SUPPLEMENT TO

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UNISON NETWORKS LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO
SECTION 57T OF THE COMMERCE ACT 1986

Form 4 **Requirement 31(1)**

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

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

a. The attached audited financial statements of Unison Networks Limited, prepared for the purposes of 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 Unison Networks 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 10 December 2004.

Declared at Hastings this 17th day of November 2004.

Director — Date 17/12/04

Director — Date 17/12/04

unison

Form 6 **Requirement 31(5)**

CERTIFICATION OF VALUATION REPORT OF LINE OWNERS

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

a. the attached valuation report of Unsion Networks Limited, prepared for the purposes of requirement 19 of the Commerce Commission's Electricity Information Disclosure Requirements 2004, complies with those Requirements; and

b. the replacement cost of the lines business system fixed assets of Unison Networks Limited is $531,169,000; and

c. the depreciated replacement cost of the line business system fixed assets of Unison Networks Limited is $287,747,000; and

d. the optimised depreciated replacement cost of the line business system fixed assets of Unison Networks Limited is $285,044,000; and

e. the optimised deprival valuation of the line business system fixed assets of Unison Networks Limited is $285,044,000; 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 10 December 2004.

Declared at Hastings this 17th day of December 2004.

Director   17/12/04 *Date*

Director   17/12/04 *Date*

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CERTIFICATION BY AUDITOR IN RELATION TO VALUATION

We have examined the valuation report of Unison Limited and dated 10 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 $ 285,044,000 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
10 December 2004

UNISON NETWORKS LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL PERFORMANCE
For The Year Ended 31 March 2004

	Notes	2004 $000	2003* $000
Operating Revenue Pre Discounts	5	75,457	52,916
Discounts Paid		35	3,461
Operating Revenue		75,422	49,455
Operating Surplus before Non Operating Benefits/(Costs)		**27,559**	**13,804**
Amortisation	20	4,495	1,844
Non Operating Benefits/(Costs)	5	-	2,432
Interest Costs		13,701	5,859
Surplus Before Taxation		9,363	3,669
Taxation (Benefit)/Expense	4(a)	(1,614)	(444)
NET SURPLUS FOR THE YEAR		**10,977**	**4,113**

UNISON NETWORKS LIMITED - LINES BUSINESS
STATEMENT OF MOVEMENTS IN EQUITY
For The Year Ended 31 March 2004

		2004 $000	2003* $000
Equity at beginning of year		184,980	132,511
Net Surplus/(Deficit)		10,977	4,113
Land and Building Revaluations		-	-
Revaluation of Network Assets	16	-	48,520
Total recognised revenues and expenses for the year		10,977	52,633
Dividends Paid		80	167
Equity at end of year		**195,877**	**184,980**

The accompanying Statement of Significant Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with Electricity Information Disclosure Requirements pursuant to Section 57T of the Commerce Act 1986.

*Comparisons for 2003 include the Hawke's Bay area for the full year and Rotorua/Taupo for 5 months only.

UNISON NETWORKS LIMITED - LINES BUSINESS
STATEMENT OF FINANCIAL POSITION
As at 31 March 2004

	Notes	2004 $000	2003 $000
EQUITY			
Share Capital	6	66,661	66,661
Asset Revaluation Reserve	16	112,166	112,166
Retained Earnings	17	17,050	6,153
		195,877	184,980
Represented by:			
NON CURRENT ASSETS			
Property, Plant and Equipment	7	293,371	286,604
Goodwill Arising on Acquisition	20	83,549	88,044
Capital Work In Progress	21	3,338	7,391
Deferred Tax	4e	1,543	-
		381,801	382,039
CURRENT ASSETS			
Receivables and Prepayments	8	8,061	6,833
Inventories		1,467	887
Taxation Refund	4c	1,818	1,643
Properties Intended For Sale	18	-	1,313
		11,346	10,676
TOTAL ASSETS		393,147	392,715
NON CURRENT LIABILITIES			
Employee Entitlements	19	665	449
Term Debt	9	186,600	195,500
		187,265	195,949
CURRENT LIABILITIES			
Bank Overdraft		2,520	3,217
Accounts Payable and Accruals	22	6,512	7,679
Employee Entitlements	19	973	890
		10,005	11,786
TOTAL LIABILITIES		197,270	207,735
NET ASSETS EMPLOYED		195,877	184,980

The accompanying Statement of Significant Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with Electricity Information Disclosure Requirements pursuant to Section 57T of the Commerce Act 1986.

UNISON NETWORKS LIMITED - LINES BUSINESS
STATEMENT OF CASH FLOWS
For The Year Ended 31 March 2004

	Notes	2004 $000	2003* $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts From Customers		69,413	42,364
Contributions For Capital Works		4,588	2,797
Taxation Refunds		253	-
Interest Received		97	213
		74,351	45,374
Cash was disbursed to:			
Payments To Suppliers		30,412	22,990
Payments To Employees		7,317	5,580
Interest Paid On Loans		13,682	4,927
Income Taxes Paid		357	1,239
		51,768	34,736
Net cash flows from operating activities	13	22,583	10,638
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds From Sale Of Property, Plant and Equipment		1,446	20
		1,446	20
Cash was applied to:			
Purchase of operations - Taupo and Rotorua Region		-	196,195
Purchase and Construction Of Property, Plant and Equipment		14,352	15,513
		14,352	211,708
Net cash flows from investing activities		(12,906)	(211,688)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was received from			
Borrowings		600	196,500
		600	196,500
Cash was applied to:			
Settlement of Borrowings		9,500	2,000
Payment of Dividends		80	167
		9,580	2,167
Net cash from financing activities		(8,980)	194,333
Net Increase/(Decrease) in Cash Held		697	(6,717)
Cash balances at beginning of year		(3,217)	3,500
CASH BALANCES AT END OF YEAR		(2,520)	(3,217)

The accompanying Statement of Significant Accounting Policies and Notes form part of and are to be read in conjunction with these Financial Statements. The Financial Statements have been prepared solely for the purpose of complying with Electricity Information Disclosure Requirements pursuant to Section 57T of the Commerce Act 1986.

