity lines business is the predominant activity. No adjustments are required to these financial statements in respect of this event.

27. EVENTS AFTER BALANCE DATE

On 20 July 2004, Vector Limited, of which the electricity lines business is the predominant activity, raised US$275.0 million (NZ$418.0 million) from the issue of 8, 12 and 15 year senior, unsubordinated notes in a private placement to US institutional investors. The placement was part of the larger program designed to refinance the acquisition debt facility put in place in September 2002 to fund the acquisition of UnitedNetworks Limited.

On 14 December 2004 Vector Limited, of which the electricity lines business is the predominant activity, purchased The Australian Gas Light Company's (AGL) 66.05% stake in Natural Gas Holdings (NGC) for NZ$2.91 per share.

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

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

			2004 $000	2003 $000
28.	**ITEMS WITH BALANCES REQUIRING SPECIFIC DISCLOSURE UNDER THE ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004**			
1.	**Current assets**			
	(c)	inventories	**Nil**	Nil
	(e)	other current assets not listed in (a) to (d)	**Nil**	Nil
2.	**Fixed assets**			
	(d)	office equipment	**Nil**	Nil
3.	**Other tangible assets not listed above**		**Nil**	Nil
5.	**Intangible assets**			
	(b)	other intangibles not listed in (a)	**Nil**	Nil
7.	**Current liabilities**			
	(a)	bank overdraft	**Nil**	Nil
	(d)	provision for dividends payable	**Nil**	Nil
	(f)	other current liabilities not listed in (a) to (e)	**Nil**	Nil
8.	**Non-current liabilities**			
	(a)	payables and accruals	**Nil**	Nil
	(d)	other non-current liabilities not listed (a) to (c)	**Nil**	Nil
9.	**Equity**			
	(b)	minority interest in subsidiaries	**Nil**	Nil
	(d)	capital notes	**Nil**	Nil
11.	**Operating revenue**			
	(b)	revenue from "other" business for services carried out by the line business (transfer payment)	**Nil**	Nil

Vector Limited
Electricity Lines Business

Notes to the Financial Statements
For the year ended 31 March 2004

			2004 $000	2003 $000
28.	**ITEMS WITH BALANCES REQUIRING SPECIFIC DISCLOSURE UNDER THE ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004 – CONTINUED**			
12.	**Operating expenditure**			
	(b)	transfer payments to the "other" business for		
		(i) asset maintenance	**Nil**	Nil
		(ii) consumer disconnection/reconnection services	**Nil**	Nil
		(iii) meter data	**Nil**	Nil
		(iv) customer based load control services	**Nil**	Nil
		(v) royalty and patent expenses	**Nil**	Nil
		(vi) avoided transmission charges on account of own generation	**Nil**	Nil
		(vii) other goods and services not listed in (i) to (vi)	**Nil**	Nil
		(viii) total transfer payments to the "other" business (sum of (i) to (vii))	**Nil**	Nil
	(c)	expense to entities that are not related parties for		
		(ii) consumer disconnection/reconnection services	**Nil**	Nil
		(iv) consumer based load control services	**Nil**	Nil
		(v) royalty and patent expenses	**Nil**	Nil
	(g)	amortisation of		
		(ii) other intangibles	**Nil**	Nil
	(k)	merger and acquisition expenses	**Nil**	Nil
	(l)	takeover defence expenses	**Nil**	Nil
	(m)	research and development expenses	**Nil**	Nil
	(q)	auditors' fees		
		(ii) audit fees paid to other auditors	**Nil**	Nil
	(u)	rebates to customers due to ownership interest	**Nil**	Nil
	(v)	subvention payments	**Nil**	Nil
	(w)	unusual expenses	**Nil**	Nil
13.	**Interest expense**			
	(b)	financing charges related to finance leases	**Nil**	Nil
	(c)	other interest expense not listed in (a) or (b)	**Nil**	Nil

Vector Limited
Electricity Lines Business

Financial Performance and Efficiency Measures
For the year ended 31 March 2004

SCHEDULE 1 – PART 3

		2004	2003	2002	2001
1	**Financial performance measures**				
a	Return on funds	**13.3%**	10.6%	12.4%	14.09%
b	Return on equity	**77.9%**	13.6%	8.8%	9.78%
c	Return on investment	**8.4%**	11.2%	7.4%	9.39%
2	**Efficiency performance measures**				
a	Direct line cost per kilometre	**$1,517.42**	$1,825.05	$2,290.01	$2,511.83
b	Indirect line cost per consumer	**$92.02**	$118.95	$80.43	$79.06

The 2003 financial and efficiency performance measures 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 2004

SCHEDULE 1 – PART 4

1. Energy delivery efficiency performance measures

		2004	2003	2002	2001
(a)	Load factor	**59.81%**	67.43%	59.41%	62.11%
(b)	Loss ratio	**4.72%**	4.55%	4.50%	4.50%
(c)	Capacity utilisation	**40.42%**	35.91%	41.84%	40.94%

2. Statistics

(a) System length (in kilometres)

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
2004	**18,075.12**	**34.27**	**8,580.39**	**174.54**	**1,030.84**	**121.81**	**28,016.97**
2003	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
2001	5,201.30	89.74	2,666.91	136.90	273.73	77.35	8,445.93

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

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
2004	**7,993.55**	**26.17**	**4,482.61**	**2.91**	**491.06**	**27.67**	**13,023.97**
2003	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	0.00	3,283.24
2001	2,219.50	30.34	987.70	-	45.63	21.07	3,304.24

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

	400V	6.6kV	11kV	22kV	33kV	110kV	Total
2004	**10,081.57**	**8.10**	**4,097.78**	**171.63**	**539.78**	**94.14**	**14,993.00**
2003	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
2001	2,981.80	59.40	1,679.21	136.90	228.10	56.28	5,141.69

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 - continued
For the year ended 31 March 2004

SCHEDULE 1 – PART 4 - CONTINUED

2. Statistics - continued

		2004	2003	2002	2001
(d)	Transformer capacity (MVA)	**4,843.25**	3,685.28	2,349.45	2,240.28
(e)	Maximum demand (kW)	**1,957,774**	1,323,472	982,910	917,196
(f)	Total electricity entering system (before losses of electricity), in kilowatt hours	**10,257,438,450**	7,818,016,002	5,115,120,438	4,990,007,759
(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	**9,773,773,861**	7,462,630,726	4,884,940,018	4,765,457,410
	Company A	**2,850,340,301**	2,619,377,061	2,728,749,951	3,097,865,423
	Company B	-	-	-	163,534,679
	Company C	-	52,194,205	37,776,653	25,423,693
	Company D	**2,220,527,842**	1,434,854,901	595,950,503	191,463,874
	Company E	**3,101,604,795**	1,808,784,932	390,723,653	96,039,599
	Company F	**891,429,437**	580,017,136	319,926,289	108,511,241
	Company G	-	-	-	-
	Company H	-	-	-	-
	Company I	-	-	337,161,361	344,965,186
	Company J	**690,358,384**	837,754,095	474,651,608	737,653,715
	Company K	-	-	-	-
	Company L	-	-	-	-
	Company M	-	7,274,558	-	-
	Company N	**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	**644,000**	467,248	274,000	265,895

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)

For the year ended 31 March 2004

SCHEDULE 1 – PART 5

1. Interruptions

	2004	2003	2002	2001
Total number of interruptions according to class				
Class A	**1**	1	-	-
Class B	**610**	329	26	14
Class C	**1,333**	896	299	344
Class D	**7**	6	6	4
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-
Total interruptions	**1,951**	1,232	331	362

2. Interruption targets

	2005
(a) Planned (class B)	590
(b) Unplanned (class C)	1,173

3. Average interruption targets

	2005-2009
(a) Planned (class B)	560
(b) Unplanned (class C)	1,068

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

	2004
(a) 3 hours	**29.90%**
(b) 24 hours	**0.90%**

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

For the year ended 31 March 2004

SCHEDULE 1 – PART 5 - CONTINUED

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

		2004	2003	2002	2001
(a)	The total number of faults	**14.52**	12.57	9.36	10.68

		2005
(b)	The total number of targeted faults	11.67

		2005-2009
(c)	The average total number of faults	10.04

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

		6.6kV	11kV	22kV	33kV	110kV	Total
(a)	**2004**	**-**	**15.14**	**2.86**	**12.71**	**6.57**	**14.52**
(b)	**2005**	7.64	12.55	2.82	7.23	0.82	11.67
(c)	**2005-2009**	3.06	10.75	2.51	6.33	0.82	10.04