*Comparisons for 2003 include the Hawke's Bay area for the full year and Rotorua/Taupo for 5 months only.

Unison Networks Limited – Lines Business
Statement of Significant Accounting Policies

For the year ended 31 March 2004

1. ENTITY STATEMENT

These financial statements reflect the operations of Unison Networks Limited (the Company) for the period 1 April 2003 to 31 March 2004, and the financial position of the Company as at 31 March 2004.

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

The financial statements have been prepared in accordance with the relevant provisions of these two Acts and the Financial Reporting Act 1993 and the Electricity Information Disclosure Requirements 2004.

2. STATEMENT OF ACCOUNTING POLICIES

- **Measurement System**

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

- **Specific Accounting Policies**

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

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

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

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

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

Unison Networks Limited – Lines Business
Statement of Significant Accounting Policies

For the year ended 31 March 2004

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

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

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

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

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

The carrying values of property, plant and equipment do not exceed their estimated recoverable value. Any revaluation surplus is reduced or increased by the amount applicable to that item.

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

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

Electrical Distribution Network

33kV sub transmission	35 - 70 Years
Zone substations, structures and equipment	15 - 70 Years
Distribution transformers	40 – 60 Years
Distribution switchgear	35 - 55 Years
Overhead lines	45 - 70 Years
Underground cables	45 - 70 Years
Other distribution equipment	10 - 45 Years

Other Plant, Property and Equipment

Freehold buildings	60 -100 Years
Land	Indefinite
Motor vehicles	3 - 15 Years
Plant and equipment	5 - 10 Years
Office furniture and equipment	5 - 20 Years
Information technology	3 -10 Years

Unison Networks Limited – Lines Business
Statement of Significant Accounting Policies

For the year ended 31 March 2004

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

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

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

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

g. ***Income Tax***
The Company adopts the liability method of accounting for deferred taxation.

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

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

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

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

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

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

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

Unison Networks Limited – Lines Business
Statement of Significant Accounting Policies

For the year ended 31 March 2004

k. Employee Entitlements

A liability for annual leave, long service leave and retirement gratuities is accrued and recognised in the Statement of Financial Position. Liabilities for annual and long service leave are calculated on an entitlement basis at current rates. Retirement gratuity liability is calculated using current rates and appropriate probabilities for all qualifying staff aged 50 years or over. The calculations are based on the net present value of the estimated future cashflow. A discount rate of 6.5% and an inflation factor of 2.5% were used.

l. Properties Intended for Sale

Properties intended for sale are recognised at the lower of valuation and net realisable value.

m. Goodwill Arising on Acquisition

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

n. Borrowings

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

o. Goods and Services Tax

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

p. Operating Leases

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

Changes in Accounting Policies

There have been no changes to accounting policies.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2004

3 *Major Transaction*

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

	2004 $000	2003* $000
The summary of the financial reporting treatment of the acquisition was:		
Property, plant and equipment as defined under Financial Reporting Standard 3	-	106,307
Goodwill arising on acquisition	-	89,888
	-	196,195

This transaction was 100% funded by term borrowing as detailed in Note 9.
Goodwill arising on acquisition for financial reporting purposes is further detailed in Note 21

4 INCOME TAX

	2004 $000	2003* $000
a) Taxation		
Operating Surplus Before Taxation	9,363	3,669
Prima Facie Tax @ 33%	3,090	1,211
Permanent differences	(108)	(250)
Timing Differences not recognised	(4,525)	(1,133)
Prior Period Adjustments	(71)	(272)
Current Taxation (Benefit)/Expense	(1,614)	(444)
Taxation Expense (Benefit) is represented by:		
Current Taxation	(71)	(444)
Deferred Tax	(1,543)	-
	(1,614)	(444)

b) In respect of network assets there is a deferred tax liability for tax depreciation recoverable amounting to approximately $20.9 million (2003: $14.9million) which would crystalise if all network assets were disposed of at their carrying value. There is a further deferred tax asset of $0.8 million in relation to other items. The net liability has not been recognised in the financial statements.

The deferred tax account includes a tax loss benefit of $1,543,000. Subsequent realisation of this benefit is subject to the requirement of Income Tax Legislation being met.

c) Taxation (Refund)/Payable

	2004	2003*
Opening Balance	(1,643)	40
Current year taxation expense (benefit)	(71)	(444)
Taxation paid	(357)	(1,239)
Taxation Refunded Prior Periods	253	-
	(1,818)	(1,643)

	2004	2003*
d) Imputation Credit Account		
Opening Balance	4,001	2,845
Prior Period Adjustment	366	-
Taxation Paid	357	1,239
Taxation Refund Received	(253)	-
Imputation Credits attached to Dividends Paid in the reporting period	(39)	(83)
	4,432	4,001
e) Deferred Tax (Asset)/Liability		
Opening Balance	-	-
Movement	(1,543)	-
Closing Balance	(1,543)	-

*Comparisons for 2003 include the Hawke's Bay area for the full year and Rotorua/Taupo for 5 months only.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2004

5 SURPLUS BEFORE TAXATION

	2004 $000	2003* $000
Operating Revenue		
Interest revenue	97	213
Recovery of debt previously written off as bad	25	40
Gain on sale from properties intended for sale	131	18
All other revenue	75,204	52,645
	75,457	**52,916**
Depreciation		
Electrical Distribution System	10,439	6,493
Freehold Buildings	138	162
Motor Vehicles	152	146
Plant and Equipment	132	157
Office Furniture and Equipment	91	100
Information Technology	647	543
Total Depreciation	**11,599**	**7,601**
Operating Expenses		
Audit New Zealand - audit services	24	35
Audit New Zealand - disclosure accounts	3	6
Remuneration paid to directors	154	130
Bad debts written off	25	145
Operating lease payments	79	7
Change in provision for doubtful debts	(60)	4
Loss on sale of properties, plant and equipment	37	16
Loss on sale from properties intended for sale	21	-
All other expenses	35,980	27,707
	36,263	**28,050**
Non Operating (Benefits)/Costs		
Investment (recovery)/write-down	-	(23)
Costs associated with asset acquisition	-	2,457
Miscellaneous	-	(2)
	-	**2,432**
Other Costs		
Amortisation	4,495	1,844
Discounts	35	3,461
Interest	13,701	5,859
	18,231	**11,164**
Surplus Before Taxation	**9,363**	**3,669**

6 SHARE CAPITAL

	2004	2003
Number of Ordinary Fully Paid Shares on Issue	64,000,000	64,000,000

	2004 $000	2003 $000
Issued and Paid up Value	66,661	66,661

*Comparisons for 2003 include the Hawke's Bay area for the full year and Rotorua/Taupo for 5 months only.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2004

7 PROPERTY PLANT AND EQUIPMENT

	2004 $000	2003 $000
Electrical Distribution Network		
33kV Subtransmission		
at valuation	17,490	17,490
additions at cost	175	-
less accumulated depreciation	612	-
	17,053	17,490
Zone Substation Structures and Equipment		
at valuation	23,237	23,237
additions at cost	1,901	-
less accumulated depreciation	1,162	-
	23,976	23,237
Distribution and Substation Transformers		
at valuation	43,716	43,716
additions at cost	501	-
less accumulated depreciation	1,725	-
	42,492	43,716
Distribution Switchgear		
at valuation	18,561	18,561
additions at cost	941	-
less accumulated depreciation	1,209	-
	18,293	18,561
Overhead Lines		
at valuation	96,392	96,392
additions at cost	12,473	-
less accumulated depreciation	2,633	-
	106,232	96,392
Underground Cables		
at valuation	61,677	61,677
additions at cost	864	-
less accumulated depreciation	2,425	-
	60,116	61,677
Other Distribution Equipment		
at valuation	15,101	15,101
additions at cost	493	-
less accumulated depreciation	673	-
	14,921	15,101
Net carrying Value, Electricity Distribution Network	**283,083**	**276,174**

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2004

	2004 $000	2003* $000
7 PROPERTY PLANT AND EQUIPMENT...*continued*		
Freehold Buildings		
at valuation	4,007	4,007
at cost	371	270
less accumulated depreciation	299	161
	4,079	4,116
Land and Additions to Land		
at valuation	836	836
at cost	205	-
	1,041	836
Motor vehicles		
at cost	3,011	2,931
less accumulated depreciation	2,134	1,982
	877	949
Plant and Equipment		
at cost	3,701	3,689
less accumulated depreciation	2,859	2,727
	842	962
Office Furniture and Equipment		
at cost	2,260	2,285
less accumulated depreciation	2,060	1,969
	200	316
Information Technology		
at cost	7,738	7,093
less accumulated depreciation	4,489	3,842
	3,249	3,251
Net Carrying Value, Other items of Property, Plant and Equipment	**10,288**	**10,430**
TOTAL NET CARRYING VALUE	**293,371**	**286,604**
Reconciliation:		
Balance at beginning of reporting period	286,604	128,636
Plus revaluations	-	48,520
Plus acquisitions of property, plant and equipment	-	106,307
Plus other property, plant and equipment additions	18,366	10,742
Less depreciation	11,599	7,601
Balance at end of reporting period	**293,371**	**286,604**
This is represented by:		
Property, plant and equipment at valuation	281,017	281,017
Property, plant and equipment at cost	34,634	16,268
less accumulated depreciation	22,280	10,681
	293,371	**286,604**

	2004 $000	2003 $000
8 RECEIVABLES AND PREPAYMENTS		
Trade Debtors	8,116	6,948
Provision For Doubtful Debts	(55)	(115)
	8,061	6,833

*Comparisons for 2003 include the Hawke's Bay area for the full year and Rotorua/Taupo for 5 months only.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2004

		2004	2003
9	**BORROWINGS**	**$000**	**$000**
	Term borrowings		
	Maturing within 1 - 2 years	25,000	54,500
	Maturing between 2 and 3 years	-	40,000
	Maturing between 3 and 4 years	80,000	50,000
	Maturing between 4 and 5 years	80,000	50,000
		185,000	**194,500**
	Related party borrowings		
	Maturing within 1 year	-	1,000
	Maturing 5 to 10 years	1,600	-
		1,600	**1,000**
	Total borrowings	**186,600**	**195,500**

	2004	2003
	%	**%**
Weighted average interest rate on term borrowings	5.94%	6.89%
Effective interest rate related party	6.00%	6.00%

All term borrowings are bank loans and interest rates for these borrowings are based on the bank bill rate plus a margin.

The Company utilises a multi tranche bank facility arrangement for a total of $200m. Components of this facility will be routinely renewed on maturity date. For this reason all borrowings under this facility are reported as term borrowings.

These term borrowings are secured by way of a negative pledge. The facility is subject to various covenants such as limitations on long-term indebtedness, leverage and other ratios. The company complied with all covenants for the 2003 and 2004 financial years.

The related party loan is from the Hawke's Bay Power Consumers' Trust and is unsecured. This loan is renewable on 01 June 2013.