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

	6.6kV	11kV	22kV	33kV	110kV	Total
2004	**-**	**6.30**	**2.91**	**4.82**	**5.31**	**5.99**
2003	-	6.51	5.67	0.56	1.44	5.69
2002	-	7.90	2.43	4.68	6.17	7.06
2001	1.65	6.64	7.13	5.03	3.00	6.26

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

	6.6kV	11kV	22kV	33kV	110kV	Total
2004	**-**	**23.25**	**-**	**21.38**	**10.84**	**22.86**
2003	15.15	20.28	-	7.94	7.23	19.12
2002	3.76	14.15	-	8.77	23.73	14.09
2001	3.54	20.22	-	13.15	23.73	19.56

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 2004

SCHEDULE 1 – PART 5 - CONTINUED

SAIDI

8. The SAIDI for the total number of interruptions

	2004	2003	2002	2001
	107.94	79.72	56.32	49.55

9. SAIDI targets for the following financial year

	2005
(a) Planned (class B)	7.20
(b) Unplanned (class C)	71.82

10. Average SAIDI targets

	2005-2009
(a) Planned (class B)	3.96
(b) Unplanned (class C)	68.20

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

	2004	2003	2002	2001
Class A	-	-	-	-
Class B	**9.16**	7.19	0.68	0.51
Class C	**94.29**	72.21	50.48	48.90
Class D	**4.50**	0.32	5.15	0.14
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-

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 2004

SCHEDULE 1 – PART 5 - CONTINUED

SAIFI

12. The SAIFI for the total number of interruptions

	2004	2003	2002	2001
	1.54	1.32	1.05	1.01

13. SAIFI targets for the following financial year

	2005
(a) Planned (class B)	0.04
(b) Unplanned (class C)	1.26

14. Average SAIFI targets

	2005-2009
(a) Planned (class B)	0.02
(b) Unplanned (class C)	1.24

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

	2004	2003	2002	2001
Class A	-	-	-	-
Class B	**0.05**	0.04	0.01	0.00
Class C	**1.38**	1.28	0.79	0.99
Class D	**0.11**	0.02	0.25	0.02
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-

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 2004

SCHEDULE 1 – PART 5 - CONTINUED

CAIDI

16. The CAIDI for the total of all interruptions

	2004	2003	2002	2001
	70.05	60.61	53.89	49.00

17. CAIDI targets for the following financial year

	2005
(a) Planned (class B)	180.00
(b) Unplanned (class C)	57.00

18. Average CAIDI targets

	2005-2009
(a) Planned (class B)	180.00
(b) Unplanned (class C)	55.00

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

	2004	2003	2002	2001
Class A	**439.00**	75.00	-	-
Class B	**174.18**	186.75	107.55	176.15
Class C	**68.40**	56.55	64.24	49.36
Class D	**40.93**	13.19	20.38	8.00
Class E	-	-	-	-
Class F	-	-	-	-
Class G	-	-	-	-
Class H	-	-	-	-
Class I	-	-	-	-

Description of interruption classes as per The Electricity Information 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 2004