10 RELATED PARTY TRANSACTIONS

The Hawke's Bay Power Consumers' Trust hold the shares of the Company on behalf of the consumers in their capacity as owners. The Company has issued a debt security to the Trust of $1,600,000 repayable on 7 June 2013. The debt security carries an interest rate of 6% per annum.

A fully imputed dividend of $80,000 was paid to the Hawke's Bay Power Consumers' Trust during the year.

The Company operates a management contract for Centralines Limited, an electricity lines company based in Waipukarau. This contract provides for executive, financial and technical managerial services for Centralines Limited. For commercial reasons the value of this contract is not disclosed.

During the year the following directors provided services under normal commercial terms through their Partnerships/Companies.

	2004	2003
	$000	**$000**
IMS/K Atkinson	12	-
Chapman Tripp/F Miller	4	-
Vectek Electronics/K Valentine	28	-

As at balance date the only amount outstanding was $9,214 which was payable to IMS Limited under normal trading terms.

There were no other related party transactions.

11 COMMITMENTS

The value of contractual capital commitments as at 31 March 2004 is estimated at $1,207,319 (2003:$1,750,000).

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

The Company has entered into a 10 year contract with Transpower relating to Wairakei Transformers to improve the security of supply in the Taupo region.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2004

12 CONTINGENT LIABILITIES

The Company was audited by the Inland Revenue Department for the tax year ending 31 March 2001. In respect to some issues the department extended its audit to two preceding tax years. At balance date there was one remaining issue under discussion with the Department. The Company has not received any notification of intention to reassess the years under review.

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

	2004 $000	2003* $000
Net Surplus	10,977	4,113
(Gain)/loss on sale of property, plant and equipment	(95)	(2)
Amortisation	4,495	1,844
Depreciation	11,599	7,601
	26,976	13,556
(Increase)/decrease in receivables and prepayments	(1,228)	(4,881)
(Increase)/decrease in inventories	(580)	(318)
(Decrease)/increase in accounts payable, accruals and employee entitlements	(867)	3,964
(Decrease)/increase in taxation payable	(1,718)	(1,683)
Net cash inflow from operating activities	22,583	10,638

14 FINANCIAL INSTRUMENTS

a) Interest rate risk

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

For the period ending 31 March 2004 the company managed interest rate exposure in accordance with its treasury policy by hedging no less than 90% of all borrowings with interest rate hedge instruments.

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

	2004 %	2004 $000	2003 %	2003 $000
Maturing in less than 1 year	6.11	24,000	5.90	24,000
Maturing between 1 and 2 years	6.27	30,000	6.11	24,000
Maturing between 2 and 5 years	6.43	84,000	6.38	72,000
Maturing after 5 years	6.60	36,000	6.60	60,000
		174,000		180,000

The market valuation of these hedges at 31 March 2004 is $171,636,691 (2003: $177,536,000).

b) Credit risk

Financial instruments which potentially subject the Company to credit risk principally consist of bank balances and accounts receivables. No collateral is held on these amounts. (2003: nil)

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

c) Concentration of credit risk

The Company has exposure to two electricity retailers that may account for 70% of accounts receivables. To minimise this risk, the Company performs credit evaluations on all energy retailers in conjunction with the contractual requirements contained within the use of system agreements operating with these parties. A bond may be required where deemed necessary.

d) Fair values

The methods and assumptions used are that carrying amounts in the Financial Statements reflect the estimated fair value of the financial instruments including receivables, bank and investments, accounts payable and term debt. There were no material investments at balance date.

*Comparisons for 2003 include the Hawke's Bay area for the full year and Rotorua/Taupo for 5 months only.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2004

14 FINANCIAL INSTRUMENTS ...*continued*

e) Currency risk

The Company enters into forward exchange contracts for any transactions conducted in currencies other than the New Zealand dollar to eliminate the effects of any currency fluctuations. At balance date no forward exchange contracts were in operation (2003:nil)

15 SEGMENT INFORMATION

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

16 RESERVES

	2004 $000	2003 $000
Asset Revaluation Reserve		
Balance at beginning of year	112,166	63,646
Revaluation of Electrical Distribution Network	-	48,520
	112,166	**112,166**
Detailed As		
Land	278	278
Revaluation of electrical distribution network	111,888	111,888
	112,166	**112,166**

17 RETAINED EARNINGS

	2004 $000	2003* $000
Balance at beginning of year	6,153	2,207
Net Surplus	10,977	4,113
Dividends Paid	80	167
Balance at end of year	**17,050**	**6,153**

18 PROPERTIES INTENDED FOR SALE

	2004 $000	2003* $000
Buildings	-	764
Land	-	549
Total Properties Intended for Sale	-	**1,313**

During the year all properties intended for sale were sold. The gains and losses are reflected in the operation expenses under note 5.

19 EMPLOYEE ENTITLEMENTS

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

20 GOODWILL ARISING FROM ACQUISITION

	2004 $000	2003* $000
Opening balance	88,044	-
Goodwill purchased during the year	-	89,888
Less Amortised during the year	4,495	1,844
Closing balance	83,549	88,044

Goodwill arising on acquisition is the result of accounting allocations and represents the balance of the purchase price for the Rotorua and Taupo electrical distribution networks after assigning fair values for financial reporting purposes to the appropriate asset classes. The valuation assigned for financial reporting purposes to the most significant category of the purchase price (namely the electrical distribution network) has been established using an optimised depreciated replacement cost (ODRC) methodology on an individual component basis, in accordance with Financial Reporting Standard 3, Property, Plant and Equipment. The ODRC methodology has limitations as it takes minimal account of the integrated systemic value of the infrastructure in place, the value of consents, existing use rights, easements etc. These important elements of total system value remain under the generic heading "Goodwill arising on acquisition".

*Comparisons for 2003 include the Hawke's Bay area for the full year and Rotorua/Taupo for 5 months only.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2004

21 CAPITAL WORK IN PROGRESS	**2004 $000**	**2003* $000**
Electrical Distribution Network	3,338	7,391
	3,338	**7,391**

22 ACCOUNTS PAYABLE AND ACCRUALS	**2004 $000**	**2003* $000**
Trade creditors	5,403	6,589
Interest payable	1,109	1,090
	6,512	7,679

23 EVENTS SUBSEQUENT TO BALANCE DATE

On 10 November 2004 the Board of Directors passed a resolution to pay a dividend of $3,038,000 to its shareholders.

24 OTHER MATTERS

Unison is subject to the Commerce Commission's Price Path Regime which applies to Electricity Lines Companies. Unison believe that this regime does not achieve its statutory purpose and, subsequent to balance date, commenced proceedings for a judicial review of the Commerce Commission's regulatory regime in the High Court.

The Commerce Commission is currently undertaking an enquiry following a breach of the Price Path Regime by Unison. Irrespective of the judicial review proceedings, the Directors believe that any enquiry should find Unison's prices to be fair and reasonable.

*Comparisons for 2003 include the Hawke's Bay area for the full year and Rotorua/Taupo for 5 months only.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2004

25 MANDATORY SPECIFIC DISCLOSURE

The following information is required to be disclosed in the financial statements under requirement 6 of the Commerce Act Electricity Information Disclosure Requirements 2004.

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

		2004	2003
		$000	$000
	Current assets		
(a)	Cash and bank balances:	-	-
(b)	Short-term investments:	-	-
(c)	Inventories:	1,467	887
(d)	Accounts receivable:	9,879	8,476
(e)	Other current assets not listed in (a) to (d):	0	1,313
(f)	**Total current assets**	11,346	10,676
	Fixed assets		
(a)	System fixed assets:	283,083	276,174
(b)	Consumer billing and information system assets:	-	-
(c)	Motor vehicles:	877	949
(d)	Office equipment:	200	316
(e)	Land and buildings:	5,120	4,952
(f)	Capital works under construction:	3,338	7,391
(g)	Other fixed assets not listed in (a) to (f):	5,634	4,213
(h)	**Total fixed assets**	298,252	293,995
	Other tangible assets not listed above	-	-
	Total tangible assets	309,598	304,671
	Intangible assets		
(a)	Goodwill:	83,549	88,044
(b)	Other intangibles not listed in (a) above:	-	-
(c)	**Total intangible assets**	83,549	88,044
	Total assets	**393,147**	**392,715**
	Current liabilities		
(a)	Bank overdraft:	2,520	3,217
(b)	Short-term borrowings:	-	-
(c)	Payables and accruals:	7,485	8,569
(d)	Provision for dividends payable:	-	-
(e)	Provision for income tax:	-	-
(f)	Other current liabilities not listed in (a) to (e) above:	-	-
(g)	**Total current liabilities**	10,005	11,786
	Non-current liabilities		
(a)	Payables and accruals:	-	-
(b)	Borrowings:	186,600	195,500
(c)	Deferred tax:	-	-
(d)	Other non-current liabilities not listed in (a) to (c) above:	665	449
(e)	**Total non-current liabilities**	187,265	195,949
	Equity		
(a)	Shareholders' equity:		
	Share capital:	66,661	66,661
	Retained earnings:	17,050	6,153
	Reserves:	112,166	112,166
	Total Shareholders' equity:	195,877	184,980
(b)	Minority interests in subsidiaries:	-	-
(c)	Total equity:	195,877	184,980
(d)	Capital notes:	-	-
(e)	**Total capital funds:**	195,877	184,980
	Total equity and liabilities	**393,147**	**392,715**

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2004

25 MANDATORY SPECIFIC DISCLOSURE...*continued*

The following information is required to be disclosed in the financial statements under requirement 6 of the Commerce Act Electricity Information Disclosure Requirements 2004.

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

			2004	2003*
			$000	**$000**
		Operating revenue		
(a)		Revenue from line/access charges:	72,598	48,554
(b)		Revenue from "Other" business for services carried out by	-	-
		the line business (transfer payment):	-	-
(c)		Interest on cash, bank balances and short term investments:	97	213
(d)		AC loss-rental rebates:	2,632	4,091
(e)		Other revenue not listed in (a) to (d):	130	58
(f)		**Total operating revenue pre Discounts**	75,457	52,916
			2004	**2003***
		Operating expenditure	**$000**	**$000**
(a)		Payment for Transmission Charges	18,239	13,758
			18,239	13,758
(b)		Transfer payments to the 'other" business for:		
	(i)	Asset maintenance:	-	-
	(ii)	Consumer disconnection/reconnection services:	-	-
	(iii)	Meter data:	-	-
	(iv)	Consumer-based load control services:	-	-
	(v)	Royalty and patent expenses:	-	-
	(vi)	Avoided transmission charges on account of own generation	-	-
	(vii)	Other goods and services not listed in (i) to (vi) above	-	-
	(viii)	**Total transfer payment to the "Other" business**	-	-
(c)				
		Expense to entities that are not related parties for:		
	(i)	Asset maintenance:	5,021	4,419
	(ii)	Consumer disconnection/reconnection services	-	-
	(iii)	Meter data	-	-
	(iv)	Consumer-based load control services	-	-
	(v)	Royalty and patent expenses	-	-
	(vi)	Total of specified expenses to non-related parties (sum of (i) to (v))	5,021	4,419
(d)		Employee salaries, wages and redundancies	5,838	3,486
(e)		Consumer billing and information system expense	-	-
(f)		Depreciation on:		
	(i)	System fixed assets:	10,439	6,493
	(ii)	Other assets not listed in (i)	1,160	1,108
	(iii)	**Total depreciation**	11,599	7,601
(g)		Amortisation of:		
	(i)	Goodwill:	4,495	1,844
	(ii)	Other intangibles:	-	-
	(iii)	**Total amortisation of intangibles**	4,495	1,844
(h)		Corporate and administration:	1,809	619
(i)		Human resource expenses:	82	44
(j)		Marketing/advertising:	438	487
(k)		Merger and acquisition expenses:	-	2,457
(l)		Takeover defense expenses:	-	-
(m)		Research and development expenses:	44	35
(n)		Consultancy and legal expenses:	1,111	406
(o)		Donations:	-	-
(p)		Directors' fees:	154	130
			3,638	4,178