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	201,808							
Operating surplus before interest and income tax adjusted pursuant to requirement 18 (OSBIIT)	201,808							
Interest on cash, bank balances, and short-term investments (ISTI)	411							
OSBIIT minus ISTI	201,397	a		201,397				201,397
Net surplus after tax from financial statements	44,631							
Net surplus after tax adjusted pursuant to requirement 18 (NSAT)	44,631	n				44,631		
Amortisation of goodwill and amortisation of other intangibles	29,975	g	add	29,975	add	29,975	add	29,975
Subvention payment	-	s	add	-	add	-	add	-
Depreciation of SFA at BV (x)	60,257							
Depreciation of SFA at ODV (y)	58,143							
ODV depreciation adjustment	2,114	d	add	2,114	add	2,114	add	2,114
Subvention payment tax adjustment	-	s*t			deduct	-	deduct	-
Interest tax shield	35,937	q					deduct	35,937
Revaluations	-	r					add	-
Income tax	49,143	p					deduct	49,143
Numerator				233,486 $OSBIIT^{ADJ} = a + g + s + d$		76,720 $NSAT^{ADJ} = n + g + s - s*t + d$		148,406 $OSBIIT^{ADJ} = a + g - q + r + s + d - p - s*t$
Fixed assets at end of previous financial year (FA_0)	1,944,985							
Fixed assets at end of current financial year (FA_1)	1,975,837							
Adjusted net working capital at end of previous financial year ($ANWC_0$)	(10,873)							
Adjusted net working capital at end of current financial year ($ANWC_1$)	(15,418)							
Average total funds employed (ATFE)	1,947,266 (or requirement 32 time-weighted average)	c		1,947,266				1,947,266
Total equity at end of previous financial year (TE_0)	935,472							
Total equity at end of current financial year (TE_1)	780,903							
Average total equity	858,188 (or requirement 32 time-weighted average)	k				858,188		
WUC at end of previous financial year (WUC_0)	32,493							
WUC at end of current financial year (WUC_1)	81,806							
Average total works under construction	57,150 (or requirement 32 time-weighted average)	e	deduct	57,150	deduct	57,150	deduct	57,150
Revaluations	-	r						
Half of Revaluations	-	r/2					deduct	-
Intangible assets at end of previous financial year (IA_0)	586,974							
Intangible assets at end of current financial year (IA_1)	553,798							
Average total intangible asset	570,386 (or requirement 32 time-weighted average)	m			deduct	570,386		
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})	1,872,253							
System fixed assets at end of current financial year as book value (SFA_{bv1})	1,860,533							
Average value of system fixed assets at book value	1,866,393 (or requirement 32 time-weighted average)	f	deduct	1,866,393	deduct	1,866,393	deduct	1,866,393
System fixed assets at year beginning at ODV value (SFA_{odv0})	1,609,940							
System Fixed assets at end of current financial year at ODV value (SFA_{odv1})	1,858,398							
Average value of system fixed assets at ODV value	1,734,169 (or requirement 32 time-weighted average)	h	add	1,734,169	add	1,734,169	add	1,734,169
Denominator				1,757,892 $ATFE^{ADJ} = c - e - f + h$		98,428 $Ave\ TE^{ADJ} = k - e - m + v - f + h$		1,757,892 $ATFE^{ADJ} = c - e - \frac{1}{2}r - f + h$
Financial Performance Measure:				13.3 $ROF = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$		77.9 $ROE = NSAT^{ADJ}/ATE^{ADJ} \times 100$		8.4 $ROI = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$

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 2004

SCHEDULE 1 – PART 8

	2004 $000	2003 $000
System fixed assets at ODV – end of the previous financial year	**1,609,940**	879,060
Add system fixed assets acquired during the year at ODV	**105,475**	1,119,446
Less system fixed assets disposed of during the year at ODV	**(12,716)**	(406,519)
Less depreciation on system fixed assets at ODV	**(58,143)**	(36,436)
Commerce Commission handbook recalibration adjustment	**213,842**	-
Add revaluation of system fixed assets	**-**	54,389
Equals system fixed assets at ODV – end of the financial year	**1,858,398**	1,609,940

CERTIFICATION OF VALUATION REPORT OF DISCLOSING ENTITIES

We, Brian Plimmer and Bryan Leyland, Directors of Vector Limited certify that, having made all reasonable enquiry, to the best of our knowledge—

(a) the attached valuation report of Vector Limited, prepared for the purposes of regulation 19 of the Commerce Commission's Electricity Information Disclosure Requirements 2004, complies with those Requirements; and

(b) the replacement cost of the line business system fixed assets of Vector Limited is $3,322,607,057; and

(c) the depreciated replacement cost of the line business system fixed assets of Vector Limited is $1,935,124,322; and

(d) the optimised depreciated replacement cost of the line business system fixed assets of Vector Limited is $1,858,397,876; and

(e) the optimised deprival valuation of the line business system fixed assets of Vector Limited is $1,858,397,876; and

(f) the values in paragraphs (b) through to (e) have been prepared in accordance with the ODV Handbook (as defined in the Electricity Information Disclosure Requirements 2004). These valuations are as at 31 March 2004.

Signature of Directors:

Date: 17 DEC 04

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CERTIFICATION BY AUDITOR IN RELATION TO VALUATION

We have examined the valuation report of Vector Limited and dated 17 December 2004, which report contains valuations of system fixed assets as at 31 March 2004.

In our opinion, having made all reasonable enquiry, to the best of our knowledge, the valuations contained in the report, including the total valuation of system fixed assets of $1,858,397,876 have been made in accordance with the ODV Handbook (as defined in the Commerce Commission's Electricity Information Disclosure Requirements 2004).

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
Auckland
17 December 2004

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