*Comparisons for 2003 include the Hawke's Bay area for the full year and Rotorua/Taupo for 5 months only.

UNISON NETWORKS - LINES BUSINESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 31 March 2004

25 MANDATORY SPECIFIC DISCLOSURE...*continued*

The following information is required to be disclosed in the financial statements under requirement 6 of the Commerce Act Electricity Information Disclosure Requirements 2004.

			2004 $000	2003* $000
(q)		Auditors' fees:		
	(i)	Audit fees paid to principal auditors:	27	41
	(ii)	Audit fees paid to other auditors:	-	-
	(iii)	Fees paid for other services provided by principal and other auditors:	-	-
	(iv)	**Total auditors' fees:**	27	41
(r)		Costs of offering credit:		
	(i)	Bad debts written off:	25	145
	(ii)	Increase in estimated doubtful debts:	(60)	4
	(iii)	**Total cost of offering credit:**	(35)	149
(s)		Local authority rates expense:	104	83
(t)		AC loss-rentals (distribution to retailers/customers) expense:	2,634	4,091
(u)		Rebates to consumers due to ownership interest:	35	3,461
(v)		Subvention payments:	-	-
(w)		Unusual expenses:	-	-
(x)		Other expenditure not listed in (a) to (w)	798	278
			3,571	7,913
		Total operating expenditure	52,393	43,388
		Operating surplus before interest and income tax	23,064	9,528
Interest expense				
	(a)	Interest expense on borrowings	13,701	5,859
	(b)	Financing charges related to finance leases	-	-
	(c)	Other interest expense	-	-
		Total interest expense	13,701	5,859
		Operating surplus before income tax	9,363	3,669
		Income tax	(1,614)	(444)
		Net Surplus after Tax	10,977	4,113

*Comparisons for 2003 include the Hawke's Bay area for the full year and Rotorua/Taupo for 5 months only.

UNISON NETWORKS LIMITED - LINES BUSINESS

ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004

Requirement 14 (Schedule 1, Part 3)

Disclosure by line owners of financial and efficiency performance measures

Financial Measures	**2004**	**2003**	**2002**	**2001**
Return On Funds	10.10%	6.67%	0.23%	2.83%
Return On Equity	20.04%	6.13%	0.93%	2.18%
Return On Investment	33.41%	17.74%	0.74%	14.62%

These measures are net of Line Discounts.
The regulatory calculation for ROI adds back revaluations into the Operating Surplus. If revaluations are excluded from the operating surplus, the ROI will be 9.02%, (2003:6.13%, 2001:2.13%).

ROF and ROI for 2003 have been restated due to a calculation error.

Efficiency Measures	**2004**	**2003**	**2002**	**2001**
Direct Line Cost Per Kilometre	$1,030	$1,055	$1,293	$1,339
Indirect Line Cost Per Customer	$58	$45	$48	$60

The information for the year ending 31 March 2003 has been time-weighted to reflect the acquisition of Taupo and Rotorua distribution assets from United Networks Limited.

SCHEDULE 1 - PART 7

FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations	Symbol in formula	ROF		ROE		ROI	
Operating surplus before interest and income tax from financial statements (OSBIT)	23,064,214							
Operating surplus before interest and income tax adjusted pursuant to regulation 18 (OSBIIT)	23,064,214							
Interest on cash, bank balances, and short-term investments (ISTI)	97,000							
OSBIIT minus ISTI	22,967,214	a		22,967,214				22,967,214
Net surplus after tax from financial statements	10,977,422							
Net surplus after tax adjusted pursuant to regulation 18 (NSAT)	10,977,422	n				10,977,422		
Amortisation of goodwill and amortisation of other intangibles	4,494,600	g	add	4,494,600	add	4,494,600	add	4,494,600
Subvention payment	0	s	add	0	add	0	add	0
Depreciation of SFA at BV (x)	10,439,000							
Depreciation of SFA at ODV (y)	11,106,687							
ODV depreciation adjustment	-667,687	d	add	-667,687	add	-667,687	add	-667,687
Subvention payment tax adjustment	0	s*t			deduct	0	deduct	0
Interest tax shield	4,489,242	q					deduct	4,489,242
Revaluations	55,410,000	r					add	55,410,000
Income tax	-1,613,987	p					deduct	-1,613,987
Numerator				26,794,128		14,804,335		79,328,873
				$OSBIIT^{ADJ} = a + g + s + d$		$NSAT^{ADJ} = n + g + s - s{*}t + d$		$OSBIIT^{ADJ} = a + g - q + r + s + d - p - s{*}t$
Fixed assets at end of previous financial year (FA_0)	293,995,000							
Fixed assets at end of current financial year (FA_1)	296,709,000							
Adjusted net working capital at end of previous financial year ($ANWC_0$)	-849,000							
Adjusted net working capital at end of current financial year ($ANWC_1$)	2,043,000							
Average total funds employed (ATFE)	295,949,000 (or regulation 33 time-weighted average)	c		295,949,000				295,949,000
Total equity at end of previous financial year (TE_0)	184,980,000							
Total equity at end of current financial year (TE_1)	195,877,422							
Average total equity	190,428,711 (or regulation 33 time-weighted average)	k				190,428,711		
WUC at end of previous financial year (WUC_0)	7,391,000							
WUC at end of current financial year (WUC_1)	3,338,000							
Average total works under construction	5,364,500 (or regulation 33 time-weighted average)	e	deduct	5,364,500	deduct	5,364,500	deduct	5,364,500

FORM FOR THE DERIVATION OF FINANCIAL PERFORMANCE MEASURES FROM FINANCIAL STATEMENTS

Derivation Table	Input and Calculations	Symbol in formula	ROF		ROE		ROI	
Revaluations	55,410,000	r						
Half of revaluations	27,705,000	r/2					deduct	27,705,000
Intangible assets at end of previous financial year (IA_0)	88,044,000							
Intangible assets at end of current financial year (IA_1)	83,549,000							
Average total intangible asset	85,796,500 (or regulation 33 time-weighted average)	m			deduct	85,796,500		
Subvention payment at end of previous financial year (S_0)	0							
Subvention payment at end of current financial year (S_1)	0							
Subvention payment tax adjustment at end of previous financial year	0							
Subvention payment tax adjustment at end of current financial year	0							
Average subvention payment & related tax adjustment	0	v			add	0		
System fixed assets at end of previous financial year at book value (SFA_{bv0})	276,174,156							
System fixed assets at end of current financial year at book value (SFA_{bv1})	283,083,156							
Average value of system fixed assets at book value	279,628,656 (or regulation 33 time-weighted average)	f	deduct	279,628,656	deduct	279,628,656	deduct	279,628,656
System Fixed assets at year beginning at ODV value (SFA_{odv0})	223,393,000							
System Fixed assets at end of current financial year at ODV value (SFA_{odv1})	285,044,313							
Average value of system fixed assets at ODV value	254,218,657 (or regulation 33 time-weighted average)	h	add	254,218,657	add	254,218,657	add	254,218,657
Denominator				265,174,501 $ATFE^{ADJ} = c - e - f + h$		73,857,712 $ATE^{ADJ} = k - e - m + v - f + h$		237,469,501 $ATFE^{ADJ} = c - e - ½r - f + h$
Financial Performance Measure:				**10.10** $ROF = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$		**20.04** $ROE = NSAT^{ADJ}/ATE^{ADJ} \times 100$		**33.41** $ROI = OSBIIT^{ADJ}/ATFE^{ADJ} \times 100$

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

NOTE: System fixed assets at the end of the previous financial year at book value have been amended due to a calculation error

UNISON NETWORKS LIMITED - LINES BUSINESS

ELECTRICITY INFORMATION DISCLOSURE REQUIREMENTS 2004

Requirement 16 (Schedule 1, Part 8)

Annual Valuation Reconciliation Report

For The Year Ending 31 March 04:	2004 $000	2003 $000
System fixed assets at ODV - end of the previous financial year	223,393	118,983
Add system fixed assets acquired during the year at ODV	17,348	93,441
Less system fixed assets disposed of during the year at ODV	-	-
Less depreciation on system fixed assets at ODV	(11,107)	(6,829)
Add revaluation of system fixed assets	55,410	17,798
Equals system fixed assets at ODV - end of financial year	**285,044**	**223,393**

Requirement 21 (Schedule 1, Part 5)
RELIABILITY PERFORMANCE MEASURES
YEAR ENDED 31 MARCH 2004

Interruptions	**2005/09 Target**	**2005 Target**	**2004 Actual**	**2003**	**2002**	**2001**
Total Interruptions	1,000	1,000	1,012	583	476	553
a) Planned Interruptions (Class B)	500	500	490	324	281	360
b) Unplanned Interruptions (Class C)	500	500	522	259	195	193
Unplanned Interruptions not restored within:						
a) 3 Hours (%)			43.00%	29.00%	29.70%	15.50%
b) 24 Hours (%)			1.72%	0.39%	1.00%	7.00%

Faults	**2005/09 Target**	**2005 Target**	**2004 Actual**	**2003**	**2002**	**2001**
Faults/100km						
a) Total No. of faults			10.67	8.96	7.51	7.50
b) Next year targets		9.80				
c) Next 5 year average target	9.80					
d) ***i) 33kV Line Voltage***						
a) Total no. of faults			5.17	3.58	2.57	6.96
b) Next year target		4.75				
c) Next 5 year target	4.75					
ii) 11kV Line Voltage						
a) Total no. of faults			11.20	8.89	7.91	7.48
b) Next year target		10.29				
c) Next 5 year target	10.29					
Faults/100km of Underground Line						
a) Total			7.22	10.06	11.65	10.60
b) 33kV			*6.6	-	-	-
c) 11kV			7.59	10.06	11.46	10.87
Faults/100km of Overhead Line						
a) Total			11.18	12.52	6.73	7.10
b) 33kV			5.06	3.20	2.82	7.70
c) 11kV			11.81	9.31	7.21	6.90

*2 substation equipment faults are now classed as underground 33kV faults

RELIABILITY MEASURES	**2005/09 Target**	**2005 Target**	**2004 Actual**	**2003**	**2002**	**2001**
TOTAL SAIDI OVERALL	**132**	**136**	**202**	**96.61**	**101.63**	**385.03**
SAIDI						
a) Planned Interruptions (Class B)	38.00	40.00	30.00	24.52	31.60	62.68
b) Unplanned Interruptions (Class C)	94.00	96.00	171.00	72.08	69.10	81.27
TOTAL SAIFI OVERALL	**2.32**	**2.4**	**2.38**	**2.02**	**2.14**	**4.75**
SAIFI						
a) Planned Interruptions (Class B)	0.45	0.42	0.21	0.22	0.25	0.41
b) Unplanned Interruptions (Class C)	1.87	1.98	2.17	1.80	1.89	2.34
c) Unplanned Interruptions Transpower (Class D)	-	-	-	-	0.39	2.00
Total CAIDI OVERALL	**57**	**57**	**85**	**66.6**	**47.49**	**81.06**
CAIDI						
a) Planned Interruptions (Class B)	95	95	141	172.33	126.6	143
b) Unplanned Interruptions (Class C)	48	48	79	56.25	36.56	34.8
c) Unplanned Interruptions Transpower (Class D)	-	-	-	-	2.23	123

Requirement 20 (Schedule 1, Part 4)
YEAR ENDED 31 MARCH 2004

Energy Delivery Efficiency Performance Measures	2004	2003	2002	2001
a) Load Factor	65.81	59.11	58.62	59.57
b) Loss Ratio	4.52%	5.17	5.50	5.47
c) Capacity Utilisation	29.44%	29.96	30.30	30.10

Energy Delivery Efficiency Performance Measures	2004	2003	2002	2001
a) Systems Length (kms)				
~ 33kV	426	337	271	271
~ 11kV	4,477	3,145	2,325	2,311
~ 230/400V	4,270	2,561	1,307	1,290
Total	9,173	6,043	3,903	3,872
b) Circuit Length (Overhead) (kms)				
~ 33kV	395	312	248	247
~ 11kV	3,869	2,692	1,941	1,937
~ 230/400V	1,646	675	480	479
Total	5,910	3,679	2,669	2,663
c) Circuit Length (Underground) (kms)				
~ 33kV	31	25	24	24
~ 11kV	608	453	384	374
~ 230/400V	2,624	1,886	826	811
Total	3,263	2,364	1,234	1,209
d) Transformer Capacity (kVA)	940,500	727,931	557,000	538,831
e) Maximum Demand (kW)	276,884	218,070	168,896	162,200
f) Total Electricity entering the network (before losses) (kWh)	1,596,108,000	1,170,556,066	867,332,224	848,445,966
g) Total electricity supplied for each Retailer (kWh)	1,523,885,000	1,110,069,995	819,612,086	801,999,537
Contact Retailer A	578,884,000	599,690,446	546,396,753	533,110,926
Mercury Retailer B	48,441,000	17,748,204	15,398,575	93,099,429
Meridian Retailer C	145,489,000	91,845,438	79,612,884	70,111,951
Transalta Retailer D	-	-	96,928,433	56,794,254
Trustpower Retailer E	434,831,000	192,679,424	17,108,509	28,670,833
Genesis Retailer F	188,639,000	148,798,871	49,694,020	6,829,449
Waikato Retailer G	-	-	8,842,173	12,220,828
Empower Retailer H	-	-	-	839,132
Phoenix Retailer I	-	-	-	11,252
Todd Retailer K	9,342,000	14,244,296	3,410,362	311,483
Energy Online Retailer J	118,259,000	45,063,316	2,220,377	-
h) Total customers	102,299	76,469	58,070	57,331

Note:

a) The information for the year ending 31 March 2003 has been time-weighted to reflect the acquisition of Taupo and Rotorua distribution assets from United Networks Limited.

b) 2001 to 2003 have been restated for f) and g) to align with definitions of energy pre and post distribution losses. Distributions for 2001 on behalf of retailers have been estimated.

Audit New Zealand

AUDITOR-GENERAL'S OPINION

ON THE PERFORMANCE MEASURES OF UNISON NETWORKS LIMITED

We have examined the information on pages 20 to 23, being –

(a) the derivation table in requirement 15;

(b) the annual ODV reconciliation report in requirement 16;

(c) the financial performance measures in clause 1 of Part 3 of Schedule 1; and

(d) the financial components of the efficiency performance measures in clause 2 of Part 3 of Schedule 1, –

that were prepared by Unison Networks Limited 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, and to the best of our knowledge, that information has been prepared in accordance with those Electricity Information Disclosure Requirements 2004.

Rudie Tomlinson
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
17 December 2004

Audit New Zealand

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF THE FINANCIAL STATEMENTS OF UNISON NETWORKS LIMITED FOR THE YEAR ENDED 31 MARCH 2004

We have audited the financial statements of Unison Networks Limited on pages 2 to 19. The financial statements provide information about the past financial performance of Unison Networks Limited and its financial position as at 31 March 2004. This information is stated in accordance with the accounting policies set out on pages 5 to 8.

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 Unison Networks Limited as at 31 March 2004, and the results of its operations and cash flows for the year ended on that date.

Auditor's Responsibilities

Section 15 of the Public Audit Act 2001 and Requirement 30 of the Electricity Information Disclosure Requirements 2004 require the Auditor-General to audit the financial statements. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

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

Basis of Opinion

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

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

We conducted the audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Unison Networks Limited.

Unqualified Opinion

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

In our opinion –

- proper accounting records have been maintained by Unison Networks Limited as far as appears from our examination of those records; and
- the financial statements of Unison Networks Limited on pages 2 to 19:
  - (a) comply with generally accepted accounting practice in New Zealand; and
  - (b) give a true and fair view of Unison Networks Limited's financial position as at 31 March 2004 and the results of its operations and cash flows for the year ended on that date; and
  - (c) comply with the Electricity Information Disclosure Requirements 2004.

Our audit was completed on 17 December 2004 and our unqualified opinion is expressed as at that date.

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

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